

**Council Business Plan and
Budget 2014+**

working
together
for a
fair
prosperous
& democratic
birmingham

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MOTIONS FOR COUNCIL

1. **Council Business Plan and Budget 2014+**

That the Council Business Plan and Budget 2014+, including the revenue budget for the financial year commencing on 1st April 2014 of £964.937m, be approved.

2. **Revenue Budget**

That the budget allocations to the various Directorates of the Council, as set out in Appendices 5J-5L to the Business Plan and Budget 2014+, 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 on 1st April 2014:

	£
a. aggregate of estimated City Council expenditure, contingencies, and contributions to financial reserves	3,264,027,000
b. New Frankley in Birmingham Parish Precept	52,868
c. aggregate of estimated income (including Revenue Support Grant and Top-Up Grant), and use of financial reserves	2,810,796,750
d. net transfers from the Collection Fund in relation to Business Rates	192,561,147
e. Transfer from the Collection Fund in relation to Council Tax	1,061,000
f. Council Tax Requirement, being the aggregate of (a), (b) and (e) above, less (c) and (d) above	261,782,971

4. **Council Tax - Basic Amount**

That the basic amount of Council Tax for the financial year commencing on 1st April 2014 be set at £1,136.0530, pursuant to the formula in Section 31B, Local Government Finance Act 1992, being the Council Tax Requirement of £261,782,971 divided by the Council Tax Taxbase of 230,432 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 on 1st April 2014 be set at £1,135.8236 pursuant to the formula in Section 34(2), Local Government Finance Act 1992:

	£	£
a. Basic Amount calculated under Section 33		1,136.0530
LESS		
b. Parish precept	52,868	
DIVIDED BY	230,432	
City Council Taxbase		0.2294
		1,135.8236

- (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 on 1st April 2014 be set at £1,177.5835 pursuant to the formula in Section 34(3), Local Government Finance Act 1992:

	£	£
a. Basic Amount calculated under Section 34(2)		1,135.8236
PLUS		
b. The New Frankley in Birmingham Parish	52,868	
precept		
DIVIDED BY	1,266	
The taxbase for New Frankley in Birmingham		41.7599
Parish		1,177.5835

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 2014 for each category of dwelling listed within a particular valuation band, shall be calculated by adding:

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

- b. the amounts which are stated in the final precepts issued by the West Midlands Fire and Rescue Authority and the West Midlands Police and Crime Commissioner; to
- c. the amounts stated in the precept issued by the New Frankley in Birmingham Parish Council

and shall be:

Band	Council Tax Areas without a Parish Council £	Council Tax New Frankley in Birmingham Parish £
A	862.78	890.62
B	1,006.57	1,039.05
C	1,150.36	1,187.48
D	1,294.16	1,335.92
E	1,581.76	1,632.80
F	1,869.34	1,929.66
G	2,156.94	2,226.54
H	2,588.32	2,671.84

7. **Capital Strategy and Budget and Treasury Management**

That the proposals for the Capital Programme, Prudential Indicators and Treasury Management (as set out in Chapters 6-9 of Part 9 and Appendices 6A-6E of the Business Plan and Budget 2014+) be approved.

8. **Pay Policy Statement**

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

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

Foreword

Foreword by the Leader of the Council, Sir Albert Bore

In last year's Business Plan I set out the enormous financial challenge the City Council was facing in the years ahead. Sadly, the prospects have become even worse in the course of the year and the Government seems determined to press ahead with its planned programme of cuts to council funding right up to 2018.

I also demonstrated last year how the grant cuts have been unfairly distributed across the country, with the areas of greatest need and deprivation receiving the biggest cuts. That unfairness has been repeated in the latest financial settlement for 2014-15 and 2015-16 announced in February. The average cut in Spending Power (as defined by the Government) for 2014/15 across England will be £71.44 per dwelling. In Birmingham it will be £145.33.

But the indicative figures for the next year (2015-16) are even more unfair. Birmingham is due to receive a cut of £147.42 per dwelling, whilst the national average will be just £45.32. There will be many authorities in the South and East of England who will actually receive increased funding in that year, for example Wokingham will receive £54.98 more per dwelling. Counties such as Buckinghamshire, Cambridgeshire, Dorset, Hampshire and Surrey, towns including Poole and Windsor and Maidenhead and shire districts like Mid Sussex and Epsom and Ewell will also see an increase in funding in 2015-16.

As a result, of the grant cuts and other pressures, we have now had to identify a further £85.7m of cuts in our budget for 2014-15 on top of the £375m already made between 2010 and 2014. Next year we will have to make even bigger cuts – currently estimated at more than £200m over and above the £85.7m for this year.

We rely on central government for most of our income - only about a tenth comes from Council Tax - so these cuts have a huge impact. Our flexibility is reduced even further because much of the money we receive is earmarked for specific services like schools, and we have little say on how it is spent. At the same time there are increased pressures for spending on statutory services like social care, which we cannot avoid paying for.

Over the period 2010 to 2018 we currently estimate that the combination of cuts in grant and increased spending pressures in areas like social care will require us to make a cumulative total of £822m per annum of savings. This is illustrated in the "Jaws of Doom" graph in Part 9, Financial Plan. That is about two thirds of the budget we had any control over how to spend in 2010-11.

The City Council has been making radical changes to the way we work and achieving significant efficiency savings for several years, under both this political administration and the last. We have reduced our staff by 33% since 2010 and a further 1,000 jobs will go in the year ahead. However all of this becomes harder each year and in the budget set out in this document we have found it extremely difficult to maintain the full range of services we provide. Notwithstanding this financial hardship, we have taken the decision to invest £9.2m in 2014/15 into Childrens Safeguarding, and corresponding amounts in subsequent years. This has not been easy and has increased the pressure on other services.

It is inevitable that next year we will have to make hard decisions about which optional services to stop providing altogether, and we may even find it difficult to maintain statutory services to the standard expected. The cuts from 2015 onwards will create a financial crisis in many councils across the country.

The scale of the cuts means we need to completely rethink the role and structure of the city council and how we achieve the outcomes we seek – what I have called “the end of local government as we know it”. We cannot simply carry on doing things as we have always done them or delivering the services we have become used to for decades.

So, in 2013, we set up the most comprehensive review of our services we have ever conducted. The reviews came up with some common approaches to change and we published these in a series of “Green Papers” to support a wide dialogue about the way forward. This was followed by a “White Paper” published in December 2013 which set out the conclusions of that dialogue and our detailed budget proposals for 2014-15 for formal consultation.

But the white paper also outlined how we see the City Council changing in the longer term, so that we can begin to make decisions within a broader framework that can deliver better services in the future. To achieve this we will need government support for some radical changes in how services are funded and how different public sector agencies work together.

The consultation was the most extensive we have ever conducted, with more residents than ever before participating.

This Business Plan presented in this document takes forward the proposals in the White Paper and sets out the final 2014-15 budget. It summarises the feedback from the consultation and how we have adjusted our plans for 2014-15 in the light of your comments.

As set out in this document, we remain committed to our goals of working for a fairer, more prosperous and more democratic city, as set out in my Policy Statements of 2012 and 2013. Despite the cuts, the City Council will continue to spend significant sums of money next year and beyond. We want to make sure this is invested in ways that achieve the best results for the people of Birmingham and protect those most in need of support.

We have been open and honest with the people of Birmingham about the difficult and painful decisions we must take. If we are to defend the most vulnerable in our community

and find ways of delivering essential services with drastically reduced resources, then we must work tirelessly with the people and communities of the city and the dedicated staff of the council. At the end of 2013 we launched our “Standing up for Birmingham” campaign to send out a clear message that we welcome your ideas for doing things differently and the contribution that all communities, individuals, businesses and voluntary organisations can make. That campaign will intensify during the year ahead.

I am delighted that all of the political parties were able to support that campaign when it was debated in the council chamber. The parties were also able to unite in calling for a fairer deal for Birmingham and we recently sent a cross-party delegation to meet with the Local Government Minister to call for a fairer system of funding. Birmingham has always been stronger when our parties have worked together for the good of the city.

During the last year we have also joined forces with other large cities in England (the “Core Cities”) to make it clear to the Government that cuts of this scale will undermine our efforts to bring growth and prosperity to our great cities and damage the performance of the national economy. We remain committed to working with government and all the political parties to achieve our shared aims for economic growth and the public service reforms necessary to support it.

In last year’s Business Plan I called for people and organisations to come together to find ways of coping with the impact of the cuts and to challenge the government with a united voice to give Birmingham a fairer deal. During the year I believe we have taken important steps to achieve that aim.

I would like to thank all those who took part in the consultations and dialogue over the last year and particularly the many individuals and groups who are already coming forward with ideas and “Standing up for Birmingham”.

We will need all of that unity and sense of purpose in the year ahead.

Introduction

The City Council Business Plan is a core corporate planning document for the City Council. It brings together in one document the complete range of elements that make up the City Council's Planning Framework and processes.

It follows on from the City Council's White paper published in December 2013 ('Planning Birmingham's Future and Budget Consultation 2014-15) and subsequent feedback through the public consultation. It sets out the City Council's long-term vision, plan and priorities and details how this will be achieved in practice: it will integrate this vision with the City Council's Budget and Financial Plan, and includes strategies for its employees, Capital and Service Assets, Property and Physical Assets, Information and Communications Technology, and the council's corporate performance management framework.

The plan takes account of the local and national context, reflecting the financial, social, economic and demographic issues facing Birmingham today and in the future. It also summarises our approach to the financial challenge by reviewing all of our services in 2013 and continuing this work in 2014. This is explained in more detail in parts 1, 2 and 9.

The council's long-term plans and priorities are implemented through its three directorates: Economy, People and Place. Summaries of their high-level business plans are included in this document, together with the performance measures that they have agreed to track and measure success.

The sections of this plan are set out as follows.

- Part 1** **Background and Context** – including a profile of Birmingham; a summary of the financial challenge and the service reviews undertaken in 2013
- Part 2** **Our Plans and Priorities** – details our long-term plans and priorities
- Part 3** **Consultation** – outlines our approach to consultation and the results
- Part 4** **Equalities** – outlines our approach to consider the impact of changes to policy and spending on equality issues
- Part 5** **Our Employees** – describes our approach to managing and developing our employees
- Part 6** **Property and other Physical Assets Strategy** – explains how we will make best use of our property assets
- Part 7** **Information and Communication Technology** – this section explains the Council's approach to IT
- Part 8** **Corporate Strategic & Performance Management Framework** – describes the Council's performance framework

Part 9 Financial Plan – sets out the Council’s long-term financial strategy and approach and details the savings to be made (consulted on through the White Paper)

Part 10 Risk Management – highlights the risks to the delivery of this Business Plan

Appendix 1 Summary of Directorate Plans – describes the approach we will take to deliver our priorities across each of the three directorates

Appendix 2 Equalities Initial Assessments by Directorate – summarises initial assessments undertaken by directorate

Appendix 3 Pay Policy Statement

Appendix 4 Major Service Asset and Capital Strategies

Appendix 5 Financial Details (Revenue) – provides detailed revenue financial and budget information

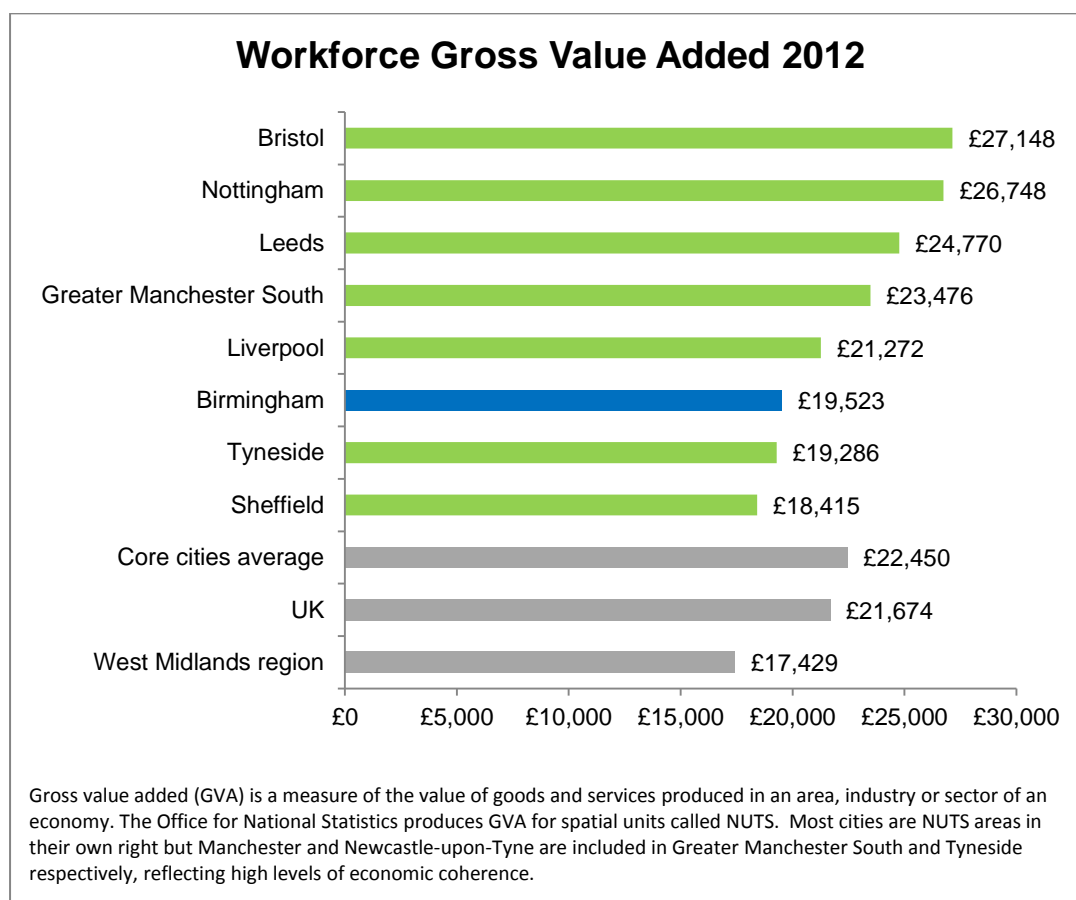
Appendix 6 Financial Details (Capital and Prudential Indicators)

PART 1 - Background and Context

A Profile of Birmingham

Birmingham is a major city; the UK's largest outside London, with an established international standing. It is a dynamic and diverse place, which is undergoing rapid growth. This is a major strength, but it also presents challenges in terms of providing new housing and the wider services people need. Deprivation remains severe in many neighbourhoods and quality of life varies unduly across Birmingham as levels of inequality have risen. Cuts in public spending and welfare reforms are already worsening living conditions, particularly for vulnerable people.

As the regional capital, Birmingham is a major employment centre, drawing in workers from across the West Midlands. It has been revitalised since the 1980s through economic restructuring, regeneration and the transformation of its environment. The city is now a thriving centre for business, professional and cultural services and is a leading European business destination with its major airport. Birmingham remains a significant manufacturing centre, being home to global companies like Cadburys and Jaguar Land Rover. Despite this very considerable progress in recasting its economic base, Birmingham has tended to lag behind other major UK cities and nationally. In 2012 it had a lower level of economic output (GVA) per worker than the UK and Core City average (see chart).¹



¹ [ONS Regional Gross Value Added, 2012 Dataset](#)

Employment in Birmingham has recovered by 2% from the 2010 trough and the city now provides 477,200 jobs.² However, Birmingham was the worst performer among Core Cities for private sector job creation in the previous decade, recording a net 7.7% loss between 1998 and 2008.³ So it is particularly encouraging that private sector employment grew in Birmingham by 23,500 between 2010 and 2012. This compensated for the fall in public sector employment during that period of 14,300, with the unfortunate cuts to the council's workforce being a major driver.

Unemployment based on those claiming Jobseekers Allowance (JSA) has been steadily falling from the peak reached during the recession. However, Birmingham's claimant unemployment rate of 9.0% in December 2013 was the highest of all the Core Cities.⁴ Birmingham's employment rate of 57.5% in June 2013 continued to be one of the lowest in England.⁵ The jobs gap is therefore a critical challenge for the city.

Birmingham has significant levels of deprivation. The map overleaf illustrates the latest Index of Multiple Deprivation (IMD) produced by the Department for Communities and Local Government (CLG) in 2010.⁶ Although nearly two-thirds of Birmingham localities had improved their national ranking between 2004 and 2010, Birmingham was found to be the 13th most deprived local authority in the UK and behind Liverpool and Manchester as the third most deprived Core City.⁷ Almost a quarter (23%) of the city's localities fell in the 5% most deprived nationally, according to the IMD.

Birmingham is a growing city. It has a population of 1,085,400 (2012 mid-year population estimate). Since 2001 the population has increased by almost 100,000 and ONS expect it to rise 85,800 to 1,160,100 between 2011 and 2021, an increase of 8%.⁸ This inevitably places pressure on services and at its most basic, a requirement for new housing. House construction has lagged behind household growth and overcrowding consequently rose from 3.6% in 2001 to 12.4% in 2011.⁹ The shortage of housing is most acute in the congested inner areas of the city.

Birmingham has the youngest population of any major European city – 46% is under the age of 30.¹⁰ Even so the numbers of pensioners in Birmingham are projected to grow by 11%. The population aged 85 and over in Birmingham is projected to grow by 30% between 2011 and 2021 (5,800 people).¹¹

2 Business register and employment survey public/private sector data, ONS Crown Copyright Reserved [from Nomis on 22 January 2014].

3 [C Webber & P Swinney \(2010\) Private sector cities: a new geography of opportunity, Centre for Cities](#)

4 [Birmingham City Council Unemployment Briefing January 2014](#)

5 [Birmingham City Council Economic Update November 2013](#) and also see [ONS Regional Profiles: Economy – West Midlands, May 2012](#)

6 [T. Bunker and R. Browne, 'Indices of Deprivation 2010 and Birmingham's Priority Neighbourhood Programme', \(Birmingham: Be Birmingham, 2011\).](#)

7 Ibid. Also see [The English Indices of Deprivation 2010: Local Authority District Summaries](#) and [The English Indices of Deprivation 2010: Local Authority LSOA data](#)

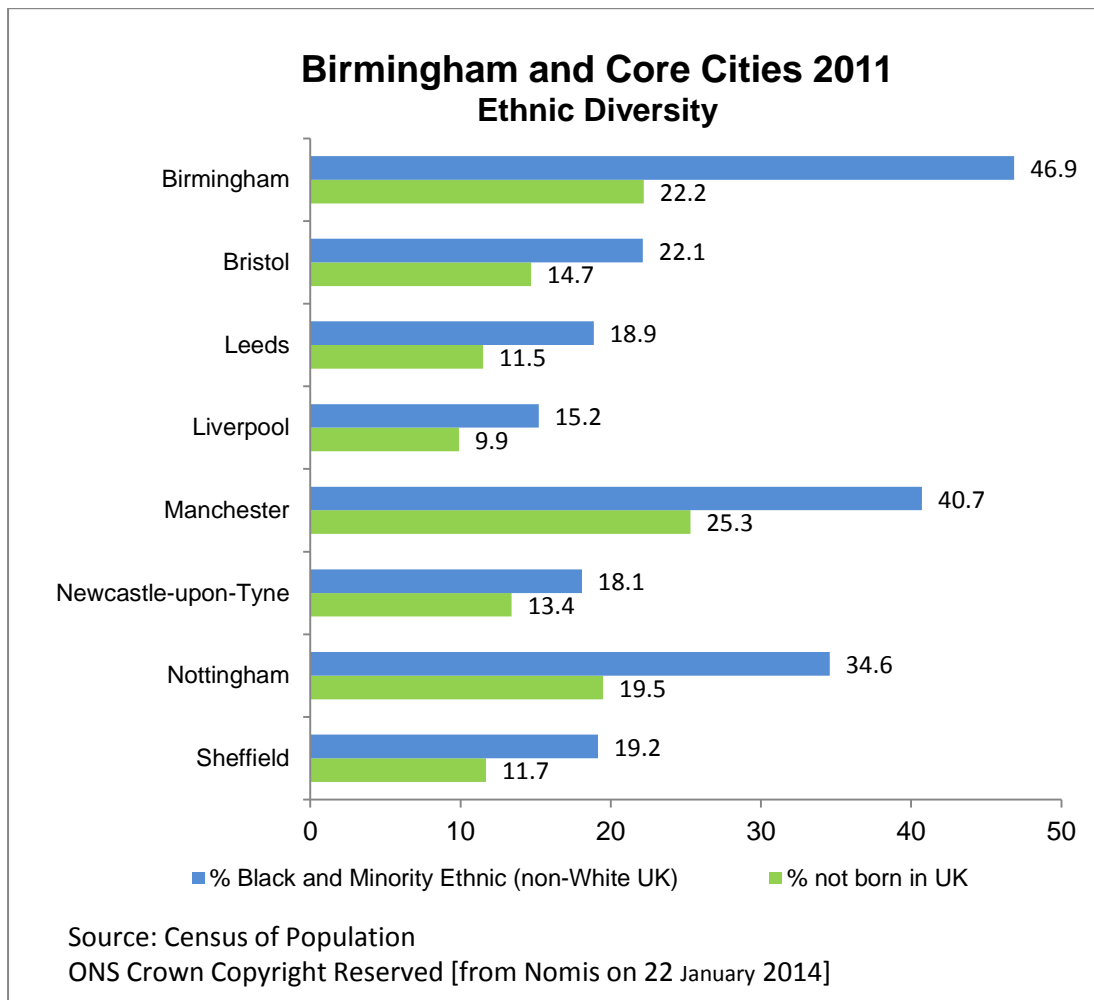
8 [Birmingham City Council, Population and Planning Projections](#)

9 [Birmingham City Council, Population and Census](#)

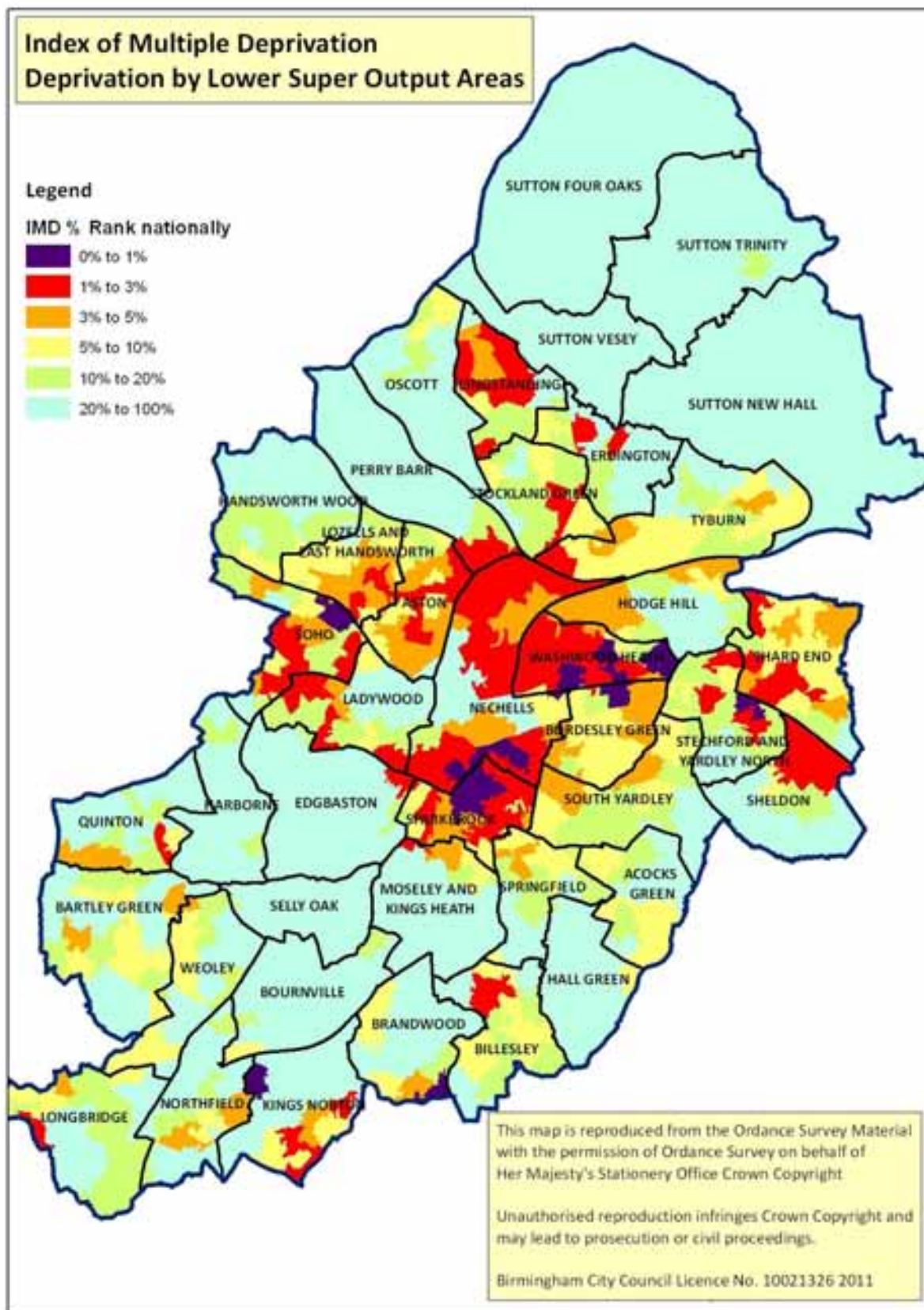
10 [Birmingham City Council, Population and Census](#)

11 [Birmingham City Council, Population and Census](#)

The ethnic make-up of the city is significantly more diverse than that of the UK as a whole, and that diversity is expected to increase significantly over the next 20 years. Almost half (47%) is from a Black or Minority Ethnic (BME) background (see chart below). This is potentially a key strength of Birmingham in the global economy (its 'diversity advantage'). Importantly, 22% of Birmingham's residents were born outside of the UK. The LEA reports that in 2013, 44% of the primary school aged children and 38% of secondary school pupils have a non-English first Language.¹² This change has been driven by a number of factors, such as family migration, the dispersal of asylum seekers by the Home Office from 2000, refugee resettlement, economic migration and the enlargement of the European Union.



12 2013 school census data.



The Financial Challenge and our Response - Service Reviews

As explained in the Leader's Foreword, the combination of cuts to local government grants and increased pressures on spending means that there will be continued year on year cuts to the Council's spending. This means cumulative savings of over £822m by 2018. Our latest forecast is shown in detail in Part 9 of this document – the Financial Plan.

In the face of this challenge, the Council has already made radical changes to the way in which services are provided and significantly reduced its workforce. This has become harder and harder each year. The scale of the reductions required for the future will mean that the viability of some services will be compromised and cannot be continued as before.

In 2013, the Council undertook a root and branch review of all of its services to radically rethink what services should be provided, how they could be provided and who could provide them.

The reviews took a three stage approach, which was:

Stage One

This identified further efficiencies and savings that could be made relatively easily, for example, reducing duplication, reducing the scale of provision, and increasing charges or income generation.

Stage Two

This examined more radical options, for example, using different service providers or joining-up services.

Stage Three

Stage three was considered when all options had been explored in the above two stages. Only then was consideration given to closing down services completely.

A campaign of public engagement was initiated on the issues, ideas and proposals to emerge from the service reviews and the challenges facing the city council. The resulting dialogue and feedback formed the background to the budget consultation. All of our proposals build upon the consultations in previous years and ongoing relationship between the different services and their users. Further details are contained in Part 3, 'Consultation'.

A new set of service reviews will take place between now and the autumn 2014. The 2014 service reviews are detailed in Part 2 – 'Our Plans and Priorities'.

PART 2 - Our Plans and Priorities

The core mission of the City Council, as summarised in the Leader’s Policy Statement is to “work together to create a fair, prosperous and democratic city”. The table below summarises our highest level priorities within this overall ambition.

A Fair City	Safety net	People are safe, especially the most vulnerable
	Wellbeing	All benefit from improved health and wellbeing
	Poverty	Children and families will not live in poverty – Birmingham will be a “Living Wage City”
A Prosperous City	Businesses	Businesses will be growing and new ones starting up
	Education	People will have the qualifications they need for work, including qualifications for school leavers and working age population skills
	Employment, education and training	Young people will be in employment, training or education
	Unemployment	No groups or areas will be blighted by high unemployment
	Sustainability	Birmingham will be more environmentally sustainable
A Democratic City	Engagement / influence	Local people will be engaged in local democracy, and have more influence on local decisions.

It is critical that we prioritise how we use our diminishing resources in the years ahead and focus intensely on these core objectives.

Due to the scale of cuts to our income and the changing landscape of local government, the focus of our work in the year ahead will be on:

- Protecting the most vulnerable citizens of the city from the impact of cuts to services and benefits
- Protecting the highest priority services and delivering day to day in the most efficient way possible, whilst identifying services of a lower priority
- Taking forward some priority policy development programmes that are most critical to our goals.

- Transforming the City Council so that we can continue to work towards our objectives with significantly reduced resources – implementing the framework set out in the White Paper *Planning Birmingham's Future* in December.

This chapter of the Business Plan summarises how we will do this.

Protecting the most vulnerable

Young people represent the future of our city and make up a large proportion of its population. But children and young people are often the most vulnerable of our citizens and they need support and protection if they are to develop their abilities and realise their potential. Some children as well as vulnerable adults need more support than others and they are the top priority for the City Council.

We have made progress in recent years in bringing together the various services and agencies concerned with children and young people. This includes nursery provision to education, social care and protection, skills training, careers and employment and also how we give young people a voice. A high priority for the year ahead will be to take that much further and produce a coherent, joined up “service offer” for all our children and young people.

The budget set out in this report makes provision for £9.2m more than previously planned for children’s safeguarding, reflecting our top priority of improving this service to the most vulnerable people in the city. The money will be used to improve the capacity and quality of social work practice – the most important factor in ensuring that children are safe. We will also be setting aside £1m to support the development of our overall “offer” to young people in the city in the year ahead.

Alongside the cuts to public services, there are a number of changes to the benefits system which are having an impact on many of the least well off households in the city. We are determined to do all we can to support those individuals and families affected so we have established the Welfare Reform Multi-Agency Committee, which brings together a wide range of city council services and external agencies and voluntary organisations.

The Committee has rapidly taken a leading position in the development of local welfare policies. It has raised Lottery funding to set up the Gateway to Birmingham Advice Services project; developed Birmingham’s policy on Discretionary Housing Payments (with over 9,000 payments made to date); and re-established the Financial Inclusion Partnership which is developing our response to illegal loan sharks and our Fair Money Manifesto. In the year ahead the Committee will strengthen this work and make preparations for the introduction of Universal Credit.

Prioritising services

In bringing forward the budget set out in this Business Plan we have had to make cuts to many front line services that will be noticeable. Most of what we do in the year ahead will be about ensuring that we use the budget set out in this Business Plan to deliver the existing range of services as efficiently as possible – getting the most from the reduced resources available.

However we anticipate that next year we will have to discontinue some complete services. As part of the service review process this year we will complete a comprehensive prioritisation of all our activities by assessing in detail the contribution they make to our key objectives and what we see as the core role of the City Council. This will provide us with a means to make objective decisions on which services to protect and which may have to end as we make next year's budget decisions.

We have already identified the most essential services. As set out in the White Paper these are statutory and non-statutory services for the protection of children, social care for adults with substantial or critical needs and essential environmental services such as refuse collection.

Developing new policies and programmes

The details of our policy development priorities for 2014-15 will be set out in the Leader's Policy Statement following the elections in May.

We are introducing some important changes to the policy development process this year to ensure that we remain focused on priorities and use our reduced policy and research resources as effectively as possible. These include:

- A **Policy Board** of senior managers and councillors that will set the priorities and oversee the resources we allocate to policy development work
- An annual **Policy Development Plan** (to be set out in June alongside the Leader's Policy Statement) that will set out programmes and projects for the year ahead – ensuring that we do not waste resources on non-priority areas or non-viable policy ideas
- A new **Birmingham Policy Community** that will enable us to bring in support from experts in academic centres, think tanks, consultancies, government and other local authorities to help develop our plans for the future
- A **Strategy Hub** to bring together key officers to drive these new arrangements.

Shaping the future of the City Council

The service review process carried out in 2013 (referred to in Part 1) has started to outline the radical transformation of the City Council that will be needed in the years ahead. This was summarised in the White Paper Planning Birmingham's Future & Budget Consultation 2014 -15. A key priority for the year ahead will be to develop that further and to begin implementing some of the big changes that are needed.

During 2014-15 we will also be creating our new streamlined structure of just three directorates – Economy, People and Place. An important task during the year will be to ensure that this new structure supports the more integrated approach throughout the organisation that we are seeking to build for the longer term, with clear strategic direction and a focus on priorities.

In addition to the ongoing search for efficiency in all that we do, the White Paper showed that there were common themes emerging across the service reviews:

- **Working with others** – seeking new providers for services either through outsourcing, working with voluntary and community organisations and social enterprises, creating new organisations or shifting provision to the private sector; and developing new partnerships.
- **Working differently** – joining services up so that they are focused on the “whole person” or the “whole place” rather than requiring people to access lots of different services; reducing the need for services, mainly through preventing the most expensive problems from arising; and stopping the provision of services altogether where necessary and appropriate.

The White Paper also set out a framework for the future role of the City Council and how it would work with others. We call this our “new model of city government” (see diagram overleaf). It is based on passing down of powers and funding and joining up of services at three different levels (“triple devolution”):

- **The City Region** – working in partnership with our neighbouring councils and using pooled funding streams passed down from central government and merged across the councils and other organisations to invest in transport infrastructure and economic development, and to make strategic plans for housing and other land uses.
- **The City** – working more closely with other agencies such as health, social care providers and schools, integrating services and ultimately creating a “Place Based Settlement”. This will be a single “Budget for Birmingham” which brings together all the funding for local public services and allows the various agencies to work together to plan provision. This in turn will enable the joining up of services need to invest in prevention and reduce need. Key service areas benefiting from this approach will be health and social care and children and young people.
- **The Neighbourhood** – building the role of our devolved district arrangements; bringing together Neighbourhood Services and creating service hubs; developing new providers, including voluntary and community organisations and social enterprises; and promoting wider roles for existing providers such as housing associations and schools. Key service areas benefiting from this approach will be environmental services, housing, neighbourhood advice, libraries, sport and physical activity provision.

The City Council will inevitably move towards a much more streamlined set of functions, providing democratic accountability, regulation and strategic leadership; and with services delivered through a wide network of providers working more closely with people, places and communities to achieve shared aims. A key role for the political leadership will be to link together these three different levels and this wider network through effective governance arrangements, a clear vision and coherent priorities.

The Triple Devolution model of city government



The service review process in 2014

The service review process began in 2013 will continue in an even more intensive phase during 2014, building on the initial direction of change set out in the White Paper.

Seven reviews are being established as follows:

- Health and adult social care
- Children's safeguarding and education
- Employment support and transport infrastructure
- Devolved local services (overseen by our ten District committees)
- District service level agreement (services provided centrally by agreement with the District Committees) and regulatory services
- Externally contracted and council-traded services
- Financial and support services

The reviews will carry out the prioritisation of services mentioned above and develop a precise understanding of what lower priority services are required by law and the minimum expenditure required to provide them. They will develop detailed business plans to maximise income in traded services and assess the impact of withdrawing services, including alternative ways of providing them.

As with last year's process, we will engage in a public dialogue on the initial findings of the reviews, before the formal public consultation on the 2015-16 budget takes place at the end of the year.

Taking forward the White Paper proposals

Alongside the next round of the service reviews process, we will also be developing an action plan to take forward the overall changes set out in the White Paper. This will involve action at all three levels – City Region, City and Neighbourhood to begin to build the framework described above.

This will include:

- Intensified lobbying and joint working with government and other key partners to bring about the changes in central government policy needed
- An intensive effort at partnership development at all three levels – building the relationships and the commitment necessary to make these changes
- Taking forward ideas for the pooling of budgets and integration of services across agencies and local authorities
- Accelerated implementation of changes in city council delivery arrangements, for example in social care and education
- Accelerated implementation of our plans for a stronger devolved role for districts and the creation of new Neighbourhood Services within them.
- Working with our employees to recognise their commitment, develop positive new roles and encourage a new culture of innovation and flexibility.

Applying our resources to these priorities

This Business Plan sets out the City Council resources available to take forward these priorities in the year ahead. In addition we will increasingly be seeking external funding and partnerships to lever in additional resources. We will also be looking to the people and businesses of Birmingham to make a greater contribution to achieving our goals through our Standing up for Birmingham campaign, (see box below).

Standing up for Birmingham #Su4Brum

The Standing up for Birmingham campaign was launched by the Leader of the Council in November 2013 and received all party support at the City Council meeting on 3 December. The campaign asks people to support and help shape the long term plan set out in this White Paper and has two main messages:

- Standing up for Birmingham by coming together in response to cuts and calling on government to make the reforms needed to make our public services safe in the future.

- Standing up for Birmingham by stepping forward to contribute to running our public services and supporting our local communities.

The campaign will encourage people and organisations across the city to make a greater contribution to local services and local places, and to come forward with initiatives to run services in a different way (such as through local community groups or contributions by businesses). It will highlight the valuable work of our public servants in all public services and how people can work with them to make things better. It will send a clear message that the City Council will welcome all proposals for alternative ways of providing services.

PART 3 - Budget Consultation 2014

Consultation Process Overview

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

- A corporate consultation on the savings allocation across services of £88.4m (now £85.7m following the Local Government Finance Settlement) for 2014/15; and
- Directorate-level consultations on specific budget proposals, many of which are still ongoing.

The corporate consultation ran from 9th December 2013 to 10th January 2014 and was advertised widely. Channels of communication included the following: local media – press and radio; Birmingham City Council website; social media and webcasting; direct mail-out to voluntary and community networks and promotion through internal Council communications.

In 2013, the Council took a proactive and strategic approach to addressing the severe financial challenge facing the Local Authority by undertaking a comprehensive review of all of its provision to look at how services could be provided in a different way for less, whether they could be provided by others or in partnership, whether they could be reduced or targeted.

The Council published a series of “Green Papers” on the services to facilitate a public dialogue on the findings of these reviews. The dialogue ran from the summer through the autumn. Public views gathered through the dialogue informed the Budget Consultation document (The White Paper – “Planning Birmingham’s Future & Budget Consultation 2014-15). The White Paper not only set out the provisional conclusions from the public dialogue and the detailed budget proposals, it outlined proposals for the longer-term future of the Council and its role within the city.

This year’s Budget Consultation therefore builds on this dialogue which has helped shape the 2014/15 budget proposals.

The corporate consultation asked for views on the following:

- The Council’s priorities and principles upon which to base budget decisions;
- The Council’s themes for change: efficiency; working with others; and working differently
- The longer-term plans for change set out in the White Paper
- The detailed savings proposals for 2014/15 – concerns, suggestions, comments.
- The options for the level of Council Tax increase in 2014/15.

The response was as follows:

- 287 people at four public meetings led by the Council’s Leader and Cabinet.

- Comments made by some of the 60 people who attended the drop-in, information provision session at the Library of Birmingham on 9th December 2013 together with comments relevant to the budget proposals made at the Standing-up for Birmingham (SU4B) workshops.
- 944 responses to the online 'Be Heard' survey.
- 263 responses to a parallel survey with the People's Panel using the same questionnaire as the online survey.
- 161 comments through submissions to 'Budget Views' via email, text and letter.
- A Disability Forum, that is, a consultation meeting of 25 people targeted at people with disabilities and their organisations.
- A consultation meeting for voluntary organisations through the Third Sector Assembly organised in partnership with the Birmingham Voluntary Services Council (BVSC) attended by approximately 75 people.
- A meeting of 31 members of Birmingham's People's Panel facilitated and written up by BMG.
- A large consultation meeting attended by 120 businesses and hosted by Find it in Birmingham and attended by the Council Leader.
- A phone-in on BBC WM with the Council Leader where listeners were invited to phone in suggestions for saving money and working differently.
- More extensive engagement through social media and online activity this year which included over 31,000 'hits' on the service review videos and a webcast Cabinet round table budget discussion. Some 517 people joined the discussion live and the archive on the Council's website has received over 2,500 views to date and rising.

As referred to above, the corporate budget consultation built on comments on 11 Service Review Green Papers submitted via a number of means:

- Discussions at all 40 Ward Committee meetings.
- 319 responses to the on-line 'Be Heard' questionnaire on the Green Papers accessed through the Council's website.
- Individual comments via 109 emails, 1,363 letters and 59 postcards; and
- Feedback from 51 people attending two Birmingham People's Panel workshops.

Overall, the budget corporate consultation process reached more people and elicited more responses than in the previous two years. This therefore has been the largest budget consultation that the Council has ever undertaken.

By using different consultation methods, we were able to gather both quantitative and qualitative feedback from the public. The qualitative information was obtained through the meetings, workshops and forums. This qualitative information was extremely valuable to the consultation process as it allowed many people to express their concerns about specific proposals and describe what they felt the impact would be and to make other suggestions. In order to ensure an independent account and analysis of the Service Review Dialogue and the corporate consultation feedback, the Council commissioned CSK Strategies to record, analyse and produce the detailed report and meeting records of public views through all of these channels. This chapter is drawn directly from that report which can be found on the Council's website www.birmingham.gov.uk/budgetviews together with a record of the notes of all public meetings.

This information has informed corporate and directorate equality impact assessments and proposals and final budget allocation decisions and has been fully available for consideration by Members of the Council from the beginning of February 2014. In addition to hosting the public meetings, Cabinet Members received all of the submissions to Budgetviews.

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

Key Themes and Concerns from the Public Corporate Consultation

Comments submitted through all the channels were collated and summarised under the Green Paper headings (the Service Review areas) to allow a 'read across' from the Service Review Dialogue summary and because it reflected the organisation of the on-line and People's Panel surveys.

This chapter highlights the key themes and concerns to emerge under some of those service review headings which received the most feedback.¹³

The Future City Council: Service Priorities and New ways of Working

Service Priorities

Some of the strong broad messages to emerge in the year's corporate budget consultation were as follows.

- That all broad areas of service provided by the council as described in the Service Review Green Papers were seen as important and part of the role expected of the council. This came out through both the online open access survey and the People's Panel survey as well as through written comments and at the public meetings.
- The council has a central and important role in 'place making' (that is, shaping the 'look', environment and facilities of the city) and in the building and maintaining of the city's social fabric. This was reflected in the many comments around libraries, parks and other green issues and in the support for the Council taking a lead in bringing people together to find ways of preserving services and community amenities.
- The importance of services for vulnerable people, young people and
- Concerns about the lack of value for money and inflexibility of large private contracts with the Council.

New Ways of Working and Funding in the Future

- Strong support and advocacy for more partnership working across the public, private and third sectors and for investing in early intervention and preventative measures.

13 Service Review Green Papers – The Future City council; Adult Social Care; Safeguarding, Supporting and Educating Young people; developing and Successful and Inclusive Economy; Developing successful and Inclusive Communities; Safe Clean and green neighbourhoods; Support Services; A well-Managed and Resilient City;

- Some support for the majority of the Council's 'big ideas' as expressed in the White Paper depending on the services affected. For example, 68% supported targeting services to those most in need and reducing services to others; 12% did not.
- There was less support for reducing the amount of face to face contact with the Council and increasing online interaction. This concern was expressed by older people and those attending the Disability Forum who had concerns that it might lead to social isolation and greater exclusion unless carefully managed and supported.
- Many supported the suggestion to build on the huge volunteer effort in Birmingham to mitigate some of the impact of the cuts. This was apparent across all channels. However, this was tempered by the view that volunteers could not fill the gaps created by cuts and that in fact volunteering could be undermined by staff reductions, for example in parks where paid staff are needed to recruit, train and co-ordinate volunteers.

Adult Social Care

- Many people expressed concern about the impact of cuts to vulnerable and older people through all channels of communication; at public meetings; by written submission and email and through the online and People's Panel surveys.
- Whilst most respondents reported that they did not expect cuts in Adult Social Care to have a 'significant effect on me or my family', these services were still seen as important services by a large majority. This was one of the main themes of the Disability Forum. There was specific concern about reduced support to disabled people and older adults with moderate/lesser needs.
- The importance of prevention reducing longer term costs for the above groups was raised through the online survey. This view was reinforced by the large number of written submissions to Budget Views and as part of the Service Review dialogue.
- A number of positive suggestions were made and these included a City wide floating support service which is cross-tenure, allowing vulnerable older people to receive cost effective support and enabling services to remain at home.
- Better co-ordination of services, communication and pooling of resources between agencies and organisations particularly in assessments – possibly organised on a smaller geographical basis in the city.

Safeguarding, Supporting and Educating Young People

- The £9.2m for front line child protection was welcomed, but there was general concern about the needs of young people, and in particular vulnerable young people.
- There was concern from many young people about the impact of cutting early intervention and help services. There was also significant concern raised about the Education Welfare Service. The review on Early Years provision has also raised significant anxiety in the sector. Consultation with schools has revealed levels of

concern but also understanding about proposals to transfer extra costs from council funds to the Dedicated Schools Grant.

- There were also many points raised regarding the Youth Service. These issues are addressed under the Service Review themes that follow.
- As with Adult Social Care, online respondents identified Safeguarding, Supporting and Educating Young People as a high priority, even though it did not affect them directly.
- Views also included a call for improvement in the transition between child and adult support for vulnerable people, in particular around mental health; the concern that increasing reliance on community support from families and neighbours etc. can intensify the safeguarding risks.

Developing a Successful and Inclusive Economy

- Some 81% of the respondents to the online survey stated that the Council's work in this area was very important and that cuts in these services would have an impact on them and their families.
- Helping **young people** to find a job was considered to be a very high priority by survey respondents, through written submissions and at public meetings.

Developing Successful and Inclusive Communities

- The needs of young people came out strongly again, as in last year's consultation, a large number of young people attended the public meetings arguing that the Council should support jobs and training and not cut services to young people further. Many felt that the Council should be investing in youth.
- The importance of libraries, leisure centres and swimming pools was voiced during the Service Review dialogue and the budget consultation, with libraries being seen as an essential part of the community fabric.
- There was substantial concern raised about the proposed reductions to the City's parks. A large number of views were across three of the public meetings, 62 of the Budget Views Submissions and 206 online survey respondents raised concerns about the cuts to the parks budget. A petition of 699 signatories was also presented.
- Parks were seen as important for citizens' health and wellbeing and for the city's image. Many also emphasised that volunteers could not substitute for the work of paid staff and that the current huge volunteering effort in the city would decline as it relies on park staff for recruitment, co-ordination and training.
- The number and depth of the comments made on the parks budget were one of the many indicators of the importance placed on the green agenda by those who responded to the consultation this year.

Safe, Clean and Green Neighbourhoods

- The state of their local environment was a big concern for many of the respondents to the surveys, through email and at the public meetings. The largest proportion of respondents to the survey agreed that cuts to services under Safe, Clean and Green would have a significant impact on me or my family (83% agreeing).
- This was reflected in the number of times Safe, Clean and Green came up at the public meetings and in the written submissions. Within the people's Panel responses, 59% mentioned litter and fly tipping as a concern.
- The issue was raised during the public meetings stating that the street cleaning service was already deteriorating because of staff cuts.

Support Services

- The main issue raised under this heading was the Council's use of large private contracts. These were felt to be less efficient and flexible by a number of consultees.

Council Tax Options

- Two-thirds of the respondents to the online survey were in favour of an increase in the Council Tax. Just under half supported a 2% increase in the Council Tax while one fifth wanted an increase of over 2%. One third wanted a freeze.
- The picture was a little different with the People's Panel survey where 47% were in favour of a freeze, 44% in favour of a 2% increase and only 8% in favour of a rise of more than 2%.
- There was a significant response to both the Service Review Dialogue and the Budget Consultation.

Our Response: Changes to Budget Proposals

The consultation responses have been thoroughly reviewed. Despite the limitations on available resources, this Business Plan now contains the following budget changes to respond to key concerns raised through this process.

- **Impact of Cuts to Vulnerable and Older people** - an additional £1.6m is now available to invest in services via the Health and Wellbeing Board.
- **The Safe, Clean and Green Agenda – (Parks, the Rangers and Woodland Team).** As documented earlier in this Chapter, members of the public felt very strongly that the proposed reduction to the Parks Services would impact adversely on the future of the Parks Service. We are removing the proposed cut to the Park Keepers and the Ranger Service to enable the service to encourage further volunteers.

- **Concerns about the Local Environment** - in response to the concerns shown through the surveys, workshops and public meetings about the local environment and the state of local communities, the Council is investing £200,000 per annum to clear the autumn's leaf fall and reinstating £500,000 (one-off this year) to maintain street cleanliness whilst medium term improvements (through new equipment, wheelie bins and better enforcement) take effect.
- The savings proposals also included the introduction of a £20 charge for some pest control services. Following consultation, the Council is reconsidering how to achieve its income target while minimising the impact on those who cannot afford to pay and at the same time ensuring that this does not lead to a worsening of pest infestations.
- **Services to Young People** – We have listened to the concerns of the public, employees, voluntary organisations and young people themselves about the impact of potential reductions in services to young people and the high importance given through the survey responses to the theme of safeguarding, supporting and educating young people.
- We have already identified an additional £9.2m for child protection, to address the long term underfunding of the service. Given the importance placed upon the themes of Safeguarding, Supporting and Educating Young People in the consultation responses, we have revised the proposals to include an additional £1m to foster and promote youth engagement centrally and locally, and to implement a cross-directorate strategy which delivers an integrated offer to young people. This will include participation from other public bodies, and the third sector – providing information, advice and support at a local level, together with the statutory element of delivering career support to specific categories of young people.
- **Suggestions** - we received over 180 suggestions from residents and organisations on how we might save further money in the future which will be reviewed in detail to bring forward options for Cabinet Members to consider.

PART 4 - Equalities

1. INTRODUCTION

- 1.1 Birmingham is, outside of London, the UK's most diverse city, made up of a wide range of cultural, faith and ethnic communities. As Part 1 shows, some 47% of Birmingham's 1.1 million population are from ethnic communities. Therefore, Birmingham provides the perfect example of a superdiverse city. Every neighbourhood in Birmingham has seen the arrival of at least some newcomers from countries that previously were not represented in the city, and this has enriched the lives of the local people and made our neighbourhoods fascinating places to live in. However, despite the diversity, the city benefits from positive social cohesion which has been achieved through working with all our communities, as well as with our public and private sector partners to address inequalities.
- 1.2 Whilst Birmingham is a city of young people, with 46% of its population under the age of 30, and a popular growing city with many new developments, it is a city that has a number of vulnerabilities. Almost a quarter (23%) of the city's population lives in neighbourhoods in the 5% most deprived nationally, and there are significant differences in educational achievement, health, life expectancy and worklessness across the city (see Part 1).
- 1.3 This is compounded by the fact that Birmingham City Council faces further severe financial pressure in the years immediately ahead. By March 2014, the Council will have made cuts as a result of a combination of cuts in government funding and service pressures of £375m. The Council's workforce has already been reduced by approximately a third since 2010.
- 1.4 Despite the significant difficulties faced, the council's leadership is determined to protect, as far as possible, the most critical areas of service to the most vulnerable in our community.

To achieve this, the council has a clear sense of the priorities amongst the different things we do. The Leaders' Policy Statement captures our mission of:

Fairness – to protect the most vulnerable in our city, open up opportunities to the most excluded and narrow the gap in life chances between our citizens

Prosperity – to help make Birmingham the Enterprise Capital of Britain and create a Green City and a Smart City that provides growth and jobs for all

Democracy – to deliver on our vision for devolution and localisation and to rebuild engagement in local democracy by putting local people and communities at the heart of everything we do.

- 1.5 The 'Fairness' priority outcome – to protect the most vulnerable in our city, open up opportunities to the most excluded and narrow the gap in life chances between our citizens, is a clear statement of the council's commitment to social inclusion and equality by tackling inequalities. However, this is against the backdrop of a council, which must radically review how it provides the services that Birmingham people expect and need in the years ahead. Without reviewing how it would provide these services, the council believes that the impact of the cuts on the quality of life of many Birmingham people will be even greater.
- 1.6 In order to address the funding gap and to give us a coherent and strategic approach to deliver the required cuts in spending, a comprehensive programme of service reviews was set up to run throughout 2013. The starting point for the reviews was a number of key themes, rather than the individual services we provide. These were designed to encourage more radical thinking from the start about how we can meet our priorities with fewer resources.
- 1.7 In addition, the Leader of the Council launched the Standing up for Birmingham campaign in November 2013 and asked Birmingham citizens for their support in finding a way through this difficult time. The Standing up for Birmingham campaign is about responding to the cuts in funding to this city by working together and finding different ways to deliver the services that people need.
- 1.8 Through the campaign, the City Council will be open to new ways of achieving its key priorities. The campaign will encourage people and organisations across the city to make a greater contribution to local services and local places and come forward with initiatives to run services in a different way, such as through local community groups or contributions by businesses. The campaign should also bring together a number of more specific messages, standing up and speaking out - participating in local democracy, giving people more opportunity to make a bigger contribution to the city and their local neighbourhoods.
- 1.9 Through the Social Cohesion & Equalities Cabinet Portfolio, the Council believes that addressing inequalities and disadvantage in the city is the responsibility of us all, and doing so is essential if we are to maintain social cohesion between and across all our communities. To achieve this there must be an ongoing process of social inclusion.
- 1.10 This will require action at all levels and a change in mind-set that brings social inclusion to the centre of thoughts and deeds. The aim of the Social Inclusion Process is to work together to bridge the gap between the least and most affluent parts of the city, and to support the most vulnerable families and individuals to greater wellbeing. The Social Inclusion Process White Paper centres on seven commitments to social inclusion:
1. Support families and children out of poverty
 2. Embrace super-diversity
 3. Protect the most vulnerable
 4. Connect people and places
 5. Create a city that values children and young people
 6. Empower people to shape their neighbourhood
 7. Address safety, isolation and loneliness

- 1.11 Through this process, it means that Equality underpins the City Council's guiding principles of fairness, prosperity and democracy. However, 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.
- 1.12 Given the nature of our work, and the scale of the cuts, some negative socio-economic impact is also almost inevitable. The question for us as a City Council is how we can minimise and mitigate that impact. This means we must: (a) put more emphasis on prevention, which is cheaper than cure; (b) reframe the way we do our work so that we join things up from a customer perspective, and reduce duplication; (c) work with others who can do things more effectively and cost effectively than we can ourselves. In our 2014/15 proposals there is clear evidence of these three themes continuing to guide our approach.
- 1.13 The following commitments were made to ensure that an equitable and fair approach is being applied to the wider community:
- Ensuring the right criteria and assessments are applied to support older adults
 - Seeking to protect funding that is providing services to vulnerable children
 - Working in partnership with the private sector and third sector to continue and increasing our commissioning arrangements in terms of need, outcomes, social value and value for money
 - Seeking to reduce the Council's support services budgets by proportionately more to protect frontline services
 - Working in partnership with other partners such as the NHS to deliver shared services
 - Continuing to consult with citizens, the business community, the voluntary and community sector and equality groups both on the generalities of the proposed cuts as well as on the specific issues, which may emanate from making those savings.
- 1.14 As funding is reduced year after year it becomes more and more difficult to find savings through efficiencies or "back office" cuts and we are now at the point where difficult decisions about "frontline services" can no longer be avoided. However, despite the dramatic cuts in funding, we have been able to propose additional resources for our hard-pressed children's social care services.
- 1.15 The City Council takes account of the potential impacts of its policies and decisions on equalities, social cohesion and social inclusion, through a risk analysis process referred to as Equality Assessment (EA). This ensures that the potential implications of such proposals on those with the 'protected characteristics' covered under the Equality Act 2010 are considered. These protected characteristics include age, disability, 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 Assessment documentation.
- 2.4 'Having due regard' involves (amongst other things) considering the need to remove or minimise disadvantages between those who share a particular characteristic and those who do not. It requires us to take steps to meet the needs of people from groups defined by reference to protected characteristics, where they are different to those from different groups. We need to encourage those in groups defined by reference to protected characteristics that are under-represented in public life to increase their rates of participation. The PSED also requires the Council to tackle prejudice and promote understanding between and across all our communities.
- 2.5 The Council must consider the equality implications of proposals when making decisions, whilst also having regard to any countervailing factors, which it is reasonable to consider in the relevant circumstances. These factors may include, for example, budgetary pressures, economic and practical factors.

3. CITY COUNCIL'S APPROACH TO THE ALLOCATION OF CUTS

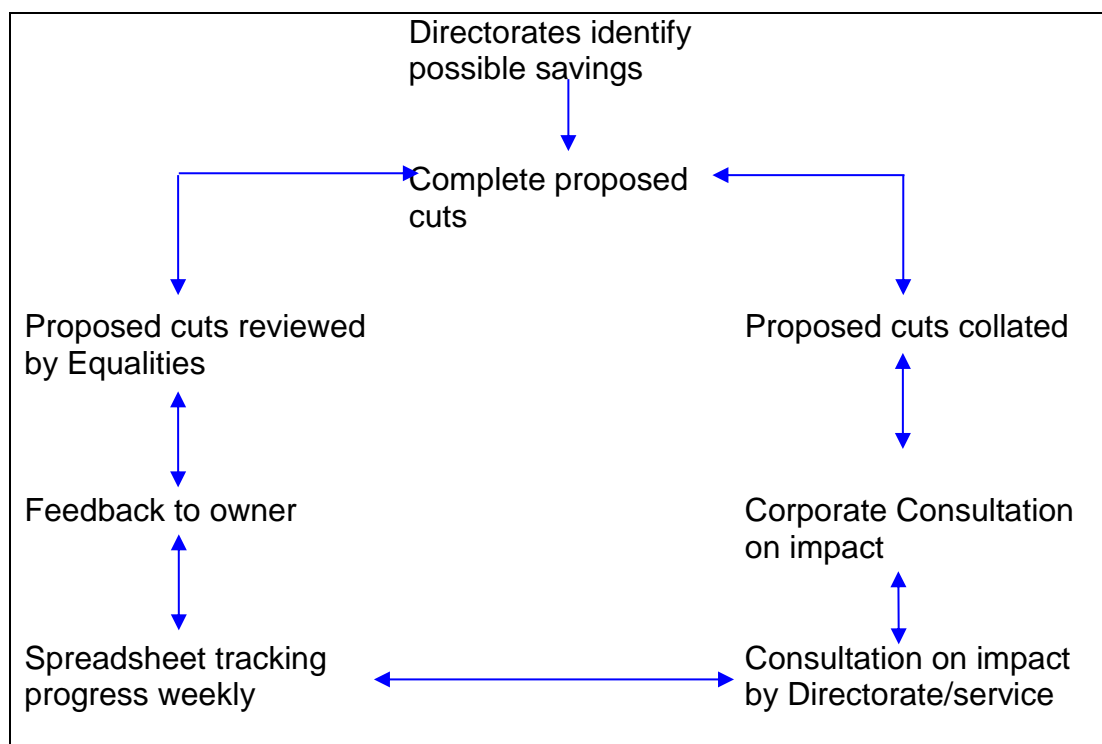
- 3.1 As in recent years, the Council has had to prepare a future year's business plan and budget, having to make yet further cuts of £85.7m in 2014/15, on top of the £375m already made. Next year these reductions are estimated to rise to more than £200m over and above the £85.7m for 2014/15.

The proposed spending cuts for 2014/15 detailed in the White Paper 'Planning Birmingham's Future and Budget Consultation 2014-15' had been drawn up taking account of the findings of the Service Reviews (captured in a series of published Green Papers) and the feedback from the public dialogue on these Green Papers.

- 3.2 The Social Cohesion & Equalities Division convened a meeting in November 2013 with the Equality Champions of Directorates to review the high-level impact on the proposed savings.
- 3.3 Throughout this process consideration was given by Cabinet Members and Officers to the process of the public consultation. Cabinet Members and Chief Officers examined the equalities impacts of the proposed cuts that had been consulted upon, alongside the consultation feedback. This included a high level assessment of potential adverse impacts on communities, and possible mitigations. Consideration was also given throughout the process to the outcomes of the City Council's corporate public consultation; consultation by Directorates at this time was still ongoing. The Assistant Director (Equalities and HR) for the Council presented a report on the equalities impacts which together with the outcome of corporate consultations resulted in further re-shaping of our proposals.
- 3.4 The proposed cuts determined in accordance with the steps above were considered by Cabinet Members and Senior Council Officers in the context of their policy priorities and legal duties. This has shaped the final proposals in this document with some cuts remaining unchanged, some modified and some no longer being pursued.

4. THE CITY 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 assessment and consultations is monitored through a consultation tracker.
- 4.2 The Equalities function has maintained a close watch on the progress of the individual proposed cuts from across the Council, and the extent to which each has gone through the approved two stage Equality Assessment process. The City Council has taken a robust approach to this round of planning. From an Equalities point of view, the sequence is as follows:



- 4.3 The City Council's tool for ensuring fairness in decision making – the Equality Assessment – has been used during this cuts round.
- 4.4 Initial EA screenings have been carried out, where appropriate, on 2014-15 budget proposals. These have helped the Council to identify emerging impacts and have led to more detailed assessments where initial screenings have indicated potential disparate impacts on groups defined by reference to protected characteristics, or other equality concerns. The initial EA screenings look at how individual proposals might relate to one another and consider how a series of proposed changes to services could impact cumulatively on particular groups of people.
- 4.5 EAs are living documents that change and are updated as the equality implications of a decision and any alternative options or proposals are considered. This section aims to provide an overview of what our analysis is currently telling us and to highlight emerging themes that may have a wider impact on groups defined by reference to protected characteristics. It also considers how we can use this data to inform the Council's further work to promote fairness and reduce socio-economic inequalities.
- 4.6 The EAs, and this summary of them, have helped Councillors to debate issues, review decisions and look at the viability of alternatives and mitigating measures in order to ensure that the Council meets its PSED and other legal duties.
- 4.7 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 Executive Management Team, and have been used to help decision making throughout.

- 4.8 EAs will continue to be reviewed as we consult with staff, service users and others on our detailed proposals. The feedback received through consultation will be incorporated into the documents, in particular, the assessment of potential impacts, to guide detailed decision making.
- 4.9 Lead officers for equality and community engagement have reviewed all of these EAs relevant to the budget proposed cuts. This has helped in terms of maintaining quality, consistency and ensuring that due consideration have 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, proposed cuts will be further considered following further and ongoing consultation and the results of the developing EAs.
- 4.10 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.
- 4.11 Whilst the Council regularly monitors the social impact of the cuts and social cohesion, an essential part of the Council's EA process is the public consultation on the Business Plan and Budget.
- 4.12 The corporate public consultation on the 2014/15 budget proposals began on 9 December 2013 and closed on 10 January 2014. A number of methods were used (see Part 3).
- 4.13 In addition, individual Directorates are conducting detailed consultations around their specific proposals. Views expressed during the budget consultation have been fed through to Directorates to inform their consultations and the equality assessments of the proposals that are currently underway. There is also a consultation process taking place with Council staff and their trade unions.
- 4.14 The consultation referred to over £88.4m of cuts required in the coming 2014/15 financial year (now £85.7m) and the longer term financial challenge that would mean that by 2017/18, the Council would have to make cuts since 2010/11 of around £840m (now £822m) per annum - about two thirds of controllable expenditure. Previous years' proposed cuts have already been the subject of equality analysis and consultation and the responses and results have been taken into account in decisions made.

5. CONCLUSION

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

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

This section has provided an overview of some of the main equality considerations arising from the Council Business Plan and Budget 2014+. 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 could put in place in order to progress the proposed cuts on which it is consulting. However it is not possible at this stage to fully assess the impact on those with protected characteristics and further assessment will be carried out as part of the full impact assessments, where required.

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

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

PART 5 - Our Employees 2014/15

In order to deliver on the current and future needs of the people who live in Birmingham, we need high performing, healthy, skilled and motivated employees with engaging leaders at all levels. It is critical that our workforce, elected Members and Trade Unions work as one team under a clear, simply framed vision. In 2012 the Council launched the Fresh Start Programme, which has started to form a new way of working and a change in attitudes across the workforce including (but not exclusively):

- Implementing the Living Wage
- Devising new communication channels and improving existing ones
- Reviewing Performance Development Reviews
- Investment in raising levels of staff health and mental well-being
- A whole Council employee survey
- Developing a City Wide Leadership network to enable collaborative working across public services

The Fresh Start approach has laid down some of the building blocks that signify a new way of working. There is still some way to go with driving a change in attitudes and in improving the interface between employees and other agencies, and the public. The coming years will require a continued focus on rescaling and reshaping service provision, a 'workforce rewiring', managing downsizing effectively and efficiently, but most importantly in generating and managing real opportunities to work in partnership across public services in Birmingham.

In 2013/14, the council reduced its workforce (Full Time Equivalent (FTE)) by c6% from the start of the year. This means the council has reduced its workforce FTE by c33% since April 2010. Based on current expectations of budgetary savings required next year, initial indications are that a further c8% (or around 1000 FTE) reduction of the workforce will potentially be required in the year 2014/15.

Birmingham's workforce and people management will remain high on the organisational agenda. Effective change can only be achieved when employees are empowered and encouraged to align their attitudes and behaviours to that of the organisation. Our workforce is committed to delivering the best outcomes for citizens and generating trust within local communities. The Rewiring Public Services (2013) report stated that 79% of people trust local government, compared to only 11% who trust central government. That's why the Leadership, under this strategy, are keen to remove barriers between employees and the communities they serve, ensuring that where possible talented employees remain with Birmingham City Council.

In order to deliver the vision set out in this paper, the council will require more talented "generic" managers and employees who can apply their knowledge and skills to any service area thinking outside of silos and traditional hierarchies. This will mean simplifying some of our current people management policies to enable staff movement to happen more quickly and flexibly than ever seen before. It will also mean creating an environment that encourages the seismic change in employee mind sets to be flexible, focussed on place and acting in an empowered way. Put simply, we need to encourage our workforce to

develop their confidence and offer the best opportunities we can to attract talented people to have a fulfilling career in Birmingham City Council.

Supporting our staff to deliver new ways of working – our people strategy priorities

The organisation is committed to four main people management priorities, which form the strategic themes for the years ahead:

- Supporting employees' wellbeing and resilience
- Enabling people to work more flexibly
- Rewarding good performance
- Creating a future for the next workforce generation

1: SUPPORT EMPLOYEES' WELL-BEING AND RESILIENCE

The Council recognises the importance of a highly engaged workforce that is healthy, productive and committed to the organisation.

Birmingham will:

- *reward and recognise our people for taking appropriate risks and finding better ways to solve problems; and taking on new ways of working;*
- *recognise that employee well-being is a driver of productivity and enables more effective working practises;*
- *offer opportunities and programmes for employees to proactively manage their own physical and mental health and well-being;*
- *work in partnership with the Trade Unions to deliver supportive and enabling people management policies and projects;*
- *ensure ideas and creativity are harnessed at all levels and good ideas are taken forward.*

2: ENABLING PEOPLE TO WORK MORE FLEXIBLY

The changing nature of the council that has emerged through the service review process identified a need to develop more generic roles that can respond flexibly across the organisation.

Birmingham will:

- *develop a flexible workforce with talented generic managers that can quickly move around the organisation to respond to priorities;*
- *develop job families which evolve with service redesigns and different models of delivery;*
- *develop effective leaders who are able to provide direction, build trust in what we do and engage their teams;*
- *flexibly respond to technological changes and innovations in working practises;*
- *encourage a culture of innovation and managed risk taking, working in close collaboration with partners.*

3: REWARDING GOOD PERFORMANCE

At a time of reducing resources and rising customer expectations, it is increasingly important for managers to develop a high performance culture in which high performance and talent is valued and sustained, and importantly, where underperformance is actively and robustly managed.

Birmingham will:

- *build a high performance culture, with Performance Development Reviews being a mechanism where managers can actively support individuals to improve their performance;*
- *ensure that staff are clear about how their work contributes to the delivery of their service and council outcomes and know what is expected of them;*
- *reward and recognise excellent performance and share knowledge across the organisation;*
- *reward and recognise collaborative and cost effective working with other partners*

4: CREATING A FUTURE FOR THE NEXT GENERATION

The council is committed to creating opportunities for younger people to work for and with the council. The Fresh Start programme has outlined the importance of creating a sense of pride and the need to 'grow our own' talent.

Birmingham will:

- *aim to increase the % of young people working for the Council to more truly reflect the local working age population;*
- *develop and expand programmes aimed at young people in conjunction with the local universities, colleges and schools;*
- *commit to 'grow our own' talent and to ensure that good performance is recognised and rewarded;*
- *work with the community on providing opportunities for staff to work with local people.*

Delivering on these employee strategy priorities will be the key to delivering the vision set out in this paper. This will enable the Council workforce to be skilled and motivated to play their critical role in the lives of the people who live, work and visit Birmingham. The context set out here will be more fully developed over the coming months in partnership with employees, elected Members and Trade Union colleagues.

PART 6 - Property and Other Physical Assets Strategy

1 INTRODUCTION

- 1.1 Property plays a significant part in the successful delivery of the City Council's Business Plan. The right type of property, in the right place is essential to deliver the council's services, along with the necessary staff and technology. It is an expensive resource, being the biggest cost after staffing. As such it must be managed corporately alongside the other key resources, people, IT facilities and infrastructure and finance within an integrated strategic planning framework.
- 1.2 The following sections outline the City Council's overall strategy for property and other assets. Appendix 4 summarises the asset and capital strategies of major service areas.

2 GENERAL STRATEGIC AIMS

- 2.1 In recent years a significant proportion of the council's property assets have been progressively changed to support the council's Business Plan. This has enabled the delivery of substantial change in the way the Council operates, its staff work and the delivery of services. Along with the delivery of changes, the sale of surplus property has contributed capital receipts, lowered ongoing property costs and reduced the environmental impact, in the context of legislative requirements for local authorities as property landlords.

Looking forward, the Council will continue to take a strategic approach to planning future property requirements. The City Council's strategic objectives in relation to its property and other long term physical assets include:

- To ensure that assets are fit for purpose in terms of suitability, sufficiency, condition, cost, environmental impact and affordability;
- To keep the City Council's portfolio of capital assets under review and managed according to best practice through the Asset Management Planning process, including the rationalisation of property holdings where appropriate;
- To take an integrated approach to all aspects of property planning and management, taking account of whole lifecycle implications;
- To deliver value for money from any investment in the retained estate;
- To utilise the optimum property in accordance with the City Council's strategic objectives and service delivery plans.

The need to respond to changing service delivery needs and the Council's changing financial position will require further substantial change in the future asset portfolio. The development of new models of service delivery brings challenge to previous arrangements. General themes include;

- Potential for co-location/integration of Council and partners' front line services into multi-service buildings, providing one point of access for customers. This will allow limited financial resources to be directed to a smaller number of better maintained and improved buildings.
- Increased joint working with other public sector partners and third sector organisations to share buildings and provide a wide range of services to people from one building.
- The empowerment of third sector organisations to take on the delivery of City Council services (and potentially their delivery point) for example through the Standing Up For Birmingham initiative.
- Flexible accommodation, the potential to fully utilise space – ensuring space in buildings is fully utilised at all times and capable of alternative utilisation at minimal cost.
- Increased sale or other strategic release of assets to achieve Council objectives and provide funding for its expenditure commitments.
- New service models which are less capital, revenue and asset intensive.

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

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

3 CURRENT ASSET PORTFOLIO AND CONTEXT

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

Property Type
Adult Education Centres
Allotments (leisure gardens and small holdings)
Car Parks including Multi-storey
Cemeteries
Cemetery & Crematorium
Central Administration Buildings (CABs)
Children & Family Residential homes
Church Yards
Community Centres / Halls

Community Day Nurseries
Council dwellings
Depots
Education Establishments (schools)
Day Centres – children, elderly and learning disability
Environmental Residential Centres
Golf Courses
Leisure Centres incl sports halls and pools
Libraries
Markets
Museums & Arts (held in trust)
Offices
Parks (inc public open space, play areas and recreation grounds)
Roads (in km) (managed via PFI)
'Sure Start' Properties
Youth Centres
Youth Offending Team Properties
Commercial Portfolio (Let to third parties)
Land and buildings held for charitable purposes

- 3.2 The council's property portfolio is fairly representative of most councils' portfolios, comprising a mix of service delivery properties and properties let to third parties. The majority of ownership is within the city boundaries but there is notable ownership beyond the boundaries into neighbouring authorities including Solihull, Bromsgrove and Warwickshire. The full extent of BCC ownership represents 40% of the city by land area.
- 3.3.1 Resources are constrained, and Services have to make hard choices on expenditure. Future service delivery models will have implications for the assets needed to support those services, and this is reflected in the current draft review of the City Council's Asset Management Plans.
- 3.3.2 Facilities management costs, backlog condition and energy efficiency in conjunction with other service related factors are all expected to guide investment and disinvestment decisions. Capital resources for asset maintenance are limited, but the council has introduced policies around whole life costing to protect the investment in new build by ensuring resources are provided for cyclical maintenance of new assets. Efficiencies are being delivered from the ongoing Excellence in Facilities Management programme, in terms of both costs and service delivery, which will help services to manage constrained revenue budgets in terms of the property that they use.

OVERALL PROPERTY AND ASSET STRATEGY

4 SUPPORTING COUNCIL STRATEGIC OUTCOMES

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

5 SUPPORTING SERVICE PLANS

Asset Management Plans are now being more closely aligned with Service Plans. These not only take account of service based delivery changes, but look for innovation in the way services are delivered, coupled with synergy across council service areas and partners taking into account the financial pressures which the council faces. Most recently, the establishment of the new Place Directorate led to the delivery of new four “Think Tank” events to redesign future delivery of local services and identify potential for innovative property solutions. This developed to the creation of the LoCal Programme, chaired by the Deputy Leader, to act as a single location for these decisions to be made.

In general Asset Management challenges are increasing and significant effort is being applied across the council, looking at innovative ways of delivering services, across all directorates and with public sector partners. The future years' financial pressures are, inevitably, leading to harsher challenges relating to the affordability of the existing property estate.

6 SERVICE RATIONALISATION AND ASSET MANAGEMENT PLANNING

Most services have undergone substantial service reviews during recent years and their service asset management plans have been updated as a result. Those plans are directly attributable back to the service delivery plans driven by the service's future operating models (FOMs). The outcomes of those plans are highlighted in the service capital strategies but in the main continue to demonstrate the investment required by their property portfolio to meet the needs of the service, whether in simply tackling issues of condition, modernisation to meet corporate and national initiatives, or expansion to meet service demand.

However, with the projections of further reductions in central government funding these plans are subject to further ongoing review and redesign. The ability of services to disinvest is hampered by the current state of the market, both in terms of values and demand. However the disposal strategy reinforces the linkages between service planning and asset rationalisation, with an imperative to also reduce the revenue running costs of the property base (of which closure/disposal is one vital tool).

The use of shared service buildings is a developing and innovative approach that is becoming an increasingly important area of work for the future. Early pilot examples now in place include Sparkbrook Community and Health Centre (joint project with NHS delivered through LIFT Co providing a range of City Council and Health services as well as third sector services) and The Shard (providing new Council services as well as space for third sector agencies and public sector partners). A number of service areas are looking further such proposals on a variety of scales. The flexibility of the space to enable alternative use and capability of the space to achieve shared occupation across services and including third party occupation is seen as the standard to achieve.

7 STRATEGIC USE OF ASSETS

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. The council will use its assets appropriately in support of major regeneration projects, for example HS2, Paradise Circus and Icknield Port Loop.

8 SUPPORTING COMMUNITY INVOLVEMENT

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

9 GREEN ISSUES

The council is developing its carbon strategies and energy management strategies. In the development of its new Corporate Administrative Buildings estate (CAB) the council targeted an “excellent” BREEAM standard for new buildings (achieved at 10 Woodcock Street Offices), and “very good” for the major refurbished estate (achieved at both Lifford House and 1 Lancaster Circus). Further standards for the corporate estate are anticipated to be developed with the emerging energy conservation and carbon reduction plans.

Energy conservation is having and will continue to have an impact on services and property going forward. The council has drafted its Carbon Management Plan and is signed up to its carbon reduction commitment.

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

This places a greater emphasis on needing to put in place appropriate measures to contain such budgetary pressures. Such measures can include Combined Heat and Power (CHP) plants, photo-voltaic panels, voltage optimisation, automatic half hour meter readings, biomass boilers, automated lighting, occupier behavioural change,

disinvestment from inefficient property and energy performance measurement and comparison. The City Council's procurement practice seeks to develop an integrated approach to energy management, energy supply, energy consumption, contract compliance and property data. Where such measures will not be cost effective the service will be encouraged to disinvest and dispose of properties.

10 HEALTH AND SAFETY

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

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

11 EQUALITIES ISSUES

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

12 ASSET MANAGEMENT PLAN

The City Council maintains an Asset Management Plan (AMP) which is currently under review for the 2013-18 period and which describes in more detail the current position for the management of property assets, examines influences for change across the council whether driven by government or the council, and makes recommendations for action. Beneath this sits a number of Service Asset Management Plans that feed into the Corporate Asset Management Plan but reflect the assets, their futures and investment requirements in more detail at a local level.

13 FACILITIES MANAGEMENT

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

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

PART 7 - Information & Communications Technology

The vision for information systems, technology and services is for an effective, efficient and reliable set of services which supports the achievement of the Business Plan. The key strategic objectives that will enable this vision are:

- to maintain a set of applications which provide flexible, reusable, integrated application services
- to have the technology, business awareness and information structure in place to support the commissioning from and/or sale of services to other organisations
- to provide system integration and information exchange with new service delivery bodies
- to have a consistent and comprehensive approach to creating, storing and using knowledge, information and data
- to make informed decisions on the procurement of new systems and services
- to have a governance process that ensures consistency, coherence and value for money whilst ensuring accessibility and longevity
- to have increased transparency of spend and performance information
- to have an innovative approach to IS/IT and information services including exploitation of mobile technologies as a delivery channel and as an enabler for internal agility and flexibility
- to increase the use the Web as a primary platform for service delivery and to enable collaboration.

The IS/IT and Information Strategy provides the detailed plan for delivering the information technology and information services which are required to support the work of the council effectively. To achieve this, it needs to balance both current and future needs in the context of available resources. The strategy proposes the most effective way of maintaining current infrastructure and services while providing flexibility in responding to future council initiatives.

To respond to the changing environment, all aspects of the ICT strategy require renewal:

Governance

New ICT proposals will be subjected to increased scrutiny to ensure they are aligned to the overall Business Plan and achieve improved economies of scale wherever possible. This is to be achieved through revised management and coordination processes.

The management and coordination groups where business requirements and associated proposals are considered across the council will be extended to include a senior officer group who will evaluate all proposals for new systems.

Knowledge, Information and Data

The shift towards less direct delivery by the council and the impact of the greater availability of reliable and scalable information sharing services on the web now offers the opportunity

the shift the focus back to information and data and the knowledge needed to manage and exploit them effectively.

The key challenge for knowledge work in the council is the need to identify and retain key knowledge when so many staff are leaving while, at the same time, developing the capacity to create the necessary new knowledge, especially in collaboration across internal services and with external partners. A toolkit has been developed to assist service areas in identifying key knowledge and methods of transferring it.

The key challenge for obtaining optimal value from the information and data which the council holds is to provide an adequate framework for the reuse of information within the city council and which can be extended to partner organisations with which data and information needs to be shared. This greater transparency of information is also needed to make the move to more local management of services effective. The support for commissioning services now includes advice on developing efficient information data management as a key part of the process.

Providing open access to council data also has a key role in economic regeneration, where a significant number of IT SMEs and potential start-up companies are looking to the availability of public data with which to develop new products and services. The open data platform which is being introduced will provide the basic set of services to support these initiatives.

Technology

The key challenge for technology is to deliver a service-based ICT vision for the city council. To do this, it must provide continuity of existing systems and infrastructure while being able to accommodate the technical challenges which result from both developments in the ICT marketplace and those changes to the city council's ICT systems which need to be made as a result of the introduction of new delivery organisations.

The first of the major challenges is to provide a common infrastructure which can be extended to support distributed working – both within the council and with partners. This requirement is complicated by the need to maintain existing investment in the large-scale systems which were required for the larger, pre-austerity city council.

The changing pattern of service delivery, with the consequent need to support complex delivery chains, requires a different emphasis in the provision of infrastructure, with more consideration being given to the use of shared infrastructure such as hybrid and public cloud services.

The ICT strategy also recognises the increasing importance of the web as a development platform for new and updated applications. Meeting this challenge requires not only the acquisition of new skills by the city council but also the introduction of different methods of managing application development, including the need to collaborate with a range of external partners of varying size.

The technical architecture proposed in the strategy accommodates the consequences of distributed working, including the likely significant increase in obtaining services from external sources such as the “cloud” and the changing nature of secure, shared public networks. Adherence to accepted standards is the vital contributor to achieving this goal.

The council continues to develop a consistent and coherent approach to “consumerisation” – the increasing trend for employees to want to use their personal devices with corporate systems. Policies have been set and the experience of existing pilot projects will be extended to the wider workforce.

At the same time, the technologies which support mobility for direct employees, partners and citizens are being updated to provide for the secure management of a range of devices and to exploit where appropriate small applications produced by the expanding marketplace.

Commissioning

The fundamental challenge for commissioning is to ensure that the city council continues to get value for money from existing contracts while being able to accommodate the benefits of developments in technology.

The overall commissioning model has been in place since the start of the Service Birmingham contract in 2006 and needs to be updated, primarily to cope with the changes in service delivery structures and the challenges which these pose to existing contractual arrangements.

The scale of these changes will not be clear until the outcome is known of the review of the existing contracts with Service Birmingham, but these may affect both the scope and the source of the services which will need to be commissioned.

The commissioning of ICT and information services in the new environment requires a different set of skills to complement the well-developed procurement ones. These include specifying new technologies and managing innovation. Arrangements for the management of information and data in the new, complex delivery structures will be a major risk and is being addressed as part of the governance changes.

Internal capability

Many of the key capabilities are located almost entirely in the knowledge and abilities of staff, both in Service Birmingham and within the city council.

The two main challenges for organisation and staff are:

- how external suppliers maintain their key expertise in a period of significant organisational change and the increasing speed of the emergence and take-up of new, particularly mobile and social media, technologies so they can support innovation;
- how the city council ensures that it has the necessary capacity to understand emerging requirements and match the demand for new and enhanced services from the business with the delivery of technology.

The City Council also faces the challenge of developing and keeping the essential skills and competencies needed for information and data management, which present an increasing risk.

Key Projects

The basic principles underlying the strategy are:

- The maintenance of a highly reliable infrastructure and basic corporate systems for both current and future requirements.
- The traditional model of a dedicated infrastructure needs to change to accommodate the need to work collaboratively with a range of partners over shared infrastructure, including web-based and cloud services.
- All key systems need to be built or developed to work with mobile technology in general and with consumer devices in particular.

Applying these principles, it is expected that a number of projects will be brought forward as set out in the Service Asset and Capital Strategy (paragraph 2.5 of Appendix 4).

In 2015/16 and 2016/17 a programme to replace 1,000 network edge switches of over 2 years £0.750m each year will be undertaken to ensure the reliability of the network and reduce maintenance costs.

PART 8 - Corporate Strategic and Performance Management Framework

Birmingham's Strategic Framework drives the achievement of the key outcomes for Birmingham people. It outlines what the council intends to achieve (with partners and other stakeholders), how we are going to deliver services with local people, and the performance management arrangements that are in place to make sure we deliver what we have planned.



The framework consists of five key elements, each linked to appropriate measures of performance and outcomes:

1. **The Community Strategy ("Birmingham 2026")** – our long term vision agreed with partners. We are reviewing the measures used to track progress annually. The latest draft proposals are summarised in Appendix 2 below.
2. **The Leader's Policy Statement (LPS)** which sets out our medium and long term vision, our priorities for the Council and the City, and the direction for the Council's forthcoming planning cycle.
3. **The Council Business Plan** which reflects the vision and priorities from the LPS and articulates how all its resources (money, people, property etc.) will be best organised to deliver these. The Plan forms the legally required "council budget" framework for decisions during the year, formally approved by Full Council. The Plan is a managerial document, ensuring that the Council's priorities are effectively progressed. The measures tracking delivery of the Plan are shown in Appendix 3 below.

4. **Key Strategies** - providing more detail on the approach to delivering key themes within these over-arching plans, for example from particular Council Directorates (Place, People and Economy) or topics (e.g. the Health and Wellbeing Strategy). They often have an associated set of measures to track progress in delivering their ambitions.
5. **Service Plans** setting out how a particular service will be delivered, and the associated measures used to track and manage day to day delivery at operational level.

Corporate Performance Monitoring

Our Corporate Performance Monitoring process supports the framework by ensuring there is a focus on the Council remaining on track to achieve the overall vision.

As part of this process, regular progress reports are provided to the Cabinet and/or the Executive/senior management on:

- **The Council Business Plan Measures:** measures agreed at the start of the financial year and against which progress is monitored each quarter, with a final year-end report looking back over the year.
- **Activity Data** which informs the Cost Driver Report to the Executive and relates to demand within services and in particular those that have a financial impact on the Council. This helps to inform strategic decision-making by providing management with an indication of where activity and costs are increasing or decreasing and need to be addressed.
- **Key elements of our organisational performance e.g., Customers, Services, Staff and Finance** via a **Balanced Scorecard** report each month to the Executive.

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

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

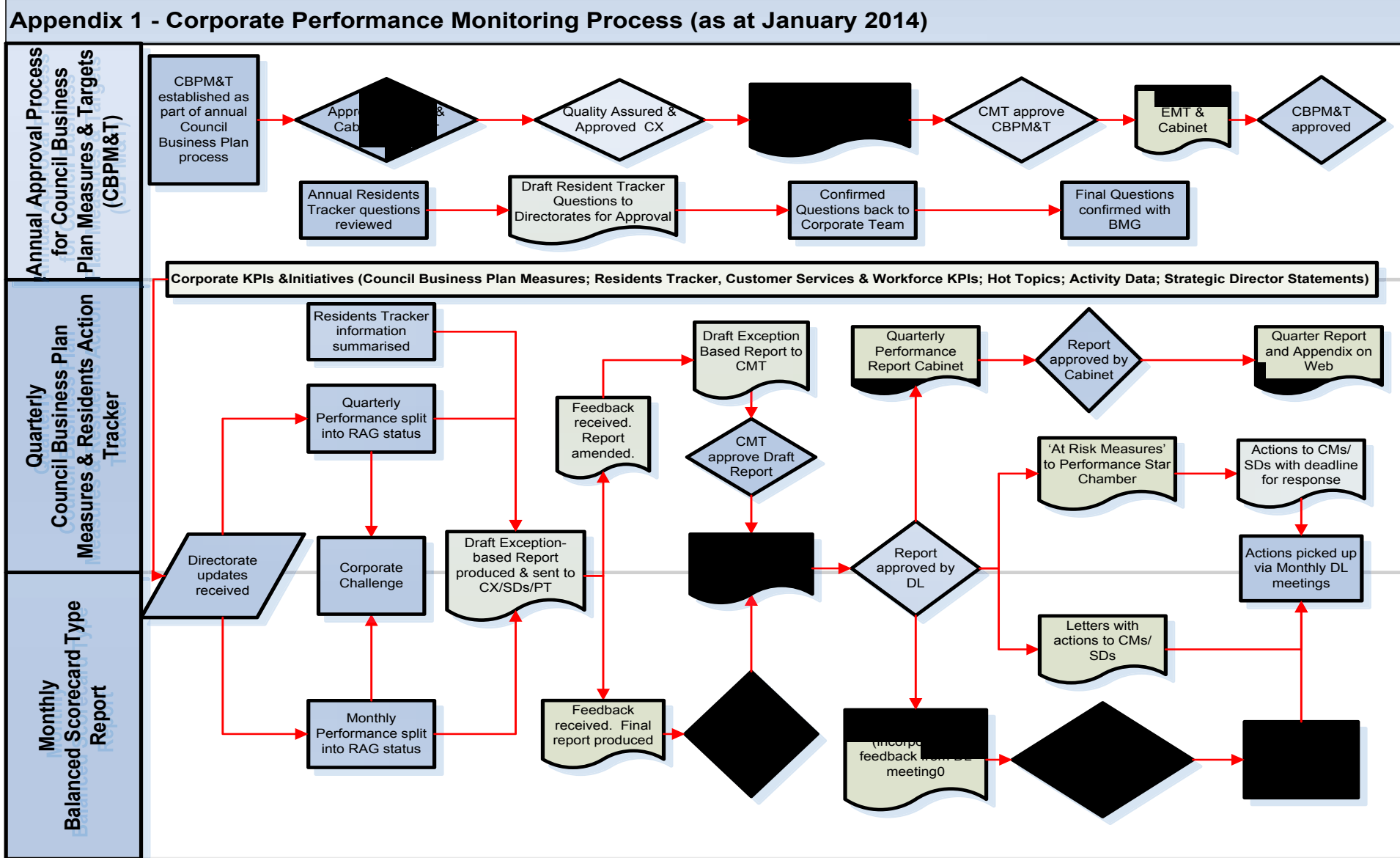
Measures are included in the Council Business Plan set *only* where non-delivery would constitute a significant risk to the delivery of the Council's priorities and the following principles were used in determining these high level set of measures:

- **Initiatives** (large-scale key strategic projects and actions) are not usually included as these are monitored by responsible Cabinet Members separately. However, where relevant, progress against initiatives will be monitored at corporate level, via monthly corporate performance reports to the officer Effectively Managed Corporate Business (EMCB) Corporate Management Team meetings.
- **Perception Survey results** can be volatile and subject to varied external influences outside of our control and are therefore not suitable for inclusion in this set of measures. The most significant results are reported to senior management quarterly, and/or other forums as required, and, so, are routinely considered by management.

- **Measures where performance results are only available annually** would not support in-year performance management by Cabinet. Annual results for significant permitted exceptions (e.g. GCSE results) will be reported at the year-end as part of a wider addendum to the main performance report to Cabinet. This will also provide results against our Community Strategy measures and key supporting strategies, such as Social Inclusion.
- **Measures where BCC is not the lead** particularly where the council has only minor influence/control, and are already being managed by other lead authorities, e.g. Police and Health led measures, have not been included.

Appendix 1: Corporate Performance Monitoring Process

The Council's Corporate Performance Monitoring process not only provides directorates with details of the process to be adhered to, but, it also sets out what is needed for each period of monitoring, and, provides supporting documentation to help directorates carry out their role (see flow chart on the next page).



Appendix 2: Community Strategy Measures

Key elements	Measures
What will a fair city look like?	
Safety net People are safe, especially the most vulnerable	1. Safeguarding inspection results. 2. Looked after children in stable placements or adopted. 3. Resident perception of safety. 4. Resident experience of crime.
Wellbeing All benefit from improved health and wellbeing	5. Premature (<75 yrs) death rate. 6. Levels of homelessness. 7. Levels of childhood obesity.
Poverty addressed Children and families will not live in poverty – Birmingham will be a “Living Wage City”	8. Levels of child poverty. 9. Households with low income.
What will a prosperous city look like?	
Business Businesses will be growing and new ones starting up	10. Net new business start-ups. 11. Gross “value added” in Birmingham economy.
Education People will have the qualifications they need for work, including qualifications for school leavers and working age population skills.	12. Percent of adults with no qualifications. 13. Percent of school leavers with >5 A*-C GCSEs inc English and Maths.
Young people in education, employment and training	14. Percent of young people not in education, employment or training (“NEET”).
Employment No groups or areas will be blighted by high unemployment	15. Number of wards with [long-term] unemployment over a given level.
Sustainability Birmingham will be more environmentally sustainable	16. Energy use in Birmingham.
What will a democratic city look like?	
Engagement and influence Local people will be engaged in local democracy, and have more influence on local decisions.	17. Perceived ability to influence decisions. 18. Voting in local elections. 19. Community cohesion index.

Measures are tracked both at city and district level, and for particular disadvantaged groups and areas. A set of “floor target” minimum standards to be delivered across the city is under development, starting with education (GCSE results) and unemployment rates, with each District also encouraged identifying a further measure of particular local priority

Draft Council Business Plan 2014/15

Ref.	Strategic Outcome / Themes of Community Strategy	Portfolio / Committee	Description	LPS or Internal Priority	Overarching Directorate Outcomes	Aim	Data Frequency
Council Wide							
1	Public Service Excellence	Deputy Leader (with the Employment & HR Cttee)	Average sick days per full-time equivalent employee (excluding schools staff)	Public Service Excellence	Good governance.	Smaller is better	Monthly
2	Public Service Excellence	Deputy Leader	Complaints with full response in 15 working days - city-wide performance	Public Service Excellence	Supporting our customers.	Bigger is better	Monthly
3	Public Service Excellence	Deputy Leader	Percentage increase in online transactions	Public Service Excellence	Supporting our customers.	Bigger is better	Monthly
Economy Directorate							
4	Succeed Economically	Commissioning, Contracting & Improvement	Percentage of procurement opportunities greater than £10k that are advertised on Find it in Birmingham (excluding Schools).	Public Service Excellence	Supporting our customers.	Bigger is better	Monthly
5	Public Service Excellence	Deputy Leader	Percentage of Council Tax collected in the year	Public Service Excellence	Good governance.	Bigger is better	Monthly
6	Public Service Excellence	Deputy Leader	Percentage of Non Domestic Business Rates received during the year	Public Service Excellence	Good governance.	Bigger is better	Monthly

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Ref.	Strategic Outcome / Themes of Community Strategy	Portfolio / Committee	Description	LPS or Internal Priority	Overarching Directorate Outcomes	Aim	Data Frequency
Economy Directorate continued							
7	Public Service Excellence	Deputy Leader	Acivico demonstrates performance and compliance in line with its contractual obligations to the Council in terms of time, cost, quality and compliance	Public Service Excellence	Good governance.	Bigger is better	Quarterly
8	Public Service Excellence	Deputy Leader	Housing rent collection	Public Service Excellence	Good governance.	Bigger is better	Monthly
9	Succeed Economically	Development, Jobs & Skills	Education Infrastructure 2014-15 - deliver additional primary, secondary and special school places to meet demographic need	Fair City - all benefit from improved health and wellbeing	A City that supports families and values children and young people	Complete on schedule	Quarterly
10	Stay Safe	Green, Safe & Smart City	Number of people killed/seriously injured in road traffic accidents	Prosperous City	Sustainability	Smaller is better	Quarterly Reported quarter in arrears and against calendar year
11	Succeed Economically	Development, Jobs & Skills	Number of Affordable Homes	Prosperous City - Businesses will be growing and new ones starting up	Providing new homes	Bigger is better	Quarterly
12	Succeed Economically	Development, Jobs & Skills	Jobs created as a result of public sector interventions	Prosperous City - Businesses will be growing and new ones starting up	Supporting jobs and sustainable growth	Bigger is better	Quarterly

Draft Council Business Plan 2014/15							
Ref.	Strategic Outcome / Themes of Community Strategy	Portfolio / Committee	Description	LPS or Internal Priority	Overarching Directorate Outcomes	Aim	Data Frequency
Economy Directorate continued							
13	Stay Safe	Green, Safe & Smart City	City Council's energy consumption - carbon emissions from energy consumption database	Prosperous City - Birmingham will be more environmentally sustainable	A Green City	Smaller is better	Quarterly Reported quarter in arrears
14	Succeed Economically	Development, Jobs & Skills	Number of young people into work through Employment Support Activity (activity to be confirmed, when details of next years BJJ are known)	Prosperous City - young people will be in employment, training or education	Supporting jobs and sustainable growth	Bigger is better	Quarterly
People Directorate							
15	Stay Safe	Health & Wellbeing	Safeguarding case conferences completed within 38 days of referral.	Fair City - People are safe, especially the most vulnerable	Promoting the best care and health outcomes for life.	Bigger is better	Monthly
16	Stay Safe	Health & Wellbeing	Percentage of completed safeguarding cases audited judged poor - to ensure quality of safeguarding practice.	Fair City - People are safe, especially the most vulnerable	Promoting the best care and health outcomes for life.	Smaller is better	Quarterly
17	Be Healthy	Health & Wellbeing	Number of drug users who are in full time employment for 10 working days following treatment, or upon discharge of treatment (National Indicator)	Fair City - all benefit from improved health and wellbeing	Promoting people's recovery and inclusion in the most independent life.	Bigger is better	Quarterly Lagging 1 Quarter in arrears
18	Stay Safe	Health & Wellbeing	Percentage of care home providers rated as poor or unrated using the provider quality framework	Fair City - people are safe, especially the most vulnerable	Promoting the best care and health outcomes for life.	Smaller is better	Quarterly

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Ref.	Strategic Outcome / Themes of Community Strategy	Portfolio / Committee	Description	LPS or Internal Priority	Overarching Directorate Outcomes	Aim	Data Frequency
People Directorate continued							
19	High Quality of Life	Health & Wellbeing	Increase in the number of cases where homelessness is prevented or relieved.	Fair City - all benefit from improved health and wellbeing	Promoting people's recovery and inclusion in the most independent life.	Bigger is better	Quarterly
20	High Quality of Life	Health & Wellbeing	Moving Younger Adults from residential care into community settings	Fair City - all benefit from improved health and wellbeing	Promoting people's recovery and inclusion in the most independent life.	Bigger is better	Monthly
21	High Quality of Life	Health & Wellbeing	Delayed transfers of care from hospital per 100,000 population	Fair City - all benefit from improved health and wellbeing	Promoting the best care and health outcomes for life.	Smaller is better	Monthly
22	Stay Safe	Children & Family Services	Referrals that are re-referrals within 12 months	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Plan is Best	Monthly
23	Stay Safe	Children & Family Services	Children in care cases reviewed within timescales	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly
24	Stay Safe	Children & Family Services	Child protection cases reviewed within timescales	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly Lagging 1 Month in arrears
25	Succeed Economically	Children & Family Services	Percentage of 16-18 year olds not in education, employment or training	Prosperous City - young people will be in employment, training or education	A great education to give the best chances for life.	Smaller is better	Annual Monthly results provided based on local data

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Ref.	Strategic Outcome / Themes of Community Strategy	Portfolio / Committee	Description	LPS or Internal Priority	Overarching Directorate Outcomes	Aim	Data Frequency
People Directorate continued							
26	Stay Safe	Children & Family Services	Recruitment of adopters - time from initial enquiry to adopter approval at panel	Fair City - People are safe, especially the most vulnerable	Where needed, planning ahead across the life course.	Smaller is better	Monthly
27	Stay Safe	Children & Family Services	Percentage of Children in Care/Children in Need/ Child Protection case files judged good or better (via Team Manager Audits)	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly
28	Stay Safe	Children & Family Services	Average length of care proceedings	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Smaller is better	Quarterly
29	Stay Safe	Children & Family Services	Percentage of single assessments, for children in need, completed in timescale	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly
30	Stay Safe	Children & Family Services	Percentage of initial child protection conferences in timescale	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly Lagging 1 month in arrears
31	Stay Safe	Children & Family Services	Average caseload of qualified social workers in Safeguarding Teams	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Plan is Best	Monthly

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Ref.	Strategic Outcome / Themes of Community Strategy	Portfolio / Committee	Description	LPS or Internal Priority	Overarching Directorate Outcomes	Aim	Data Frequency
People Directorate continued							
32	Stay Safe	Children & Family Services	Deliver improved support to troubled families - Number of positive outcomes for Birmingham's cohort of 'troubled families'	Fair City - People are safe, especially the most vulnerable	Where needed, planning ahead across the life course.	Earlier is better	Termly Lagging 1 term in arrears
33	Succeed Economically	Children & Family Services	Percentage of Statements of Special Education Need issued within 26 weeks (excluding permitted exceptions)	Fair City - People are safe, especially the most vulnerable	A great education to give the best chances for life.	Bigger is better	Monthly
34	Stay Safe	Children & Family Services	Percentage of children in care visits in the last six weeks	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly
35	Stay Safe	Children & Family Services	Percentage of child protection visits in the month	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly
36	Stay Safe	Children & Family Services	Children becoming the subject of a child protection plan for a second or subsequent time	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Plan is Best	Monthly. Lagging 1 month in arrears
37	Stay Safe	Children & Family Services	Percentage of social workers who have had supervision in the last month.	Fair City - People are safe, especially the most vulnerable	Promoting the best care and health outcomes for life.	Bigger is better	Monthly

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Ref.	Strategic Outcome / Themes of Community Strategy	Portfolio / Committee	Description	LPS or Internal Priority	Overarching Directorate Outcomes	Aim	Data Frequency
People Directorate continued							
38	Stay Safe	Children & Family Services	fCAF (Family Common Assessment Framework) - percentage of needs identified and met through integrated working.	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly
39	Stay Safe	Children & Family Services	Attendance at Initial Child Protection Conferences – for Health, Police and Education	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly
40	Stay Safe	Children & Family Services	Percentage of children in care who participate in their reviews	Fair City - People are safe, especially the most vulnerable	A good childhood for the best start in life.	Bigger is better	Monthly
41	Stay Safe	Children & Family Services	Vacancies as a percentage of established front-line children's social workers	Fair City - People are safe, especially the most vulnerable	Promoting the best care and health outcomes for life.	Bigger is better	Monthly
42	Stay Safe	Children & Family Services	Outcome of school inspections - % of Ofsted reports issued in the period rated good or better	Prosperous City - people will have the qualifications they need for work	A great education to give the best chances for life.	Bigger is better	Quarterly (quarter in arrears)
Place Directorate							
43	Stay Safe	Green, Safe & Smart City	Reduction in residual household waste	Prosperous City - Birmingham will be more environmentally sustainable	To provide excellent services for the citizens of Birmingham to tackle inequality and deprivation, improving service standards to a level considered 'best in class' and higher than other major cities and urban authorities	Smaller is better	Monthly

Draft Council Business Plan 2014/15

Ref.	Strategic Outcome / Themes of Community Strategy	Portfolio / Committee	Description	LPS or Internal Priority	Overarching Directorate Outcomes	Aim	Data Frequency
Place Directorate continued							
44	Stay Safe	Green, Safe & Smart City	Household waste which is reused, recycled and composted	Prosperous City - Birmingham will be more environmentally sustainable	To provide excellent services for the citizens of Birmingham to tackle inequality and deprivation, improving service standards to a level considered 'best in class' and higher than other major cities and urban authorities	Bigger is better	Monthly
45	Stay Safe	Green, Safe & Smart City	Municipal waste sent to landfill	Prosperous City - Birmingham will be more environmentally sustainable	To provide excellent services for the citizens of Birmingham to tackle inequality and deprivation, improving service standards to a level considered 'best in class' and higher than other major cities and urban authorities	Smaller is better	Monthly
46	Stay Safe	Green, Safe & Smart City	The percentage of land and highways with unacceptable levels of litter.	Prosperous City - Birmingham will be more environmentally sustainable	To provide excellent services for the citizens of Birmingham to tackle inequality and deprivation, improving service standards to a level considered 'best in class' and higher than other major cities and urban authorities	Smaller is better	Quarterly 3 surveys per year
47	Stay Safe	Green, Safe & Smart City	The percentage of land and highways with unacceptable levels of graffiti	Prosperous City - Birmingham will be more environmentally sustainable	To provide excellent services for the citizens of Birmingham to tackle inequality and deprivation, improving service standards to a level considered 'best in class' and higher than other major cities and urban authorities	Smaller is better	Quarterly 3 surveys per year

Draft Council Business Plan 2014/15

Ref.	Strategic Outcome / Themes of Community Strategy	Portfolio / Committee	Description	LPS or Internal Priority	Overarching Directorate Outcomes	Aim	Data Frequency
Place Directorate continued							
48	Public Service Excellence	Deputy Leader	Right to repair jobs completed on time for Council tenants.	Fair City - all benefit from improved health and wellbeing	To provide excellent services for the citizens of Birmingham to tackle inequality and deprivation, improving service standards to a level considered 'best in class' and higher than other major cities and urban authorities	Bigger is better	Monthly
49	High Quality of Life	Deputy Leader	Private sector empty properties brought back into use.	Fair City - all benefit from improved health and wellbeing	To provide excellent services for the citizens of Birmingham to tackle inequality and deprivation, improving service standards to a level considered 'best in class' and higher than other major cities and urban authorities	Bigger is better	Monthly

Part 9 – Financial Plan

Chapter 1 – Executive Summary

1. Background

- 1.1 The City Council's Financial Plan continues to be set in the context of reducing resources available to fund the provision of services and investment in its assets. This is largely a result of the continuing reductions in grant funding as a result of the Government's policy of reducing public expenditure in order to address the deficit in the public finances.
- 1.2 In order to afford protection to certain services, notably the NHS and education, local government is subject to a greater than average reduction in expenditure, and those reductions are impacting disproportionately on areas, such as Birmingham, which are less affluent than some others.

2. Revenue

- 2.1 Excluding those grants which are ringfenced to be spent on specific services and projects, the City Council will be subject to a cash reduction of corporate grant funding of £73.4m (12.0%) in 2014/15. After taking account of income from the local share of business rates and from Council Tax, total corporate funding will reduce by £64.0m (6.1%).
- 2.2 At the same time, the City Council faces increasing costs, relating to inflation, demographic changes, financing costs and other cost pressures. Therefore, in order to balance the revenue budget in 2014/15, it will be necessary for further savings of £85.7m to be made.
- 2.3 Based on Government announcements, grants are expected to continue to decline in the medium-term. In addition to the savings of £85.7m in 2014/15, further savings of £206.7m will be required in 2015/16. Of this figure, the City Council has plans for £47.6m, leaving £159.1m still to be identified. By 2017/18, the further requirement for savings (over and above those planned in 2014/15) will grow to £359.6m, of which £76.1m has been identified, leaving £283.5m still to be identified.
- 2.4 Over the 7 year period from 2010/11 – 2017/18 it is now expected that total savings of £822m per annum will be needed.
- 2.5 In order to address this financial challenge, the City Council will be continuing with its programme of service reviews, which will relate service provision to its policy priorities. Each review will test a range of innovative approaches to service design and delivery, but it is likely that some services will need to be reduced very significantly, or be discontinued entirely, in order to deliver the scale of savings required.

3. Council Tax

- 3.1 In order to maintain an appropriate level of income from Council Taxpayers, and to mitigate the need to make savings as much as possible, a Council Tax increase of 1.99% is proposed in 2014/15. This would take the amount for a Band D property to £1,135.82 for City Council services, an increase of £22.15 per year, or 43p per week.
- 3.2 Additional amounts are payable for the services provided by the Police & Crime Commissioner, the Fire & Rescue Authority, and the New Frankley in Birmingham Parish Council.

4. Housing Revenue Account (HRA)

- 4.1 The expenditure and income associated with the City Council's housing stock of around 64,000 properties is managed through a separate, ringfenced account. A long-term business plan has been set out in accordance with the requirements of the HRA Self-Financing Framework which formed part of the Localism Act 2011.
- 4.2 Proposals have been developed for a balanced budget in 2014/15, with a rent increase of 5.8% in accordance with the Government's rent convergence policy.
- 4.3 Over the life of the 30 year business plan, investment in the maintenance and improvement of the assets of £4,962m is planned, with £313m of that in the first 3 years. This will be substantially funded through revenue contributions and property sale receipts. With debt repayments commencing in 2015/16, the level of outstanding debt is planned to decline steadily thereafter in order to reach a target debt to revenues ratio of 2:1 by 2025/26.

5. Capital

- 5.1 Capital investment is also constrained by reductions in Government grant funding. However, some grants continue to be made available, particularly those earmarked for specific projects/programmes. Taken together with a prudent level of new borrowing, a capital programme of £1,010m is proposed over the 3 years from 2014/15 – 2016/17.
- 5.2 After taking account of the on-going annual provision for debt repayment, total outstanding debt is forecast to stay at a broadly constant level over the 3 year period. Of the projected gross loans debt (excluding PFI) of £3.15bn at the end of this period, £1.12bn will relate to the Housing Revenue Account and £2.03bn to the General Fund.
- 5.3 The City Council will continue to seek opportunities to generate capital receipts from the disposal of assets. The general presumption is that any new receipts will be used to meet Equal Pay costs, unless specifically approved otherwise. A range of community initiatives, including Community Asset Transfers, will be considered as part of the "Standing up for Birmingham" campaign where this offers the best option for the ongoing delivery of services.

6. Treasury Management

- 6.1 The City Council's Treasury Management Policy sets the framework for the management of its loans and investments, including the control of the associated risks. In this context, the City Council will manage its debt and 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. The achievement of high returns is of secondary importance to the need to limit the exposure of public funds to the risk of loss.
- 6.2 The Treasury Management Strategy for 2014/15 sets out the planned approach to the management of the Council's borrowing and investments, within the context of the need to finance the capital programme and the day-to-day activities of the City Council. In view of the medium-term outlook for interest rates, a balanced approach is proposed which would see a continuation of the use of short-term borrowing, to take advantage of the associated current low interest rates, and some fixed-rate long-term borrowing in order to safeguard against the impact of expected increases in interest rates and to ensure medium-term cost stability.

7. Statements by the Chief Financial Officer

7.1 Assessment of Budget Estimates

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

7.2 Level of Reserves and Balances

- 7.2.1 The City Council does not have the benefit of large reserves for an organisation of its size, particularly those that are not ringfenced or earmarked for specific purposes. Given, however the rigorous arrangements in place for the management of the City Council's finances and also that funds could be made available in the short-term even if they might be earmarked in the long-term, the formal view of the Director of Finance, is that the level of reserves and balances for 2014/15, summarised in this Financial Plan, is adequate, but that this needs to be kept under regular review.

Chapter 2 – General Fund Resources

1. Summary

- 1.1 This chapter details the General Fund resources expected for 2014/15, and assesses and forecasts these for future years.
- 1.2 The City Council expects to receive total General Fund resources of £2,907.0m in 2014/15. The resources received can be separated into the categories shown in Table 9.2.1.

	2013/14	2014/15	2015/16
	£m	£m	£m
Core Grants ¹	595.050	511.707	402.758
Corporate Grants ¹	17.295	27.234	29.078
Sub Total Corporate Grant Funding	612.345	538.941	431.836
Business Rates ²	191.717	192.561	194.972
Council Tax ²	252.104	260.669	267.499
Sub Total Corporate Funding	1,056.166	992.171	894.307
Directorate Grants	235.860	262.385	194.233
Schools Funding	911.822	836.349	748.945
Grants to reimburse (esp.Benefits)	531.445	545.284	544.908
Local income	263.137	270.847	270.847
Total General Fund Resources	2,998.430	2,907.036	2,653.240
¹ Adjusted as 2013/14 Council Tax Freeze Grant is now paid through Core Grants			
² Net of any surplus/(deficit)			

- 1.3 Some of the main grants received are discussed below, but a comprehensive list of grants expected to be received in 2014/15 and 2015/16 is set out at Appendix 5A.
- 1.4 The grant income that is available as general corporate grant funding and has not been allocated with specific requirements attached is being reduced by £73.4m (12.0%) in 2014/15.
- 1.5 From 2013/14 the City Council has been able to retain 49% of the business rates generated locally. It is expected that in 2014/15 the City Council will receive £192.6m of these (net of the forecast deficit). This is an increase of 0.4% over 2013/14.
- 1.6 In 2014/15 the City Council expects to receive £260.7m council tax income (net of the forecast deficit) based on a 1.99% increase in the headline Band D Council Tax.
- 1.7 Overall the City Council anticipates that its corporate funding will reduce by £64.0m (6.1%) in 2014/15. The Government has estimated that the City Council's Spending Power will reduce by 5.3% in 2014/15 (their calculation differs in the treatment of certain grants).

- 1.8 The City Council aims to maximise income where it is able to do so in line with its policy priorities and therefore charges for a number of the services it provides. The City Council anticipates generating total income of £270.8m in 2014/15. This is 2.9% more than in 2013/14.

2. Core Government Grant Funding

Introduction

- 2.1 The Government's Spending Review, announced on 20 October 2010, set the direction of how public sector spending generally, and local authority funding specifically, would change over the period 2010/11 to 2014/15. Local Government has been required to take a far larger share of the spending cuts than other Government Departments. The City Council was notified of cash reductions in its Formula Grant/Start Up Funding Assessment calculations of 10.2%, 7.2% and 3.9% over the period 2011/12 to 2013/14 respectively. (See Appendix 5B for a brief explanation of Start Up Funding Assessment).
- 2.2 Forecast income from Core Government Grant funding has deteriorated significantly since setting the 2013/14 budget. A series of Government announcements between March 2013 and July 2013 progressively worsened the resource forecast.
- 2.3 The Autumn Statement made clear the Government's intention to ensure that the country is operating a "surplus" budget from 2018/19. In order for this to be achieved the Autumn Statement specified that Government expenditure on services will need to continue to reduce throughout this period. This has therefore been reflected in the long-term financial forecasts contained within this document. These revisions have been summarised in Table 9.2.2.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adjusted Core Grant 2013+ ¹	517.1	495.6	455.8	428.8	434.8	440.8	446.9	453.1	459.4	465.8
Government Updates:										
March Budget	(7.1)	(28.6)	(49.4)	(77.3)	(77.1)	(76.9)	(76.7)	(76.5)	(76.3)	(76.1)
Spending Round (June 2013)	0.0	(37.2)	(34.8)	(32.2)	(32.9)	(33.5)	(34.2)	(34.9)	(35.6)	(36.3)
Technical Consultation (July 2013)	(0.6)	(27.9)	(24.9)	(22.4)	(23.0)	(23.6)	(24.2)	(24.8)	(25.4)	(26.1)
Autumn Statement/Settlement	2.3	0.9	6.1	(3.1)	(45.9)	(46.8)	(47.7)	(48.7)	(49.7)	(50.6)
Core Grants 2014+	511.7	402.8	352.8	293.8	255.9	260.0	264.1	268.2	272.4	276.7
Annual % Change	-14.0%	-21.3%	-12.4%	-16.7%	-12.9%	1.6%	1.6%	1.6%	1.6%	1.6%
Cumulative % Change from 2013/14	-14.0%	-32.3%	-40.7%	-50.6%	-57.0%	-56.3%	-55.6%	-54.9%	-54.2%	-53.5%

¹ Adjusted as 2013/14 Council Tax Freeze Grant is now paid through Core Funding

Revenue Support Grant - £388.1m

- 2.4 The Government has calculated that the City Council will receive £388.1m Revenue Support Grant (RSG) in 2014/15. This compares to £473.8m (adjusted for rolled in Council Tax Freeze grant) received in 2013/14.
- 2.5 The Government is aiming to remove the national structural deficit by 2018/19. Whilst the Chancellor has also confirmed that austerity measures will continue for an additional year until 2018/19, considerable uncertainty remains around forecasting

long-term resources. There may well be significant changes to the economy, public finances and hence resources available to the City Council over the next ten years, and there will be a General Election by 2015.

- 2.6 The City Council has based its forecast resource levels for future years on Government estimates for 2015/16 and local estimates thereafter, based on Government announcements regarding deficit reduction. The Office for Budget Responsibility, via the Chancellor's Autumn Statement, has forecast that overall public sector funding for 2016/17 – 2018/19 will reduce by 2.0%, 3.5% and 2.1% respectively. The City Council has assumed that, once again, local government will receive larger cuts than the average reduction for the public sector as a whole.
- 2.7 Beyond 2018/19, the resource forecast then assumes that RSG will increase annually by 0.4% - 0.5%. The forecast levels of RSG for 2015/16 to 2023/24 can be seen in the Long-term Financial Plan (Appendix 5C).

Top Up Grant - £123.7m

- 2.8 As part of the Business Rates Retention Scheme (BRRS) the Government pays the City Council a Top Up Grant. This is to compensate for the fact that the 49% of business rates that the Government estimates the City Council will receive is less than the baseline level of funding that Government has estimated the City Council requires from the Business Rates Retention Scheme (see Appendix 5B).
- 2.9 The City Council will receive £123.7m Top Up Grant in 2014/15. This is an increase of 2.0% on the 2013/14 allocation. The Top Up Grant increases annually in line with the business rates multiplier. An increase in line with RPI would have been 3.2%. However, the Chancellor announced in the Autumn Statement 2013 that the business rates multiplier increase would be capped at 2.0% in 2014/15. The Government will therefore provide a compensating grant for the lost income (see paragraphs 3.6 – 3.9).
- 2.10 In future years, the City Council has based its forecast resource levels on CLG estimates for 2015/16 and thereafter has assumed that the annual RPI increase in future years will be 2.5%. The forecast levels of Top Up Grant for 2015/16 to 2023/24 can be seen in Appendix 5C.

3. Corporate Grants

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

New Homes Bonus - £16.2m

- 3.2 New Homes Bonus (NHB) is a general grant awarded by the Government for new houses built in Birmingham or empty properties brought back into use. The grant is

provided to help fund the additional services required for the new properties and families living within them. The grant is provided in two parts:

- General
- Affordable Homes Element

- 3.3 The City Council chooses to apply this grant in two ways. The general grant is used to support the overall budget, whilst the affordable homes element is specifically used to reinvest in building additional affordable housing in Birmingham.
- 3.4 In 2014/15 the City Council will receive £15.1m of NHB. This is an increase of £4.8m over 2013/14. Of this £15.1m, £0.8m relates to the creation of affordable homes, which will be reinvested to deliver further affordable homes. This is an increase of £0.2m compared with 2013/14. The City Council's forecast of NHB can be seen in Appendix 5A.
- 3.5 In order to fund NHB the Government topslices funding from the national allocation of RSG. If this topslice exceeds the national amount of NHB distributed, the Government reallocates the remaining funding. In 2014/15 the City Council will receive a further £1.1m of returned NHB funding. This has been treated as a one-off resource as it is assumed that the Government topslice will be accurate in future years.

Small Business Rates Relief - £5.2m

- 3.6 The Chancellor announced in the Autumn Statement 2012 that Small Business Rates Relief (SBRR) would be doubled for one year. This reduced the level of business rates retained by the City Council and the Government provided funding to compensate for this. The Autumn Statement 2013 announced the extension of this relief for a further year for which the City Council will continue to be compensated.
- 3.7 The City Council will use this grant of £5.2m as a corporate resource in the same way that it would had the income continued to be received via business rates. As the relief has now been granted for two consecutive years, the City Council is assuming that this will be a permanent reduction in business rates and hence a permanent grant stream that increases annually by RPI. However, should this not be the case then the loss of SBRR grant would be offset by an increase in business rates income of an equal amount, leaving the overall resource position unaltered. The City Council's forecast of SBRR can be seen in Appendix 5A.

Other Business Rates Related Grants - £5.8m

- 3.8 In the Autumn Statement 2013 the Chancellor made a number of announcements that would reduce the amount of business rates income that the City Council will receive. These have been introduced to support local high streets and have both temporary and permanent implications that will require funding. The measures announced are:
- Cap of 2% on the increase in the small business rates multiplier (instead of the expected RPI increase of 3.2%).
 - £1,000 relief on retail properties with a rateable value of less than £50,000 (allowable for 24 months).

- 50% reoccupation allowance for businesses that occupy property that has been empty for two years or more (allowable for 18 months).
 - Retention of SBRR for businesses that expand (allowable for 12 months).
- 3.9 As grants will be paid to compensate the City Council for the loss of business rates income, they are used to support core activities. The City Council's estimate of other business rates related grants can be seen in Appendix 5A.

4. Business Rates

Summary

- 4.1 Following a Government review of local government finance, the new Business Rates Retention Scheme was introduced from 1 April 2013,
- 4.2 Business rates income within the city can be separated into two areas:
- within the Enterprise Zone; and
 - outside the Enterprise Zone
- 4.3 Business rates income above the baseline within the Enterprise Zone is 100% retained by the City Council to pass to the Greater Birmingham and Solihull Local Enterprise Partnership. These business rates are not available to support the City Council's budget.
- 4.4 The City Council is able to retain 49% of all business rates generated locally outside of the Enterprise Zone. A further 50% is paid directly to the Government and the final 1% is paid to the West Midlands Fire and Rescue Authority.
- 4.5 However, the City Council does not have any control over the business rates multiplier that will be used to calculate individual business rates bills. The Government continues to be responsible for setting the rate and national policies on discounts. Government announcements regarding business rates that will impact on the level of resources received by the City Council are compensated for through additional Government grants allocated to the authority (see paragraphs 3.6 – 3.9).

Business Rates Income Outside of the Enterprise Zone

- 4.6 The estimated business rates income for 2014/15 was agreed by Cabinet on 30 January 2014. The City Council estimates that total income received from business rates will be £399.5m in 2014/15. This is an increase of £8.6m (2.2%) over 2013/14. This income is now fixed for the purposes of 2014/15 budget setting.
- 4.7 The income will be attributed between the City Council, the Government and West Midlands Fire and Rescue Authority as shown in Table 9.2.3.

Table 9.2.3 – Allocation of Business Rates Income

	Business Income £m
Birmingham City Council	195.762
Government	199.757
West Midlands Fire and Rescue Authority	3.995
Total	399.514

- 4.8 In future years, the City Council has assumed that business rates income will have an underlying increase of 3.0% annually, reflecting an assumed increase of 2.5% in the business rates multiplier and a 0.5% real terms growth increase, although it should be noted that the Government has taken into account an anticipated level of growth when determining RSG allocations. However, in addition the City Council must absorb its share of the impact of the settlement of appeals by businesses against their level of business rates, although a Government regulation allows much of this impact to be spread out over a number of years. The Long-Term Financial Plan (Appendix 5C) shows the future assumptions of City Council's share of the business rates income within the city.

Business Rates Collection Fund

- 4.9 It is estimated that the Business Rates Collection Fund will have a surplus of £3.3m in 2013/14 (excluding the impact of the backdated component of appeals settlements outstanding at the end of the year); this will be wholly taken into account in setting 2014/15 budgets. The impact of making provision for backdated appeals settlements is expected to contribute £38.8m to the deficit in 2013/14 but this can be spread over the subsequent four financial years.
- 4.10 The overall net deficit of £35.5m for the Collection Fund for 2013/14, and the years in which this will need to be taken into account, can therefore be summarised as follows:

Table 9.2.4 – 2013/14 Business Rates Deficit Treatment

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Backdated appeals	38.793	9.698	9.698	9.698	9.698
Other factors	(3.285)	(3.285)			
Total Deficit	35.508				
Charged to General Fund		6.413	9.698	9.698	9.698
Of which:					
City Council		3.201	4.752	4.752	4.752
Government		3.150	4.849	4.849	4.849
Fire & Rescue		0.062	0.097	0.097	0.097

Business Rates Income within the Enterprise Zone

- 4.11 Growth in business rates income within Enterprise Zones will be fully retained for the period of 25 years starting from 2013/14. The intention is to provide a higher degree of certainty around future levels of income available towards investment and regeneration in these zones.

4.12 In 2014/15 it is anticipated that the Enterprise Zone will retain £3.8m of net business rates income. This will be used in accordance with the Enterprise Zone Investment Plan.

5. Council Tax

- 5.1 It is proposed that there is a 1.99% increase in the City Council's element of the Council Tax for 2014/15 and the budget has been prepared on this basis. This would mean that the Council Tax requirement for City Council services will be £261.7m.
- 5.2 The taxbase to be used for setting the 2014/15 Council Tax was agreed by the Cabinet at its meeting on 20 January 2014. The taxbase consists of 230,432 "Band D equivalent" properties, after allowing for a collection rate of 97.1%. This taxbase is now fixed for the purpose of setting the 2014/15 Council Tax.
- 5.3 The taxbase has increased by 1,407 Band D equivalent properties compared with 2013/14. The taxbase was calculated after taking account of the Council Tax Support Scheme.
- 5.4 The City Council confirmed at its meeting on 7 January 2014 that it is continuing with its Council Tax Support Scheme adopted for 2013/14. A discount of up to 80%, dependent on the income and circumstances of the claimant, will be applied in general to those of working age with a low income. However, a discount of up to 100%, again dependent on income and circumstances, will be applied to the following categories of people with low incomes:
- Pensioners (as prescribed by legislation)
 - Parents of dependent children aged 6 or under
 - Those who qualify for a carer's premium
 - Disabled people in receipt of a disability premium or a disabled child premium
 - War pensioners
 - Claimant or partner in receipt of Employment and Support Allowance with a qualifying disability benefit

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

- 5.5 Had the City Council allowed a greater level of discounts within the Council Tax Support Scheme then it would have received less Council Tax income. This would have resulted in the City Council needing to make greater service expenditure reductions in 2014/15. Alternatively the City Council could have implemented a Council Tax Support Scheme that awarded a lower level of discounts. This would have resulted in the City Council needing to make fewer service expenditure reductions in 2014/15. The City Council determined that, on balance, the approved Council Tax Support Scheme represented the most appropriate way forward.

Council Tax Collection Fund

- 5.6 It is estimated that the Council Tax Collection Fund will have a deficit at the end of 2013/14 of £1.2m largely as a result of addressing the need for an increase in the provision for doubtful debts. The City Council's share of this is £1.1m, which has been taken into account in setting the 2014/15 Budget.

Parish Precept

- 5.7 The New Frankley in Birmingham Parish Council agreed its precept on 20 January 2014. The precept for the parish in 2014/15 is £52,868 (2013/14: £46,823). The tax base for the New Frankley in Birmingham Parish is 1,266. The effect of the parish precept on the level of Council Tax for a Band D property is £41.76. This represents an increase of 0.87% in the Band D parish precept compared with 2013/14.
- 5.8 Following the introduction of the localisation of council tax support and the associated discounts, New Frankley in Birmingham's taxbase reduced significantly. The City Council is continuing to pay New Frankley in Birmingham a grant of £40,899 to compensate for the reduction.

Formal Determination of Council Tax

- 5.9 Legislation specifies the way in which the Council Tax figures must be calculated. To the extent that other sources of income are insufficient, expenditure has to be funded through the Council Tax Requirement. The consequence of this calculation is that the City Council must set a "balanced budget". Accordingly the calculations required by Government can be summarised as follows:

Table 9.2.5- Council Tax Requirement	Excl. Parish Precept	Incl Parish Precept
	£	£
Gross City Council Expenditure	3,264,027,000	3,264,027,000
Parish Precept		52,868
Less: Estimates City Council Income (excluding business rates, core Government grants and Council Tax)	(2,299,090,000)	(2,299,090,000)
City Council Net Budget	964,937,000	964,989,868
Less:		
Business Rates	(195,762,104)	(195,762,104)
Business Rates (surplus)/deficit	3,200,957	3,200,957
Revenue Support Grant	(388,052,956)	(388,052,956)
Top Up Grant	(123,653,794)	(123,653,794)
Council Tax Collection Fund (Surplus)/Deficit	1,061,000	1,061,000
City Council Council Tax Requirement	261,730,103	261,782,971
Divided by taxbase	230,432	230,432
Band D Council Tax	1,135.8236	1,136.0530

- 5.10 The City Council's Band D Council Tax for City Council services will be £1,135.82. This figure is an increase of 1.99% over 2013/14. The notional Band D Council Tax across the City, after including the New Frankley in Birmingham Parish precept is £1,136.05. This is an increase of 1.99% over 2013/14.

Fire and Rescue Authority and Police and Crime Commissioner Precepts

- 5.11 The Police and Crime Commissioner approved his budget and precept amounts on 13 February 2014, and the Fire and Rescue Authority met on 17 February 2014, to agree the precept on the City Council.
- 5.12 The information received in respect of these major precepts is as follows:

Table 9.2.6 – Major Precepts

	£m
Police and Crime Commissioner	24.073
Fire and Rescue Authority	12.412
Total	<u>36.485</u>

- 5.13 For the Police and Crime Commissioner, the Band D precept will be £104.47 in 2014/15.
- 5.14 For the Fire and Rescue Authority, the Band D precept will be £53.87 in 2014/15.
- 5.15 The charges for each Council Tax Band can be seen in Appendix 5D.

Council Tax Referendum

- 5.16 The Localism Act 2011 removed the Government's ability to cap Council Tax increases and instead requires local authorities to consult local residents via a referendum if an "excessive" level of Council Tax is proposed. The Government has announced that for local authorities like the City Council an "excessive" Council Tax would be one where the increase is 2.0% or more. The proposed increase of 1.99% will not, therefore, require a referendum.

6. Corporate Funding and Spending Power

- 6.1 The Government introduced the notion of "Spending Power" in 2011/12 when austerity first began.
- 6.2 The Government has continued to calculate Spending Power, its preferred calculation of reductions in local government funding. This includes the Corporate Funding and a number of other grants received by the City Council. The Government estimates that the City Council's Spending Power will reduce by 5.3% and 5.7% in 2014/15 and 2015/16 respectively. This compares to average national reductions of 3.1% and 2.0% respectively.
- 6.3 The definition has changed over time which has led to some confusion in providing comparative statistics. The City Council has adopted its own approach to calculating Corporate Funding which is made up of Core Government Grant Funding, Corporate

Grants, Business Rates and Council Tax. The City Council estimates that its Corporate Funding will reduce by 6.1% in 2014/15 and a further 9.9% in 2015/16. The overall reduction in the City Council's Corporate Funding and Spending Power can be seen in Table 9.2.7.

Funding Stream	2013/14	2014/15	Reduction		2014/15 adj	2015/16	Reduction	
	£m	£m	£m	%	£m	£m	£m	%
Core Government Grants	595.050	511.707	(83.343)	-14.0%	511.707	402.758	(108.949)	-21.3%
Corporate Grants	17.295	27.234	9.939	57.5%	27.234	29.078	1.844	6.8%
Business Rates ¹	191.717	192.561	0.844	0.4%	192.561	194.972	2.411	1.3%
Council Tax ¹	252.104	260.669	8.565	3.4%	260.669	267.499	6.830	2.6%
Corporate Funding	1,056.166	992.171	(63.995)	-6.1%	992.171	894.307	(97.864)	-9.9%
Government Spending Power	1,173.796	1,111.369	(62.427)	-5.3%	1,119.569	1,056.242	(63.327)	-5.7%

¹ Figures shown net of any surplus or deficit

- 6.4 The reductions in Spending Power currently anticipated in 2014/15 and 2015/16 compared to levels of deprivation can be seen in Appendix 5E. It is clear that on Government figures, the reductions will impact most significantly on those areas with the highest levels of deprivation.
- 6.5 The City Council, through a cross-Party delegation, has met with the Local Government Minister to discuss this impact, and it has been agreed that there will be further joint working to explore alternative options for implementing grant reductions from 2015/16 onwards.
- 6.6 Under the present system, grant cuts are being applied in proportion to the total of government grant received and business rates generated (councils' SFA). This excludes the level of funding that is generated locally through Council Tax, leading to those areas of greatest need (they currently receive the highest level of grant) experiencing the greatest grant reductions, whilst those that receive a larger proportion of funding through Council Tax are insulated.
- 6.7 The City Council has proposed that a simple solution would be to make future cuts in Government spending pro rata to spending power. This would have the effect of ensuring that all local authorities, regardless of the ratio of government grant received compared to Council Tax income, would have the same proportion of spending power reduction.

7. Directorate Grants

- 7.1 In addition to corporate grants, the City Council also receives a number of grants that are used for specific purposes by Directorates. These are grants where the Government has placed additional responsibilities on local authorities, and has provided increased funding accordingly, or where the grant is ringfenced in some other way. Details of all Directorate grants expected to be received in 2014/15 and 2015/16 can be seen in Appendix 5A. Further detail of the largest Directorate Grants, those over £5m, is set out below.

Public Health Grant - £80.8m

- 7.2 On 1 April 2013 the City Council became responsible for providing a range of public health services previously managed by the Birmingham PCTs. The main services that transferred include sexual health, smoking cessation, drugs and alcohol abuse and promoting healthy lifestyles. The funding is received by the Council as a ring fenced grant and is overseen by the Health and Wellbeing Board. Most of the funding will be spent on services commissioned from NHS Trusts, Primary Care contractors, the Third Sector and the City Council.
- 7.3 The Leader's Policy Statement to Council on 9 July 2013 set out the City Council's key priorities, the first of which is "A Fair City: Tackling deprivation and inequality and improving life chances". The transfer of public health responsibility provides resources to assist the City Council to reduce health inequality between the rich and poor.
- 7.4 The grant is ring-fenced and can only be used on public health related activities set out in a range of legislation and included in the grant conditions. The activities also need to be in line with the Health and Wellbeing strategy and, most importantly, Public Health Outcomes will have to improve to avoid a loss of funding in the future.
- 7.5 The Department of Health announced the Public Health Grant allocations for 2014/15 on 6 January 2014. The amounts provided to Birmingham for the provision of Public Health services will be £80.8m in 2014/15.
- 7.6 The Department for Communities and Local Government has indicated that public health funding will remain at £80.8m in 2015/16, which is our current planning assumption. Allocations for 2016/17 and beyond are uncertain but it is assumed in the LTFP that the Council will receive funding to fully cover the cost of the service.
- 7.7 From 2015/16 onwards the City Council will make proposals to reprioritise the application of elements of the Public Health grant to ensure the continuation of some essential existing services, all subject to the decisions of the Health and Wellbeing Board.

NHS Funding to Support Social Care - £25.7m

- 7.8 In 2014/15 the City Council will receive a Section 256 transfer from the NHS of £25.7m which has been included in the People Directorate budget. This is an increase of £5.6m on 2013/14, and is being used to support adult social care. In addition to the 2014/15 grant allocation, shown in Appendix 5A and included in the gross expenditure estimates of Appendix 5J, it is also expected that there will be an additional £14.4m of unspent Section 256 transfers from prior financial years brought forward from 2013/14 to support adult social care, in particular the increase in older adults residential care fees and to deliver savings from joint working with the NHS.
- 7.9 There is uncertainty about the total level of funding that will be available from 2015/16 onwards. An additional £1.9bn of funding nationally is being pooled with Health to provide a total national pooled Better Care Fund budget of £3.8bn to join up health and care services. However, it is unclear how the Government intends to distribute this funding and what it can be used for.

Birmingham Adult Education Services from the Skills and Education Funding Agencies - £11.2m

- 7.10 The City Council will receive a grant of £11.2m in 2014/15 to continue to provide Adult Life Long Learning Services (this includes the provision of an Adult Skills Programme and a Community Learning Programme for a diverse range of local people from the age of 18 years).

Local Welfare Provision Funding - £7.4m

- 7.11 The City Council will receive funding of £7.4m in 2014/15. This consists of £1.2m in administration grant and £6.2m for Community Support and Crisis grant payments. In the figures in this Financial Plan funding is assumed to end after 2014/15 in line with Government announcements.

Housing Benefit and Council Tax Benefit Subsidy Administration Grant - £9.7m

- 7.12 The City Council will receive a base allocation from the Government of £9.7m in 2014/15. This is a reduction of £1.2m from the grant given in 2013/14. The cost of the service will be managed within this reduced resource envelope.

Private Finance Initiative Grants - £68.5m

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

Weekly Collection Support Scheme Grant - £20.3m

- 7.14 The City Council was successful in a bid to the national Weekly Collection Support Scheme and has been awarded a grant allocation of £29.6m over three years. This, combined with the City Council's contribution of £35.1m, has provided total resources of £64.7m to fund the new service.
- 7.15 The final grant payment of £20.3m will be received in May 2014 and will be utilised to fund the transformation programme, including the acquisition of new vehicles and the wheeled bins.

Education Services Grant - £16.8m

- 7.16 Education Services Grant (ESG) (an unringfenced grant), estimated at £16.8m, is provided to reimburse City Council for costs and commitments it continues to incur from its General Fund on behalf of maintained schools. The ESG is funded by a topslice from the Revenue Support Grant with part of the topslice paid to Academies by the Education Funding Agency to allow them to make their own provision. A balance is then paid to local authorities on a per pupil basis as ESG.
- 7.17 The estimated figure represents a reduction of £2.3m compared with 2013/14. As schools convert to Academies, funding is transferred as schools take on the

responsibility for securing these services. However, a large number of the Government assumed cost transfers are not readily achievable by the City Council. Therefore, this additional pressure has had to be addressed by the City Council in 2014/15, of which £0.6m has been met corporately.

Other Directorate Revenue Grants

- 7.18 In addition to the main grant funding streams, smaller specific grants continue to be received from the Government. Services will need to manage within the level of grant that they receive. A full breakdown of all grants the City Council expects to receive in 2014/15 can be seen in Appendix 5A.

8. Schools Funding

- 8.1 Schools receive funding via a variety of different grant streams, the main ones being:
- Dedicated Schools Grant
 - Pupil Premium
 - Education Funding Agency

A summary of how schools' funding is applied can be seen in Table 9.2.8.

Table 9.2.8 Schools' Funding Summary

	DSG £m	Pupil Premium £m	EFA - Post 16 £m	Total £m
Schools Delegated	561.4	59.5	22.5	643.4
Early Years	83.4	0.0	0.0	83.4
High Needs Top-Up	72.2	0.0	0.0	72.2
Central	35.0	2.3	0.0	37.3
Sub-Total	752.0	61.8	22.5	836.3
Academies	299.5	28.4	0.0	327.9
Total	1,051.5	90.2	22.5	1,164.2

Dedicated Schools Grant (DSG) - £752.0m

- 8.2 DSG is allocated to Local Authorities in 3 blocks and local authorities are allowed to vire between the 3 blocks to address any specific needs or pressures. Birmingham has, in consultation with Schools Forum, set its blocks at the following amounts:

Table 9.2.9 – Allocation of Dedicated Schools Grant

	Schools Block £m	Early Years Block £m	High Needs Block £m	Total £m
Schools Delegated	518.7	0.0	42.7	561.4
Early Years	0.0	83.4	0.0	83.4
High Needs Top-Up	0.0	0.0	72.2	72.2
Central	20.1	2.4	12.5	35.0
Sub-Total City Council DSG	538.8	85.8	127.4	752.0
Academies	289.4	0.0	10.1	299.5
Gross DSG	828.2	85.8	137.5	1,051.5

- Schools block (covering provision in mainstream schools from Reception to Year 11): Funding from the DfE is based on a funding rate per pupil, which for 2014/15 remains at £5,212.28, and pupil numbers derived from the October 2013 pupil census data. After allowing for the allocation of an additional £7.5m to the High Needs block, to address projected growth in pupil numbers with Special Educational Needs, Birmingham has set the schools block at £828.2m. Current estimates indicate that of this total, £289.4m will be recouped by the DfE for academies, and the balance of £538.8m will be available for maintained schools and remaining items of centrally managed commitments. It is to be noted that looking forward to 2015/16 if similar levels of additional allocation are again required to address further growth of pupils with SEN there may not be any capacity within the Schools block to do so, giving rise to a High Needs funding gap.
 - Early Years block (covering nursery schools, nursery classes and private, voluntary and independent sector providers of early years provision(PVIs)): The funding allocated for 3 and 4 year olds is based on a rate per pupil (ie £5,212.79), and January 2013 pupil census data which will be updated for January 2014 and January 2015 data. Over and above this the block includes a cumulative (from 2013/14) amount of £27.2m allocation for 2 year olds. The Early Years Block allocation set by Birmingham is £85.8m.
 - High Needs block (covering pupils with high needs – defined by the DfE as those requiring provision costing in excess of a given threshold – in special schools, resource bases, pupil referral units, and mainstream schools): The 2014/15 indicative allocation is £137.5m and reflects the additional £7.5m allocation from the Schools block (as described above). The block covers post 16 high needs provision up to the age of 24 in recognition of the Council’s new responsibilities in this area. It is to be noted that for Academies and Further Education providers, the first £10,000 of a pupil’s funding will be paid directly to the relevant establishment by the Education Funding Agency (EFA). High Needs requirements in excess of that amount (the Top Up) will be met from the City Council’s High Needs block. Current estimates indicate that £10.1m will be recouped by the DfE for special academies and resource bases in Academies with the balance of £127.4m remaining for the maintained special schools, funding for the Top Up and other centrally managed commitments. As noted in the Schools block above if there are similar levels of growth in pupils with Special Educational Needs the same approach to funding solutions adopted in 2014/15 may not exist for 2015/16 giving rise to a High Needs funding gap.
- 8.3 Further schools converting to academies will also reduce the level of DSG available to the City Council.
- 8.4 The current assumption in the Long Term Financial Strategy and Plan (LTFS and LTFP) is that services funded by DSG will manage within their grant allocations at whatever level this may be.

Pupil Premium Grant - £61.8m

- 8.5 Pupil Premium is allocated to provide additional funding for pupils in receipt of free school meals. The 2014/15 grant is estimated at £90.2m including Academies (£67.9m in 2013/14). It will apply to all pupils aged from 4 to 15 (year groups Reception to 11) who are:
1. known to be eligible for free school meals (£1,300 per pupil in primary and £935 per pupil in secondary)
 2. Looked After children- including children adopted from care (£1,900 per pupil)
 3. pupils whose parents are serving members of the armed forces (Service Children) (£300 per pupil)
- 8.6 For groups 1 & 3, allocations will be calculated on the basis of the January pupil census. Group 2 allocations will be calculated on the basis of the Children in Need census carried out on 31 March 2014. 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 £87.9m of which £59.5m is attributable to maintained schools. £2.3m across groups 2 and 3 will be held centrally.

Education Funding Agency - £22.5m

- 8.7 In 2013/14 the City Council budgeted to receive £20.6m from the Education Funding Agency (EFA) to fund education and training of 16-19 year olds in sixth forms within schools. It is estimated that the City Council will receive a grant from the EFA of £22.5m in 2014/15. The projected increase reflects the new funding arrangements for post 16 in special schools.

9. Grants to Reimburse Expenditure - £545.3m

- 9.1 The City Council receives a number of grants to reimburse costs incurred, mainly in paying benefit claimants. Whilst these form part of the gross budget of the City Council, the level of expenditure is determined by claimant demand and eligibility. Payments made to claimants are closely matched by any grant received. The grants to fund benefit expenditure expected to be received by the City Council in 2014/15 can be seen in Appendix 5A.

10. Other Income - £270.8m

- 10.1 The City Council aims to maximise the income that it can generate in order to minimise both levels of Council Tax and the impact of the cuts required on services. In 2014/15 the City Council anticipates generating £270.8m of income.
- 10.2 The Corporate Charging Policy adopted by the City Council details why, what, how and when the City Council should charge for its services and also when these should be reviewed. In summary;
- WHY - Services should raise income wherever there is a power or duty to do so. Net income maximisation to the City Council should be the ultimate aim of any charging policy, subject to any legal constraints and policy priorities.

- WHAT – A number of the City Council’s charges are set by statute. Where they are not, charges should cover the full cost of providing the service (including overheads, returns on capital investment and the cost of administering the charges), taking account of competitors’ charges for like for like services both in the Public and Private sector. Charges may be set below this level if policy objectives suggest that charges should be subsidised (the budget for any subsidy must be identified). Charges may also be set above this where the take up of an alternative service is being encouraged, overuse of a service is being discouraged or setting charges at a higher level would satisfy other policy objectives.
- HOW - Methods of payment should be flexible and convenient, including taking into account the needs of those on low incomes.
- WHEN – Charges should be updated at least annually and reviewed fully every three years.

Chapter 3 – General Fund Revenue Budget 2014/15

1. Summary

- 1.1 The net General Fund revenue budget for 2014/15 totals £964.9m.
- 1.2 In order to accommodate resource reductions and to meet the costs of addressing budget pressures, the overall challenge facing the City Council to balance the General Fund budget totals £85.7m
- 1.3 The indicative schools' funding for 2014/15 is £836.3m.
- 1.4 The Housing Revenue Account budget for 2014/15, including gross expenditure and income of £283.6m, is set out in more detail in Chapter 5.

2. Revenue Budget Allocations for 2014/15

- 2.1 The budget for 2014/15 allows for the following items:-
 - Decisions taken in previous years' financial planning
 - Grants rolled into core funding
 - Budget issues
 - Changes in external levies
 - Capital financing costs
 - The Savings Programme
 - Dedicated Schools Grant budget allocation for schools

Resources

- 2.2 After taking into account new grants, there will be a total reduction in corporate funding of £64.0m (6.1%) in 2014/15, compared with 2013/14. Further details are set out in Chapter 2.

Additional Budget Allocations

- 2.3 The budget for 2014/15 includes increases in budget issues and pressures of £38.0m. Further details of these are set out in Appendix 5F.

Pension Contributions

- 2.4 In common with other employers and pension funds, there is a deficit in the City Council's share of the West Midlands Pension Fund in respect of benefits already accrued and expected to be accrued relating to employees' service up to 31 March 2014. This has arisen due to a number of factors, with lower than expected investment returns in the current economic climate being the major one. This deficit will need to be addressed in the long-term through additional lump sum contributions.

- 2.5 The Council has provisionally agreed a payment profile with the West Midlands Pension Fund for the next three years (2014/2017) based on progressive increases, the continuation of which would lead to full deficit recovery over the next 22 years. The Fund's provisional agreement (to be confirmed) is subject to the City Council working in liaison with the WMPF to develop and appraise a new asset-backed arrangement. This could potentially provide additional funding and security to the Fund in the event that anticipated investment returns are not achieved and additional funding is required from 2017. An asset-backed arrangement would involve some appropriate City Council buildings/land in effect being held as collateral. Any such new scheme would be taken through the Cabinet for its consideration before being enacted.
- 2.6 In the event that there was an experienced differential in the period 2014/17 arising from investment performance, and the City Council had not adopted an asset-backed funding arrangement to cover all or part of this, a further increase in contributions from 2017/18 onwards would be anticipated. The next valuation at 31 March 2016 would provide the basis on which to determine and agree the required level of contributions commencing in 2017/18.

Inflation

- 2.7 There is no general provision for inflationary increases in either expenditure or income budgets in 2014/15. It is assumed that there will be no pay award from April 2014. 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 £11.3m is being held in order to fund increases specified in long-term contracts.

Corporately Managed Budgets (incl. Financing Costs)

- 2.8 The revenue effects of capital expenditure have been reviewed in the context of the Capital Programme set out in Chapter 8 of this report, and expectations of movements in interest rates.
- 2.9 The combined budgets for corporately managed costs decrease by £5.9m in total compared with 2013/14.

Equal Pay

- 2.10 The City Council has received a number of claims under the Equal Pay Act 1970 and has therefore made provision within its accounts. The 2012/13 Statement of Accounts recognised total estimated equal pay liabilities of £1.15bn for claims received as at 30th September 2013. An element of the received claims relates to employees whose employment costs fell on the HRA. Therefore the HRA has been charged its share of the City Council's overall estimated Equal Pay Liability, a total of £62.3m. Of the estimated total liability, £448.7m had been settled by September 2013, comprised of £27.1m for the HRA and £421.6m for the General Fund.

- 2.11 The revenue implications of Equal Pay settlements have been reflected in both the budget for 2014/15 (as part of Corporate Management Budgets above) and in the Long-Term Financial Plan in relation to later years. This includes capital financing costs arising from capital expenditure in previous financial years, loss of income or other costs arising from any asset sales, together with the repayment of funds borrowed from earmarked reserves on a temporary basis. There will also be contributions from the Housing Revenue Account and schools. Net General Fund revenue costs are expected to be £50m in 2014/15, rising to £109m by 2017/18.

Reserves and Balances

- 2.12 The City Council will be using a net total of £23.5m of reserves in the 2014/15 budget in the following ways.
- One off resources of £15.0m generated in 2013/14 will be carried forward and used in 2014/15.
 - Treasury Management costs are smoothed by the use of a reserve earmarked for this purpose.
 - The costs of redundancies will be smoothed by the net use of reserves (£8.4m), as in recent years.
 - Part of the costs of lump sum payments to the pension fund in 2014/15 will be smoothed by the use of reserves (£4.5m).
 - £4.3m of prior year temporary borrowing will be repaid.
 - There is also a contribution of £1.275m to the Capital Fund.
- 2.13 These movements can, therefore, be summarised as follows:

Table 9.3.1 – Use of Corporate Reserves			
	Contribution to/(from)		Change
	2013/14	2014/15	
	£m	£m	£m
Use of Capital fund reserves	(9.425)	1.275	10.700
Use of 2013/14 one off resources	0.000	(15.000)	(15.000)
Sub-total Use of reserves	(9.425)	(13.725)	(4.300)
Treasury Management	11.623	(1.317)	(12.940)
Borrowing for:			
Redundancy	(11.384)	(8.353)	3.031
Equal Pay	(11.500)	0.000	11.500
Pension Fund	0.000	(4.500)	(4.500)
Other net repayments	7.224	4.348	(2.876)
Repayments and Borrowing	(4.037)	(9.822)	(5.785)
Total reserves movement	(13.462)	(23.547)	(10.085)

- 2.14 As in recent years the City Council's strategy is to continue to build its General Fund general balances by making planned contributions of £1.5m per annum. The strategy is, therefore, to increase general balances to £29.7m by 31 March 2018.
- 2.15 In addition, individual services have developed proposals to use reserves and balances in order to:

- Meet one-off costs from reserves earmarked for these specific purposes;
- Address any overspending brought forward from previous financial years; and
- Set aside resources to meet future costs.

2.16 Directorates plan a net use of reserves of £21.5m in 2014/15. This relates primarily to the use of grant reserves (including Section 256 and Fleet and Waste Weekly Collection support scheme monies received in advance), and the use of underspends brought forward from 2013/14. These amounts are reflected in the net budget for directorates set out in Appendix 5L.

Savings

2.17 Initially, the savings forecast set out in the December consultation White Paper was £88.4m, which required new savings of £87.2m in addition to initiatives already underway. The new proposals that made up this figure were put to public consultation between December 2013 and January 2014. The City Council's response to the comments made in consultation are set out in Part 3.

2.18 Since the corporate budget consultation commenced, the City Council has received final notification of Government grant resources; the overall corporate position has improved by £6.4m. After consideration of the extensive responses received to the City Council's budget consultation process, it will use this additional funding as follows:

- A reduction of £2.7m in the savings required in parks and street cleaning after considering responses to the budget consultation;
- Investment in key priority areas highlighted by the public:
 - £1.6m in adult social services via the Health & Well Being Board;
 - £1.0m for a cross-directorate strategy to deliver an integrated service to young people
- The remaining £1.1m has been added to the Policy Contingency.

2.19 Following the finalisation of spending plans and the announcement of Government grants, the City Council now needs to make savings of £85.7m in 2014/15, composed as shown in Table 9.3.2 below.

Table 9.3.2	December Figures £m	Final Figures £m	Change £m
Existing Savings Proposals	(1.2)	(1.2)	0.0
Service Reviews	(87.2)	(84.5)	(2.7)
Total Savings	(88.4)	(85.7)	(2.7)

2.20 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 2013+ in February 2013 has been reviewed and amended where necessary.
- Detailed Service Reviews identified savings proposals that minimised the impact on the City Council's corporate priorities.

- Revision of proposals by Members of the Executive in the light of policy priorities, legal requirements, equality impacts and consultation responses.
- Directorates will need to address the consequences of any further local budget issues or specific grant reductions/increases in their ongoing financial management.

- 2.21 Details of the £85.7m of directorate savings in 2014/15 are set out in Appendix 5I.
- 2.22 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. In order to mitigate the risk associated with this savings delivery programme, a contingency of £10.0m has been created.

Income

- 2.22 Income generation plays a major part in the City Council's finances, with £270.8m being generated from external sources.
- 2.23 A summary of the City Council's Corporate Charging Policy can be seen in Chapter 2.
- 2.24 As noted in para 2.7, no corporate assumption has been made for an increase in 2014/15 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 assumption has been made for any such increases.

3. The City Council's General Fund Revenue Budget for 2014/15

- 3.1 It is proposed that the City Council's general fund gross revenue budget for 2014/15 will be £2,980.4m and the net budget will be £964.9m.
- 3.2 The movements in the net budget have been summarised in Table 9.3.3.

	£m
2013/14 net budget	1,035.488
Council Tax Freeze rolled in	3.383
2013/14 adjusted net budget	1,038.871
Savings	(85.714)
Pressures	37.971
Corporately Managed Budgets	(5.852)
Inflation	(0.315)
Changes in Corporate Grants	(9.939)
Net Movement in Reserves	(10.085)
2014/15 net budget	964.937

- 3.3 The budget for 2014/15 includes £54.5m in respect of the Integrated Transport Authority Levy (based on a £2.6m reduction in the City Council's share of the levy including an adjustment for the City Council's relative population share) and £0.3m for the Environment Agency Levy.

Policy Contingency

- 3.4 The figures include a policy contingency totalling £43.6m:

Table 9.3.4	£m
Redundancy costs	12.085
Balance of CCTV resources	0.049
Loss of income from car park closures	0.350
Management Capacity for Change	1.000
Building Schools for the Future potential abortive costs	0.074
Carbon Reduction Commitment	0.567
Inflation Allowance	11.294
Living wage	0.398
Provision for non-achievement of savings	10.000
Business Charter for Social Responsibility	1.740
Youth Strategy	1.000
Birmingham Jobs Fund	2.000
Highways Maintenance	0.250
General Contingency	2.793
Total	43.600

- 3.5 The unallocated General Contingency of £2.8m provides risk cover in the overall delivery and management of the budget in 2014/15.

Budgetary Control Framework

- 3.6 Other than the resources identified to meet specific areas of spending, Directorates are required to cover spending issues, grant reductions, other budget commitments and changed responsibilities within the level of resources summarised in Appendix 5J-5L.
- 3.7 The City Council's approach to budget management means that any unresolved under or overspending at the end of the 2013/14 financial year will be carried forward to 2014/15 by the relevant directorate(s), being temporarily placed in or funded from reserves at the end of 2013/14. However, other than the resources identified in paragraph 2.12 to be carried forward from 2013/14, the planning assumption is that the budget in 2013/14 will be balanced.

Schools' Budgets

- 3.8 Chapter 2 considers schools funding in detail. Dedicated Schools Grant (DSG) has been allocated in three blocks:
- DSG Schools Block of £538.8m (net of academies)

- DSG Early Years Block an indicative allocation of £85.8m,
- DSG High Needs Block, with an indicative allocation of £127.4m (net of academies).

3.9 Of the £538.8m Schools Block allocation, £518.7m is delegated to schools through the Fair Funding Formula to maintained schools.

Of the remaining £20.1m:

- £9.7m is part of an ongoing agreement with Schools Forum to contribute to Children's Services re Equal Pay.
 - £3.4m is set aside to fund in-year growth in pupil numbers where the increase is material, with a further £0.5m set aside to provide interim support to schools with falling rolls subject to criteria.
 - £2.7m is funding agreed with Schools Forum on services such as School Admissions.
 - The remaining £3.8m is composed of commitments agreed with Schools Forum on areas such as funding of agreed school redundancies, Schools Forum costs etc.
- 3.10 The Early Years total of £85.8m includes funding delegated to nursery schools, nursery classes and PVIs for 3 and 4 year old funding. It also includes £27.2m for funding 2 year olds and other eligible Early Years costs.
- 3.11 The High Needs Block total of £127.4m consists of £42.7m which will be delegated to special schools and resource bases to fund the first £10,000 of a pupil's provision. Over and above this, £72.2m will be delegated based on the assessed needs of the pupils in excess of £10,000. The balance of £12.5m supports centrally-managed commitments.
- 3.12 Pupil Premium of £59.5m for maintained schools will be in addition to their main school funding. It is intended to address the current underlying inequalities between children eligible for free school meals and their peers by ensuring that funding to tackle disadvantage reaches the pupils who need it most. There is a separate allocation of £2.3m for pupils who are Looked After and pupils whose parents are serving members of the Armed Forces.
- 3.13 Post-16 Funding of £22.5m is issued by the EFA to fund post-16 provision in maintained secondary schools with sixth forms.

Districts

- 3.14 The Developing Successful and Inclusive Communities Service Review discussed the future allocation of resources to Districts in order to support the continued development of the City Council's Localisation Agenda.
- 3.15 The 2014/15 Budget and ongoing LTFP are now based on a new 'Fair Budget Allocation Methodology' that takes into account the relative deprivation (based on the national Index of Multiple Deprivation or (IMD)) and the population of local neighbourhoods. The current IMD was published in 2010 and incorporates a broad

range of indicators including income, employment, health & disability, education & skills, living environment deprivation, crime and barriers to housing and services.

- 3.16 This methodology is considered to be transparent (as it is based on national government published data), capable of external validation and periodic refresh and is fair and equitable. The methodology has been applied to the allocation of the total Districts budget which from 2014/15 is net of the total savings requirement from Districts which was identified through the Service Review Programme for 2013. Service budgets that are not directly managed by the Districts (ie internal services provided through Service Level Agreements, grant funded services and capital financing costs) are not subject to this process. In recognition of potential short term resource distributional effects, the methodology will be phased over a 4 year period from 2014/15 to 2017/18.
- 3.17 The Executive Members for Local Services were consulted on the 'Fair Budget Allocation Methodology' and this will be subject to an evaluation by the District and Public Engagement Overview and Scrutiny Committee.
- 3.18 Individual Districts have then determined how to apply their resultant envelope of resources and the savings proposals arising from this work are summarised in Appendix 5H. These savings proposals are being subject to additional supplementary local consultation with residents of the District – this process commenced in mid-January. The full details of the savings proposals and the outcomes of the consultation will be reported to the District Committees as part of their Budget Reports for 2014/15.
- 3.19 It should be noted that the City Council has recognised the considerable financial challenge that was facing Districts and the need to stabilise the overall finances in the short term in order to provide a more long term sustainable financial position. A sum of £8.4m was provided across all Districts in 2012/13 (to support the overspends brought forward from prior year service reviews and to support the Sport & Leisure Service pending a longer term review). A further sum of £4.974m is being provided in 2013/14 as a financial bridge to support the transition and development of the new future Sport & Leisure Services with a further £3.4m bridging factored into this budget for 2014/15. In total a sum of £16.8m has therefore been provided through corporate resources to support District Services and Committees since the start of 2012/13.

Chapter 4 – General Fund Long-Term Financial Strategy and Plan

1. Introduction

- 1.1 In combination, the statements of priorities and approach in Part 2 of this Business Plan, the Long-Term Financial Strategy (LTFS) and annual budget provide a clear path as to how the City Council has developed strategic plans to deliver:
- The corporate priorities (detailed in Part 2);
 - Service developments (detailed in Part 9, Chapter 3, Appendix 1 and Appendix 5F);
 - The savings programme (detailed in Part 9, Chapter 3 and Appendices 5G to 5I).
- 1.2 Having a 10 year LTFS allows strategic planning to be carried out in a more effective way by considering resource availability, efficiency savings and service priorities that help the Council to achieve its goals from a multi-year perspective.
- 1.3 In order to complement the LTFS, a Long-Term Financial Plan (LTFP) has been developed that identifies the pressures that the City Council will face in future years and the forecast level of resources that the City 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 City Council's plans and how these will be financed.
- 1.4 In common with other local authorities the City Council continues to receive substantial reductions in resources from the Government for core services following the announcement of the local government finance settlement and forecast reductions inferred from the Spending Round 2013 and Autumn Statement. The Business Plan 2013+, and the LTFS and LTFP within it, identified that a radical approach towards service provision would be required for 2014/15 onwards. After taking account of reviewing the resource forecasts, planned savings, service pressures and priorities, the City Council has updated its LTFP and identified further savings requirements from 2015/16 onwards.

2. Contextual Background

- 2.1 The current financial climate has had a significant impact on the LTFP. Large reductions in the forecast levels of resources from the Government have been implemented since 2010/11 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 City 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 City Council's finances specifically.

Financial Outlook

- 2.2 The resource outlook focuses on corporate resources available to the City Council. Further details of specific resources available to the City Council can be found in Chapter 2.

- 2.3 After factoring in an assumed annual increase in council tax of 2.0% from 2015/16 onwards, this is not enough on its own to maintain a balanced budget once the forecast reduction in other resources is also taken into account. Consequently, whilst focusing on its priorities, the City Council must also progressively reduce its level of expenditure in real terms.
- 2.4 The LTFS and accompanying LTFP run from the period 2014/15 to 2023/24. All estimates of resources included within the LTFS after 2014/15 have a degree of uncertainty surrounding them, with the extent of this increasing each year after 2014/15, particularly beyond 2015/16. Whilst the Government has issued an indicative finance settlement for 2015/16, the City Council welcomes the opportunity afforded to it by the Secretary of State for Local Government, Brandon Lewis MP, to engage further with Government on the distribution of local government funding reductions.
- 2.5 The state of Britain's economy is showing signs of recovery but this is fragile and inconsistent across the country. The rate of inflation reduced during 2013 meeting its 2.0% target for the first time in four years in December 2013.
- 2.6 While the number of unemployed people may go up or down over 2014/15, its high base level, combined with other economic pressures, are expected to continue to lead to strong demand for certain council services. The combined impact of welfare reforms may also impact on the requirements placed on the City Council.

3. Spending Challenge

- 3.1 As a consequence, the City Council continues to face a significant challenge over the coming years. After seven years, from 2010/11 to 2017/18, it is forecast that total core and corporate grants (see Chapter 2) to Birmingham City Council, taken together with business rates, will have reduced by £467m per annum.
- 3.2 At the same time the City Council will need to pay for cost increases, due to the following:
- Inflation
 - Changing needs in the City's population
 - Changes in legislation
 - Financing costs
 - Equal Pay payments
 - Increasing contribution to the Pension Fund

The cumulative increase in these costs from 2010/11 is expected to be around £355m per annum by the end of 2017/18.

- 3.3 The combined impact of grant reduction and rising local costs means the City Council will have to make savings and service cuts of around £822m by 2017/18.

4. Service Priorities

- 4.1 In order to operate within the constraints of Government cuts the City Council will have no alternative but to significantly reduce expenditure on services.
- 4.2 The way the City Council will do this will be based on our vision of an inclusive City, seeking at all times to work for a better future for Birmingham and its citizens despite these difficult financial circumstances. The Policy Framework being adopted is set out in Part 2 of this Business Plan, and based on the following approach:
- A Fair City
 - A Prosperous City
 - A Democratic City

5. Approach to Savings and Service Cuts

- 5.1 We are therefore responding to the challenge in the following ways:
- We have reviewed the savings plans that were assumed in the LTFFP 2013+. Some of them do not accord with the new policy priorities. In the case of others, we do not now feel that they can be implemented in the way that was originally proposed.
 - We will make best use of Government Grants to safeguard core services, whilst ensuring compliance with all grant conditions.
 - Through our Service Review process (discussed in Parts 1 and 2) we have developed a range of specific new proposals for 2014/15 – 2017/18 (as detailed in Appendix 5G to 5H). These include a combination of both increasing income levels and reducing service expenditure.
 - The City Council will continue to be required to make further savings over the medium term to address the challenge. This includes £206.7m of further savings in 2015/16 (over and above the £85.7m in 2014/15) of which £47.6m has so far been identified, leaving £159.1m still to be found. By 2017/18, the further requirement for savings (over and above those planned in 2014/15) will grow to £359.6m, of which £76.1m has been identified.

Service Reviews

- 5.2 During 2013, the City Council undertook a widespread review of its services. Elected members and officers, working where appropriate with partners and independent experts, developed a series of proposals for radical changes in how services are delivered in the light of the financial challenge. These proposals were discussed with partners and Birmingham people through a series of "Green Papers" through the year. The resulting proposals, and feedback, were presented in a White Paper, "Planning Birmingham's Future" published in December 2013. The specific budget proposals were then subject to formal consultation.
- 5.3 During 2014, the City Council will undertake a further programme of reviews. These will check on delivery of the strategic direction set out in the White Paper (as amended in the light of consultation responses), assess the contribution of each service to the City Council's priority outcomes, and develop detailed proposals for

future operations on significantly reduced budgets. Given the extent of efficiency savings already delivered, these reviews will inevitably result in a greater focus on decommissioning of lower priority services. Unless low/no cost alternatives can be identified, it is expected that the City Council will need to discontinue some low priority services.

5.4 Provisional plans have been developed for seven new service reviews:

- Health and Adult Social Care;
- Children's Safeguarding and Education;
- Employment Support and Transportation Infrastructure;
- Devolved Local Services;
- District SLA and Regulatory Services;
- Externally Contracted and Council-Traded Services; and
- Financial and Support Services.

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

5.6 As part of these service reviews, there will also be a review of the asset base required for the future delivery of services.

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

5.8 We intend to continue the radically open process of policy development pioneered in the 2013 reviews, by subjecting the outcomes of each review to public engagement later in the year.

6. Revenue Reserves and Balances

6.1 The City Council has limited reserves, many of which are, in any case, earmarked for specific purposes. Indeed, the City Council's external auditor has consistently expressed concern at the low level of reserves. However, it is possible (within prudent limits) to borrow from these reserves, with repayment in later years, in order to smooth out the impact of certain costs. In particular, temporary use will be made of the Highways Maintenance PFI Grant reserve. Also, resources generated in 2013/14 have made it possible to carry forward some one-off funding into 2014/15.

6.2 As in recent years the City Council's strategy is to continue to build its General Fund general balances by making planned contributions of £1.5m per annum. The strategy is, therefore, to increase general balances to £29.7m by 31 March 2018.

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 9.4.1	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m
Corporate Un-earmarked Reserve	23.7	25.2	26.7	28.1	29.7
Directorate Carry Forward Balances	2.7	2.7	2.7	2.7	2.7
Total Un-earmarked Reserves	26.4	27.9	29.4	30.8	32.4
Highways PFI Grant gross ¹	80.1	87.0	88.4	89.0	89.3
Less Temporary borrowing	(47.6)	(59.9)	(53.4)	(52.5)	(49.6)
Highways PFI Grant net	32.5	27.1	35.0	36.5	39.7
Reserves for budgets delegated to schools	85.1	85.9	86.6	86.9	86.9
Treasury Management	8.3	6.9	5.6	5.6	5.6
Insurance Fund	16.5	16.5	16.5	16.5	16.5
Capital Fund	15.7	16.9	18.2	19.5	20.8
One off Resources from 2013/14	15.0	0.0	0.0	0.0	0.0
Other Corporate Reserves	2.9	2.6	2.6	1.7	2.1
Other including Directorate Reserves	61.2	39.7	24.2	28.3	29.3
Total Earmarked Reserves	237.2	195.6	188.7	195.0	200.9
Overall Total	263.6	223.5	218.1	225.8	233.3

¹It 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 In summary, the level of the City Council's earmarked reserves will reduce in 2014/15 largely due to borrowing for redundancies and the use of one off resources from 2013/14. Reserves and directorate balances are then forecast to stay relatively stable.
- 6.5 Directorate reserve balances will reduce until 2015/16 primarily as a result of the use of grant reserves (including Section 256 and Fleet and Waste Weekly Collection support scheme), and the use of underspends brought forward from 2013/14.

7. Long-Term Financial Plan – 2014/15 to 2023/24

- 7.1 The City Council's long-term financial plan runs from 2014/15 to 2023/24. 2016/17 is in the next spending review period. The Chancellor has given indications of how public sector spending could continue to fall until 2018/19 in his 2013 Autumn Statement (see Chapter 2). It is anticipated that the Government will then stop making real terms reductions in local government resources over the longer-term. Therefore it is estimated that RSG will begin to increase at a rate of around 0.5% per annum from 2019/20 over the longer-term. Resource levels until 2015/16 at least will be set before the next General Election.
- 7.2 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 City Council will be in a stronger position to approach future challenges proactively rather than reactively.

- 7.3 In considering the pressures that the City Council faces in 2014/15, the impact of these pressures in future years has also been estimated. Current estimates are shown in Appendix 5F.
- 7.4 The LTFP projections make the following principal assumptions from 2015/16 onwards:
- Council Tax rise of 2.0% in each year and the taxbase continuing to increase at its historic average. This is only a planning assumption, and the actual level of increase for future years will need to be considered in due course.
 - Underlying growth in business rates of 3.0% (2.5% RPI uplift and 0.5% real growth) per annum.
 - Reduction in RSG based on Government announcements in the Autumn Statement 2013 until 2018/19 and then 0.5% increases thereafter.
 - Top Up Grant is expected to increase in line with Government provisional announcements in 2015/16 and 2.5% RPI per annum thereafter.
 - New Homes Bonus will increase by £3.2m in 2015/16 and remain constant thereafter.
 - Grants refunding lost business rates are expected to remain constant until the policy announcements end.
 - From 2015/16 inflationary pressures for non-employee expenditure of 2.0% per annum, pay awards of 1.0% for 2015/16 and 2.5% per annum thereafter, and an expectation that income will be increased by 2.0% per annum.
 - Provision for increased employer's pension costs following the last actuarial revaluation – please see para 2.4-2.6 in Chapter 3.
 - Funding to meet budget issues as set out in Appendix 5F.
 - The requirement to make the savings which are summarised in Appendices 5G to 5I.
 - Extra capital financing costs based on the capital budget, with any net revenue costs resulting from further borrowing within the “prudential framework” to be met from within directorate cash limits unless specifically approved otherwise.
 - Other than the above, directorate budgets continuing at the same level as in 2014/15.
- 7.5 The City Council's current medium-term savings plans can be seen in Appendix 5G to 5I, and this will be updated in subsequent LTFP reviews.

- 7.6 Council Tax levels are currently assumed in the LTFP to increase by 2.0% annually from 2015/16 for financial modelling purposes only. However, Table 9.4.2 shows the effect on available resources if an annual council tax increase of other than 2.0% is applied. This disregards any funding to compensate local authorities for freezing council tax in future years.

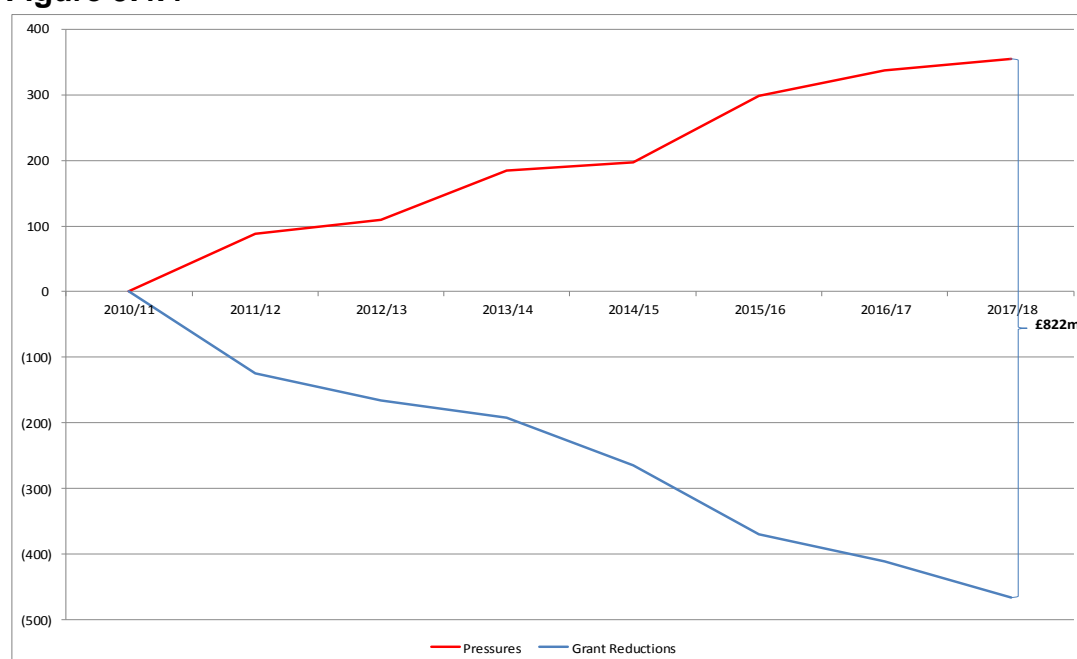
Band D	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
0%	(5.246)	(10.617)	(16.260)	(21.943)	(27.761)	(33.718)	(39.817)	(46.060)	(52.453)
1%	(2.623)	(5.335)	(8.210)	(11.134)	(14.155)	(17.276)	(20.498)	(23.825)	(27.262)
2%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3%	2.621	5.386	8.373	11.465	14.719	18.141	21.740	25.521	29.487
4%	5.244	10.825	16.910	23.272	30.025	37.191	44.789	52.840	61.363
5%	7.867	16.317	25.613	35.421	45.928	57.173	69.200	82.053	95.778

NB: increases of 2% or above are likely to require approval through a referendum

- 7.7 The current LTFP can be seen in Appendix 5C and shows the long-term level of savings and service cuts that will be required to balance the budget in future years under current assumptions – to be achieved through Service Reviews. By identifying at this early stage the level of resources that will be available, the City Council is in a position to plan ahead in order to make these savings. It can be seen that savings of £159.1m in 2015/16 growing to a peak of £381.3m, will be required over and above those savings already planned. A summary LTFP can be seen in Table 9.4.3.

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Expenditure	964.937	1,024.333	1,040.010	1,065.001	1,094.277	1,115.348	1,136.389	1,164.113	1,217.756	1,239.149
Resources	(964.937)	(865.229)	(827.826)	(781.453)	(768.204)	(785.317)	(802.824)	(820.736)	(839.062)	(857.815)
Gap	0.000	159.104	212.184	283.548	326.073	330.031	333.565	343.377	378.694	381.334

- 7.8 The resultant “Jaws of Doom” that is created based on this is shown in Figure 9.4.4.



Chapter 5 – Housing Revenue Account (HRA)

1. Summary

- 1.1 A new HRA Self Financing Framework was introduced in April 2012 (as part of the Localism Act 2011) and this required local authorities to maintain a long term HRA Business Plan.
- 1.2 The HRA Business Plan 2014+ sets out the immediate and long term financial plans and is underpinned by a number of key operational assumptions (relating to property, arrears, debt, inflation and rent levels).
- 1.3 The HRA Business Plan 2014+ shows a balanced long term financial plan and incorporates a debt reduction programme that will commence in 2015/16 (to match the expected life spans of existing properties). A new national future rent policy is being developed that will be based on rent increases at CPI+1% and the discontinuation of rent convergence from 2015/16 (the rent increase proposed for 2014/15 is 5.8%)

2. Background

- 2.1 The City Council is one of the largest providers of social housing in Europe, managing around 64,000 homes representing 15% of the total housing available within the City. There is a substantial level of unmet need for affordable housing in Birmingham, with a waiting list in excess of 20,000 households and the need for an estimated 26,000 additional social rented or affordable homes by 2031.
- 2.2 The Housing Revenue Account is a statutorily ring-fenced account that deals with income and expenditure arising as a result of the City Council's activities as a provider of social and affordable housing. The legislation requires that income and expenditure relating to the City Council's provision of social and affordable housing must be accounted for within the HRA and that the proposed annual budget is balanced.

3. Strategic Overview and Context of Financial Pressures on the HRA

- 3.1 The HRA is under considerable service and financial pressure to reflect national and local policy changes and in particular the following issues are highlighted:
 - impact of the Welfare Reforms and the introduction of the Universal Credit – research conducted by the Association of Retained Local Authorities indicated that arrears increased by an average of 16% in the first quarter of 2013. This pressure is also reflected in Birmingham (this has required the establishment of the Discretionary Housing Payment Fund and an increase in the provision for arrears)
 - proposed changes to the national rent policy (use of CPI and discontinuation of rent convergence). In particular, the latter will have a major adverse impact estimated at more than £60m over 10 years.
 - reductions in the availability of Supporting People resources to reflect the national public finance pressures

- the significant equal pay liabilities relating to current and former HRA employees estimated at £28m in 2014/15 and future years
- potential cost pressures following the retender of the repairs contract as the construction industry recovers (the current contracts were tendered in 2008 at the lowest point in the economic cycle and expire in September 2015).

3.2 In addition, there are statutory requirements to ensure an annual balanced budget is set and that the service is sustainable and affordable in the long run based on the HRA Self-Financing framework.

4. Key Outcomes and Strategic Housing Service Objectives

4.1 The HRA Business Plan 2014+ is intended to support the following key strategic and housing service objectives:

4.2 Asset Management

- provision of new affordable housing to provide a significant contribution to the Housing Growth Strategy and the Leader's Policy Statement (2,000 new council homes over the next ten years with an investment of £254m)
- maintaining properties in their current improved condition (to ensure that depreciation costs are avoided) with an investment of £594m over the next ten years
- life-cycle replacement of property components (windows, heating, kitchens, bathrooms, roofs, electrical components)
- discharge of statutory day to day repairs and maintenance obligations (including compliance with health and safety on annual gas inspections) with investment of £727m over the next ten years
- adaptations to properties to continue to promote independent living (an investment of £3m per annum over the next ten years).

4.3 Local Housing and Estate Services

- modernise the delivery of local housing management services (introduction of annual visits and enforcement of tenancy conditions, in particular anti-social behaviour)
- remodel local estate services, particularly concierge service to provide value for money and reduce the service charges
- restructure the tenancy support service to reflect the withdrawal of the Supporting People resources
- secure efficiencies in Business Support Services.

4.4 Rent Policy

- to ensure that the rent policy is consistent with the self-financing settlement in order to promote long term sustainability strategy and in line with the current national rent policy and future proposals from April 2015 (it is proposed that rents will increase by 5.8% in 2014/15 and thereafter reflecting CPI +1%).

5. HRA Business Plan 2014+ and Budget 2014/15

5.1 The HRA Self Financing Business Plan 2014+ is set out in Appendix 5M.

5.2 In summary, the following strategic financial issues are highlighted:
a continued sustainable and affordable long term financial plan for the housing service (sustained reduction in long-term debt and affordable rents)

- a balanced revenue budget over the next 10 years (a balanced budget is proposed for 2014/15 achieved by reducing revenue contributions to support capital expenditure and re-phasing the debt repayment and reduction programme)
- the reduction in the revenue financial support to the capital programme will be mitigated by the anticipated additional increase in capital receipts due to projected Right to Buy (RTB) sales (reflecting the changes in the national policy)
- the debt repayment strategy still commences from 2015/16 (as planned although the repayment in that year is significantly reduced from £31m to £8m)
- the total debt outstanding is forecast to fall below £500m by 2028/29 (compared to 2025/26 in the previous plan)
- average borrowing per property of £18k in 2014/15, reducing to £14k over the next 10 years (effectively our average mortgage on each HRA property)
- maintenance of adequate reserves and provisions for potential bad debts (estimated at £24m including minimum balances of £4m and provisions for bad debts calculated in line with a specified formula based on the value and age of debt).

5.3 The comparison of the HRA budget for 2013/14 and the proposed budget for 2014/15 is set out in the table below:

Table 9.5.4	2013/14 £m	2014/15 £m	Change £m	% Change
Repairs	65.379	67.669	2.290	+3.5%
Local Housing Costs	51.547	54.619	3.072	+6.0%
Estate Services Costs	22.395	19.227	(3.168)	-14.1%
Equal Pay	10.000	9.900	(0.100)	-1.0%
Arrears (including DHP)	5.412	7.153	1.741	+32.2%
Debt Financing Costs	58.400	56.783	(1.617)	-2.8%
Contbns for Capital Investment	75.404	68.292	(7.112)	-9.4%
Total Expenditure	288.537	283.643	(4.894)	-1.7%
Rental Income (net of Voids)	(249.615)	(262.296)	(12.681)	+5.1%
Other Income/Service Charges	(38.922)	(21.347)	17.575	-45.2%
Total Income	(288.537)	(283.643)	4.894	-1.7%

6. HRA Business Plan 2014 – Short Term and Long Term Financial Evaluation

6.1 The revenue aspects of the HRA Business Plan 2014+ are summarised below:

Table 9.5.2 HRA Business Plan 2014+	2014/15 £m	2015/16 £m	2016/17 £m	10 Year £m
Repairs	67.669	68.005	69.238	726.752
Local Housing Costs	54.619	55.941	57.222	603.357
Estate Services Costs	19.227	19.566	20.055	213.992
Equal Pay	9.900	11.370	4.240	27.970
Arrears (including DHP)	7.153	7.013	6.972	67.161
Debt Financing Costs	56.783	64.344	68.285	792.202
Contbns for Capital Investment	68.292	65.191	72.401	741.319
Total Expenditure	283.643	291.430	298.413	3,172.753
Rental Income (net of Voids)	(262.296)	(269.621)	(276.000)	(2,932.440)
Other Income/Service Charges	(21.347)	(21.809)	(22.413)	(240.313)
Total Income	(283.643)	(291.430)	(298.413)	(3,172.753)

7. Capital Programme

7.1 The capital expenditure plans for the council housing stock are set out in Table 9.5.3 below (including the major programmes and the financing of the expenditure). The capital investment strategy is based on ensuring that the properties continue to be maintained in their improved condition in order to promote strong and stable neighbourhoods and the provision of new affordable social housing to meet the demand and need for new homes.

Table 9.5.3 Capital Expenditure	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
Housing Improvement Programme	42.176	39.456	41.081	122.713
Other Essential Schemes	17.989	12.164	13.072	43.225
Redevelopment	64.087	31.640	26.829	122.556
Other Programmes	8.978	7.541	7.633	24.152
Total	133.230	90.801	88.615	312.646
Funded by:				
Revenue Contributions	(68.292)	(65.191)	(72.401)	(205.884)
Other resources	(64.938)	(25.610)	(16.214)	(106.762)
Total	(133.230)	(90.801)	(88.615)	(312.646)

7.2 Other resources includes slippage carried forward from 2013/14 that will be funded from unutilised capital receipts and major repair reserves.

Chapter 6 - Capital Resources

1. Summary

- 1.1 Capital resources are expected to remain below their peak of previous years. 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 City Council's overall Long Term Financial Plan.

2. Capital Resources

- 2.1 Resources of £1,009.9m have been identified to fund the City Council's Capital Programme from 2014/15-2016/17. These are summarised in table 9.6.1 below, and can be divided into specific resources and corporate resources.

3. Specific resources

- 3.1 Specific capital resources total an estimated £606.7m over the three years and represent funding which has been obtained for a particular purpose - e.g. specific government grants, developer contributions, HRA revenue resources and HRA capital receipts. These projects are added to the capital programme on a rolling basis as the resources are awarded to the City Council and as HRA revenue resources and capital receipts become available.
- 3.2 The City Council is budgeting to receive £291.2m of Government grants and £50.2m of other capital contributions for specific projects, over the three year programme. Constraints on public sector spending are affecting the level of grant funding available, but the Government continues to support some major investment programmes in local authority assets. For the City Council this includes grants for New Street Station and Education Basic Needs (school places). These programmes will form a significant part of the capital investment undertaken by the City Council in the next few years. The Government also supports capital investment in the Highways Maintenance and Management and Schools PFI projects through revenue grant but as the City Council does not directly incur capital expenditure, PFI is not part of the capital resources shown in table 9.6.1 below.
- 3.3 HRA revenue contributions of £205.9m and HRA capital receipts of £59.4m have been identified to support capital investment in the HRA Business Plan, in accordance with the self-financing reform of housing introduced by the Government in 2012/13.

4. Corporate resources

- 4.1 Corporate capital resources presently assumed for the programme total £403.2m over the three years. These represent resources which the City Council has more freedom to allocate to meet its own policy priorities and expenditure commitments. The main sources are general or un-ringfenced capital grants from the Government, borrowing in accordance with the Prudential capital system, and capital receipts from asset sales.

- 4.2 The Government may allocate un-ringfenced capital grants to the City Council for capital programmes such as adults' and children's social services. These will be added to the Capital Programme when notification is received (none are presently included).
- 4.3 The City Council's capital financing plans seek to use capital resources in the most efficient way to finance the City Council's needs. This is expected to include using borrowing to provide general support to the Capital Programme, instead of capital receipts or revenue resources. All of the £403.2m corporate resources assumed in this Programme therefore are from prudential borrowing. Final decisions are taken as part of financing the capital outturn at the end of the year. The Capital Strategy Chapter (below) sets out a prudent policy in relation to future borrowing.
- 4.4 Capital receipts are expected to be used to finance equal pay settlements, which are a revenue cost which Government Regulations enable local authorities to fund from capital receipts.
- 4.5 The economic downturn is affecting the level of capital receipts and this is expected to continue for the next few years. However, the City Council will seek to identify and dispose of surplus assets actively with a view to securing good value for money.
- 4.6 The City Council will continue to develop proposals for further disposals of property and other assets. The financial implications of the funding of Equal Pay settlements have been included in the Budget, and in the Long Term Financial Plan in relation to later years. This takes account of borrowing costs and loss of income or other costs arising from asset sales. (Equal Pay settlements are not classed as capital expenditure and are therefore not included in the Capital Programme.)
- 4.7 As asset sale opportunities are developed they are approved through the City Council's normal governance procedures.

5. Total Resources

- 5.1 Total capital resources assumed in this Budget are therefore summarised in Table 9.6.1. Further details of prudential borrowing are in Appendix 6B.

Table 9.6.1

FINANCING THE CAPITAL PROGRAMME

	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
Specific resources				
Government Grants	174.8	63.1	53.3	291.2
Contributions	35.1	8.6	6.5	50.2
HRA Revenue Resources	68.3	65.2	72.4	205.9
HRA Capital Receipts	27.5	16.6	15.3	59.4
Total Specific Resources	305.7	153.5	147.5	606.7
Corporate resources				
Prudential Borrowing	213.0	135.6	54.6	403.2
Un-ringfenced Government Grants ⁽¹⁾	0.0	0.0	0.0	0.0
Capital Receipts	0.0	0.0	0.0	0.0
Total Corporate Resources	213.0	135.6	54.6	403.2
Total Resources	518.7	289.1	202.1	1,009.9

(1) Any Government un-ringfenced grants will be included in the revised capital budget when they have been announced.

Chapter 7 - Capital Strategy

1. Summary

- 1.1 The City Council's Capital Strategy for the next few years will continue to be dominated by the effects of Government financial austerity and by the need to finance equal pay settlements. Major Service Asset and Capital Strategies are summarised in Appendix 4. The service capital and asset strategies will need ongoing review and development to enable strategic choices to be made and achieve best value from investment decisions, in the context of the challenging outlook for service needs and available resources in the next decade.
- 1.2 The Capital Strategy also sets out financial policies for distributing capital receipts, distributing un-ringfenced government grant allocations, prudential borrowing, revenue provision for the repayment of borrowing, and lifecycle asset maintenance.

2. General Strategic Principles

- 2.1 There are some general strategic principles underlying capital planning for all services. These are to:
 - Integrate capital planning into the City 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;
 - Ensure that resources are identified to meet the costs of equal pay settlements.

3. Strategic Capital Planning

- 3.1 The Property and Physical Assets Strategy in Part 6 of this Business Plan sets the overall strategic approach to the City Council's asset planning.
- 3.2 Capital and asset strategies for individual services (Appendix 4) seek to identify the main areas at service level where progress is required in order to implement plans for strategically aligned and affordable asset use and capital investment. The City Council's key priorities for capital expenditure therefore include:
 - responding in particular to the overall need for service change and delivery in future years in the context of reducing revenue resources;

- using the limited capital resources at the City Council's discretion to address its key priorities; and
- seeking to maintain core assets at a level consistent with ongoing operational needs.

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

4. Prudential Borrowing and Debt Policy

- 4.1 CIPFA's Prudential Code sets a framework to ensure that capital expenditure plans are affordable; that any City Council borrowing and other long term liabilities are within prudent and sustainable levels; and that treasury management decisions are taken in accordance with professional good practice. The City Council has adopted the Prudential Code, and will use borrowing in accordance with the 'Prudential' system as a tool for delivering policy and managing its finances. Local authorities may borrow to finance capital expenditure, and the affordability of debt is the key constraint. Borrowing is also influenced by Government policy (for example the £336m additional Housing debt resulting from the reform of housing finance in 2012). The City Council sets and monitors prudential indicators (including local indicators) to manage its debt exposures.
- 4.2 Gross debt (excluding PFI liabilities) is forecast at £3,252.9m by the end of 2014/15. Of this, £1,135.8m is HRA debt and £2,117.1m is General Fund debt. In practice the General Fund debt is estimated to be netted down by £40m of investments. Use of prudential borrowing in the next few years will be constrained by the City Council's reducing revenue resources and the need to maintain the sustainability and affordability of its debt position, and close control will be exercised over all prudential borrowing for new projects.
- 4.3 Appendix 6B analyses planned prudential borrowing between projects which are self-financed through additional income or savings, and projects whose borrowing requires additional budget support. The latter category is decreasing, both as a proportion of borrowing and in absolute terms, from £65.3m in 2014/15 (30.7% of all borrowing in that year) to £2.4m in 2016/17 (4.4% of all borrowing). Furthermore, the total amount provided in the revenue budget to repay loan debt increases in the same period from £129.0m to £152.4m. As a result, forecast gross debt (excluding PFI) at 31 March 2017 is £3,149.2m, which is £103.7m lower than at 31 March 2015. This is before any further additions to the Capital Programme (see Section 2 of Chapter 8).
- 4.4 Services must meet the costs of all prudential borrowing they propose from within their current and forecast net revenue budget. HRA borrowing will also continue to be constrained during 2014/15 by the statutory HRA debt cap. Although the Government has announced a limited relaxation to the HRA debt cap, the amount is very small nationally and is subject to Government approval to individual authorities' bids.

4.5 Chapter 8 below considers the Prudential Borrowing limit, and Appendix 6D and 6E set out the full Prudential Indicators.

5. Debt Repayment Policy: the Annual MRP Statement

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

5.2 The City Council’s debt repayment policy is key to managing debt liabilities and generating the potential for headroom for new borrowing if affordable and required. The loan debt revenue repayment provision in this Business Plan amounts to £129.0m in 2014/15 rising to £152.4m in 2016/17 (which repays 4.6% of loan debt in 2016/17). The HRA revenue repayment provision has been revised in accordance with the HRA Business Plan set out in Chapter 5 above, and retains a policy objective to deliver a debt to revenues ratio of 2:1 by 2025/26.

6. Facilities Management Financial Policy

6.1 The City Council’s financial policies for facilities management enable a co-ordinated approach to planning and spending facilities management budgets. The main policies are:

- Facilities management revenue budgets are ring-fenced, with year end underspends contributed into an earmarked reserve for the directorate’s future facilities management needs.
- For major new capital investment requiring future maintenance funding, annual revenue contributions will be made by services into a Cyclical Maintenance Reserve (with some exceptions). This will generally be 2.4% p.a. of the capital construction cost, unless other prudent arrangements specific to the project have been made. Detailed arrangements will be made by the Director of Finance.

7. The Approved Capital Budget and Business Case Appraisal

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

8. Asset Sales and Capital Receipts Policy

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

- 8.2 The general presumption is that any new receipts will be used to meet Equal Pay costs. Following policy set out in the Business Plan and Budget 2013+, all capital receipts are viewed as a corporate resource. However, it is recognised that services' existing approved capital plans may rely on previously approved capital receipts in some instances, where the use of earmarked/incentive receipts is already included in the approved Capital Budget. In these instances, the earmarking or incentive remains in place (subject to approval of the Full Business Case in the usual way). Similarly it is recognised that some new projects may require use of part of an associated disposal in order for the disposal to be deliverable. All such circumstances will require a review by the Deputy Leader before proceeding further. Statutory requirements or existing legal agreements relating to the use of capital receipts will be unaffected. Ongoing revenue consequences associated with the disposals will need to be addressed and, subject to appraisal, services may receive corporate financial relief for revenue loss, commensurate with the level of receipt generated.
- 8.3 Proposals by a service to appropriate land for a different purpose to its existing use are also relevant in this context, because the land could otherwise have been sold for a capital receipt. As a general principle, land no longer required for its existing use should be declared surplus so that options about its future use or sale can be considered. The options and financial implications will be considered by the relevant decision-maker (which is Cabinet for sites worth £200,000 or more).
- 8.4 The City Council has supported the objectives of the Quirk review of community assets, to encourage community cohesion and participation. The 'Standing up for Birmingham' initiative also seeks increased community engagement in the delivery of local public services. In support of this and in accordance with the terms of the Localism Act 2011, the City Council may be prepared to sell City Council assets at less than best value to third sector organisations with the capabilities to use the assets to provide agreed services. The LoCAL Programme oversees a range of community initiatives of this kind, including Community Asset Transfers of property (CATs). It is recognised however that sales at less than best price may reduce the capital receipts available to fund other City Council needs and policies. Accordingly, land sale discounts greater than £200,000 in capital value require approval by Cabinet.

9. Un-ringfenced Capital Grants Policy

- 9.1 The Government provides capital resources to local authorities via a mixture of 'ringfenced' and 'un-ringfenced' capital grants.
- 9.2 Un-ringfenced capital grants are, in theory, available for the City 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 the services.
- 9.3 For 2014/15, the City Council will continue its policy to use these un-ringfenced grants in line with the Government department assumptions.

Chapter 8 - Capital Programme

1. Summary

- 1.1 The City Council continues to have an extensive multi-year Capital Programme which totals £1,009.9m, of which £518.7m is budgeted in 2014/15.
- 1.2 Given the continuing constraints on capital resources (and especially the constraints on corporate capital resources), the emphasis this year is therefore on consolidating the existing Programme and seeking external funding where possible for new initiatives.
- 1.3 Previous chapters have set out the forecast capital resources available over the next three years and the strategic framework and financial policies for capital resources and investment. This chapter sets out the proposed Capital Programme in this context.

2. Development of the Capital Programme

- 2.1 Capital expenditure which is financed from specific grants and contributions has been included in the Capital Programme based on available information at the time of preparation. Additional projects are likely to be added to the budget during the year as and when resources become available. Capital expenditure funded from specific grants and contributions amounts to £341.4m in this Budget. Further announcements of major un-ringfenced grants for social services are expected shortly. Given that the potential for further corporate funding will be limited, the main focus will be on obtaining external funding.
- 2.2 The proposed Capital Programme includes £403.2m financed from borrowing over the Capital Programme period. This includes major commitments from earlier decisions including funding for the Enterprise Zone, Southside, NEC Group facilities and other service projects. It also incorporates the borrowing proposals set out in the approved Sport and Physical Activity Review and the Wholesale Markets relocation project.
- 2.3 Due to the expected low levels of corporate capital resources, there are no new general allocations of other corporate capital resources to new capital projects in this Business Plan.
- 2.4 The additions to the Capital Programme, since last reported to Cabinet at Quarter 2 2013/14, are set out at the end of Appendix 6A. These include £96.3m for additional primary school places, £12.7m for schools capital maintenance, £8.0m for Paradise Circus redevelopment, and £7.9m for digital districts (which are largely funded from government grants); £79.9m for year 3 of the HRA capital programme (funded from HRA specific resources); £40.7m for the relocation of the Wholesale Markets and £30.0m for the Sport and Physical Activity Strategy (which are largely funded from prudential borrowing). Fuller details of these additions will be provided in subsequent quarterly capital programme reports to Cabinet.

3. Total Capital Programme

- 3.1 The proposed Capital Programme has been prepared having regard to the City Council's plans and priorities set out in Part 2, the Property Strategy in Part 6 and the Financial Plan in Part 9. The programme by Directorate is therefore as follows:

Table 9.8.1 - Capital Programme by Directorate

Capital Expenditure	2014/15	2015/16	2016/17	Total
			Onwards	
	£m	£m	£m	£m
People				
Adults & Communities	10.7	-	-	10.7
Children, Young People & Families	72.8	47.0	49.3	169.1
Place				
Local Services				
- Non- Housing	41.8	19.6	30.0	91.4
- Housing HRA	133.2	90.8	88.6	312.6
- Housing Private Sector	4.6	4.5	4.5	13.6
Economy				
Corporate Resources	39.8	3.9	-	43.7
Development				
- Planning & Regeneration	70.9	106.5	29.7	207.1
- Transportation	140.3	16.8	-	157.1
- Strategic Library Services	4.6	-	-	4.6
Total Programme	518.7	289.1	202.1	1,009.9

- 3.2 Appendix 6A provides a summary of the projects in the above Programme.
- 3.3 The City Council increasingly works with partners to deliver capital investment in Birmingham in ways which are not necessarily reflected in the City Council's own budget. In particular, the Capital Programme excludes amounts accounted for as capital expenditure by contractors under PFI schemes. PFI contracts currently in progress include Highways Maintenance and Management and Schools. The funding of these projects has been allowed for in the Prudential Limit as required by the Prudential Code. The City Council also acts as Accountable Body to manage resources and projects on behalf of others, in particular for the Greater Birmingham and Solihull Local Enterprise Partnership (GBS LEP) and Government Departments, and this funding is also excluded from the Council's own capital programme.

4. Prudential Code and Indicators

- 4.1 In determining the capital budget, the CIPFA Prudential Code expects local authorities to take account of various matters and to consider and approve a number of 'prudential indicators'. These relate to the capital programme generally as well as borrowing. Appendix 6D and 6E provide the Prudential Indicators which result from the above capital budget.

- 4.2 The City Council's proposed Prudential Limit retains some limited scope for new prudential borrowing over and above what is included in the proposed capital programme, for example where the revenue costs can be met from additional income or savings, and to ensure the City Council has some resources for essential capital works and key priorities.
- 4.3 The Prudential Limit for Debt represents the Authorised statutory limit for the City Council, which must not be exceeded. Authorities should therefore allow for risks, uncertainties, and potential changes during the year which will need to be accommodated within this overall limit. In particular, the proposed limit for 2014/15 allows for:
- borrowing to finance capital expenditure;
 - other forecast cashflow movements during the year and potential day-to-day fluctuations in debt levels;
 - revenue provisions to repay debt; and
 - changes in other long term debt liabilities, mainly the planned increase in Highways Maintenance PFI liabilities in 2014/15.

Taking these factors into account, the Prudential Limit for Debt has been held at £4,100m for each of the years 2014/15 to 2016/17, which represents no increase in the Prudential Limit approved in last year's Business Plan. The limit is calculated as follows:

Table 9.8.2 - Forecast debt and Authorised Prudential Limit, based on the current capital programme

	2014/15 £m	2015/16 £m	2016/17 £m
Forecast opening debt (incl. PFI etc)	3,571.3	3,693.0	3,711.5
Capital expenditure financed from borrowing:			
- self funded (Appx 6B)	147.7	117.6	52.2
- requiring budget support (Appx 6B)	65.3	18.0	2.4
Other cash flows	17.0	38.0	(36.8)
Less loan debt repayment provision	(129.0)	(142.7)	(152.4)
Change in PFI and similar liabilities	20.7	(12.4)	(16.4)
Forecast year end debt (incl. PFI etc)¹	3,693.0	3,711.5	3,560.5
Allowance for planned cashflows, day-to-day fluctuations and other potential borrowing	407.0	388.5	539.5
Authorised Prudential Limit for Debt	4,100.0	4,100.0	4,100.0

¹ of which:	2014/15 £m	2015/16 £m	2016/17 £m
Year end gross loan debt	3,252.9	3,283.8	3,149.2
Year end PFI and similar liabilities	440.1	427.7	411.3
Forecast year end debt (incl. PFI etc)	3,693.0	3,711.5	3,560.5

Chapter 9 – Treasury Management Policy and Strategy

1. Summary

- 1.1 The first part of this chapter sets out the City Council's proposed Treasury Management Policy. This sets the overall framework and risk management controls which are used in carrying out the City Council's borrowing, lending and other treasury activities.
- 1.2 The second part of this chapter, from section 3, sets out the proposed treasury management strategy for 2014/15 given the interest rate outlook and the City 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 takes account of:

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

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

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

- 2.2.2 Effective treasury management will provide support towards the achievement of the City Council's business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.¹⁴

Attitude to Treasury Management risks

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

¹⁴ Paragraphs 2.2.1, 2.2.2, 2.2.6 and the final sentence of 2.3.3 are required by the CIPFA Treasury Management Code

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.

- 2.2.4 This does not mean that it is possible to avoid all treasury risks, and a balance has to be struck. The main treasury risks which the City Council is exposed to include:
- Interest rate risk - the risk that future borrowing costs rise;
 - Credit risk - the risk of default in a City Council investment;
 - Liquidity and refinancing risks - the risk that the City Council cannot obtain funds when needed.
- 2.2.5 The Treasury Management Team has capability to actively manage treasury risks within this Policy framework, and the following activities may for example be appropriate based on an assessment at the time, to the extent that skills and resources are available:
- the refinancing of existing debt;
 - borrowing in advance of need;
 - use of more complex sources of funding such as listed bond issues and commercial paper;
 - investing surplus cash in institutions or funds with a high level of creditworthiness, rather than placing all deposits with the Government.
- 2.2.6 The successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of the City Council's treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 2.2.7 The City Council's approach to the management of treasury risks is set out in the rest of this Treasury Management Policy. The Director of Finance hold regular meetings with senior staff to monitor market conditions and review planned activities and performance.

2.3 Setting limits to manage treasury management risks¹⁵

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):

¹⁵ Throughout this Business Plan, debt and investments are expressed at nominal value, which may be different from the amortised cost value used in the statutory accounts.

Table 9.9.1
Prudential limits - interest rate exposure

	% of loan debt (net of investments):		
	2014/15	2015/16	2016/17
upper limit on net fixed rate exposures	130%	130%	130%
upper limit on net variable rate exposures	30%	30%	30%

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

Maturity profile

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

Table 9.9.2
Prudential limits - maturity structure of fixed rate borrowing

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

Policy for borrowing in advance of need

- 2.3.3 Government investment guidance expects local authorities to have a policy for borrowing in advance of need, in part because of the credit risk of investing the surplus cash. The City Council's policy is to borrow to meet its forecast Net Loan Debt. The City Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme, to replace maturing loans, or to meet other expected cashflows.
- 2.3.4 The City Council is a substantial net borrower, and only has cash to invest for relatively short periods as a result of positive cashflow or borrowing in advance of expenditure. The City Council 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, within the constraints of this Policy and treasury management delegations.

Investment Policy for temporarily surplus cash

- 2.3.5 The City Council's cashflows and treasury management activity will result in surplus cash to be invested. The following paragraphs set out a policy for these 'treasury investments'. This policy does not cover investments arising from service provision, such as the Loans and Equity Funds created for regeneration purposes.
- 2.3.6 The investment of temporarily surplus cash results in credit risk. In accordance with Government investment guidance, the City Council distinguishes between:
- 'Specified Investments' which mature within 12 months and have a 'high credit quality' in the opinion of the authority.
 - 'Non-specified Investments' which are long term investments (i.e. maturing in 12 months or more), or which do not have such high credit quality. The Government views these as riskier. Such investments require more care, and are limited to the areas set out in the policy for Non-specified Investments 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 9.9.3 Lending Criteria

'Specified' short term investments	FITCH Short term rating	FITCH Long term rating	FITCH Viability and support rating	CITY COUNCIL Individual lending limit
Banks (including overseas banks) and Building Societies	F1+	A-	aa-,2	£25m
	F1+	A-	a-,2	£20m
	F1	A-	a-,2	£15m
Sterling commercial paper and corporate bonds	F1+	A-	a-,2	£15m
Sterling Money Market Funds	The highest possible rating from Fitch, Moody's or S&P*			£40m
Local authorities	n/a	n/a	n/a	£25m
UK Government (incl. DMO, T-Bills and gilts) and supranational bonds	n/a	n/a	n/a	none
UK Nationalised Banks	n/a	n/a	n/a	£25m

* Regulatory changes may result in the credit ratings for many Money Market Funds being discontinued. In this event, an alternative assessment seeking similarly high credit quality will be used.

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

2.3.10 Credit ratings are monitored on a real-time basis on information from the City Council's Treasury Management advisers, and the City Council's lending list is updated accordingly, when a rating changes. Other information is taken into account when deciding whether to lend. This may include the ratings of other rating agencies; commentary in the financial press; analysis of country, sector and group exposures; and the portfolio make up of Money Market Funds. The use of particular permitted counterparties may be restricted if this is considered appropriate.

Non-specified investments and limit

2.3.11 The City Council will limit non-specified investments to £400m, and will use only the following categories of non-specified investments (there are presently none):

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. Corporate bonds, Certificates of Deposit (CD) or Commercial Paper (CP) with a maturity of less than three years, subject to a long-term credit rating of not less than AA (in addition to the restrictions in 2.3.8 above). CD or CP shall not exceed 25% of long-term investments (i.e. those maturing in one year or more).

2.3.12 Other categories of non-specified investments will not be used (such as 'over the counter' deposits of a year or more to financial institutions).

Investment Maturity

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

Table 9.9.4

Prudential limits on investing principal sums for over 364 days:

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

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 City Council does not currently use investment managers. However, if appointed, their lending of City Council funds would not be subject to the above restrictions, provided that their arrangements for assessing credit quality and exposure limits have been agreed by the Director of Finance.

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 uses the 'two pool' method set out in the CIPFA Treasury Management Code. This method attributes a share of all pre-April 2012 long term loans to the HRA. Any new long term loans for HRA purposes from April 2012 are separately identified (starting from the £336.1m settlement payment). The detailed accounting policy arising from the 'two pool' method is maintained by the 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 City 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 management of borrowings, loans, debts, investments and other assets has been delegated to the Director of Finance acting in accordance with this Treasury Policy Statement. This encompasses the investment of trust funds where the City Council is sole trustee, and other investments for which the City Council is responsible such as accountable body funds. The Director reports during the year to Cabinet on the decisions taken under delegated treasury management powers.

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

2.5.4 The Director of Finance maintains statements of Treasury Management Practices in accordance with the Code:

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

2.6 Training

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

3. Treasury Management Strategy

3.1 Summary

3.1.1 A balanced strategy is proposed which maintains a significant short term and variable rate loan debt in order to benefit from current low rates, whilst taking a substantial amount of fixed rate borrowing to obtain a fixed interest cost while fixed rates are low. This strategy recognises the risk trade-offs between short and long term borrowing costs, and the balance between short and long term funding will be kept under review by the Director of Finance.

3.1.2 Separate loans portfolios are maintained for the General Fund and the HRA. Separate treasury strategies are therefore set out below where relevant.

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.

3.3 The City Council's loan debt

3.3.1 The City Council's net loan debt portfolio at 31st March 2014 is forecast to be as follows:¹⁶

¹⁶ This Strategy relates to loan debt only. Other debt liabilities relating to PFI and finance leases are not considered in this Strategy, and are managed separately.

Table 9.9.5 – Forecast net loan debt portfolio at 31 March 2014

		Debt £'m
Short term and variable rate debt		348.9
Fixed Rate:	Under 5 Years	290.1
	5-9 years	244.4
	10-19 years	661.0
	20-39 years	965.8
	40+ years	641.7
Gross loan debt		3,151.9
Investments		(40.0)
Forecast Net loan debt at 31 March 2014		3,111.9
Representing:		
	HRA net loan debt	1,135.8
	General Fund net loan debt	1,976.1
		3,111.9

3.4 City Council Borrowing Requirement

3.4.1 The proposals in this Business Plan are expected to result in a decrease in the City Council's net loan debt to £3,109.2m over the coming three years to 31 March 2017. Taking all three years together, planned borrowing to finance proposed capital expenditure will be more than offset by the amounts set aside each year for debt repayment (i.e. Minimum Revenue Provision). Taken together with other cashflows, the position is expected to be as follows:

Table 9.9.6 – Forecast net loan debt

	2014/15 £'m	2015/16 £'m	2016/17 £'m
Net loan debt 1 April	3,111.9	3,212.9	3,243.8
In-year net cashflows:			
Capital financed from borrowing	213.0	135.6	54.6
Provision for debt repayment	(129.0)	(142.7)	(152.4)
Day-to-day variations in cashflow	17.0	38.0	(36.8)
Net loan debt 31 March	3,212.9	3,243.8	3,109.2

3.4.2 The City 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 £156.9m (£106.9m in 2014/15, £50.0m in 2015/16 and £0.0m in 2016/17) of these options have the potential to be exercised during the coming three financial years. This would significantly increase the City Council's draft refinancing needs, but is considered unlikely to happen in the current market environment.

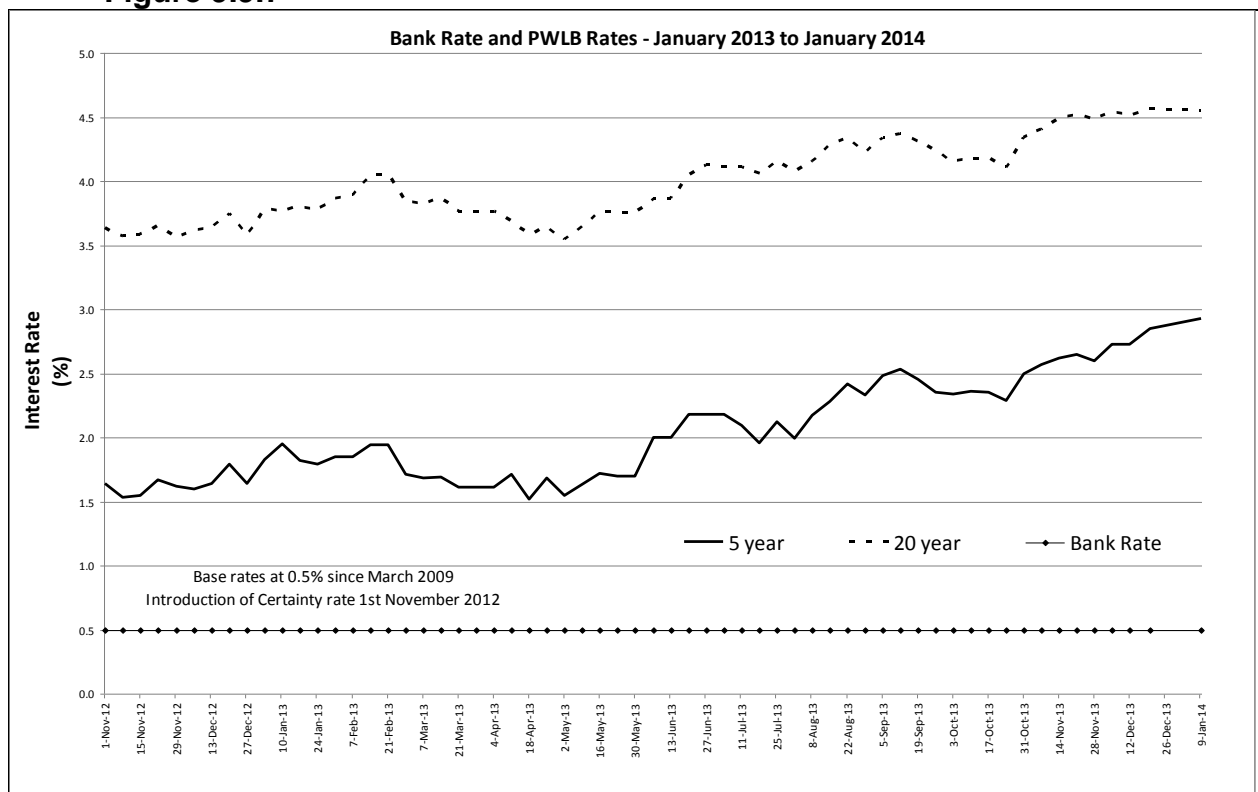
3.5 Interest Rate Outlook

3.5.1 The outlook for the world and the UK economy is more positive than recent years. Inflation has fallen to 2.0% in December, meeting the Bank of England’s target for the first time in four years. Whilst unemployment has also fallen, this reflects an element of part time and short term recruitment, and so unemployment levels could rise again. UK growth is expected to remain low at best, Public spending cuts are expected to continue domestically, the Eurozone economies to remain weak, whilst Quantitative Easing is set to reduce in the US. In this context, many commentators expect base rates to remain at 0.5% for the whole of 2014 with a possible rise by a quarter of a percent by the end of 2015.

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

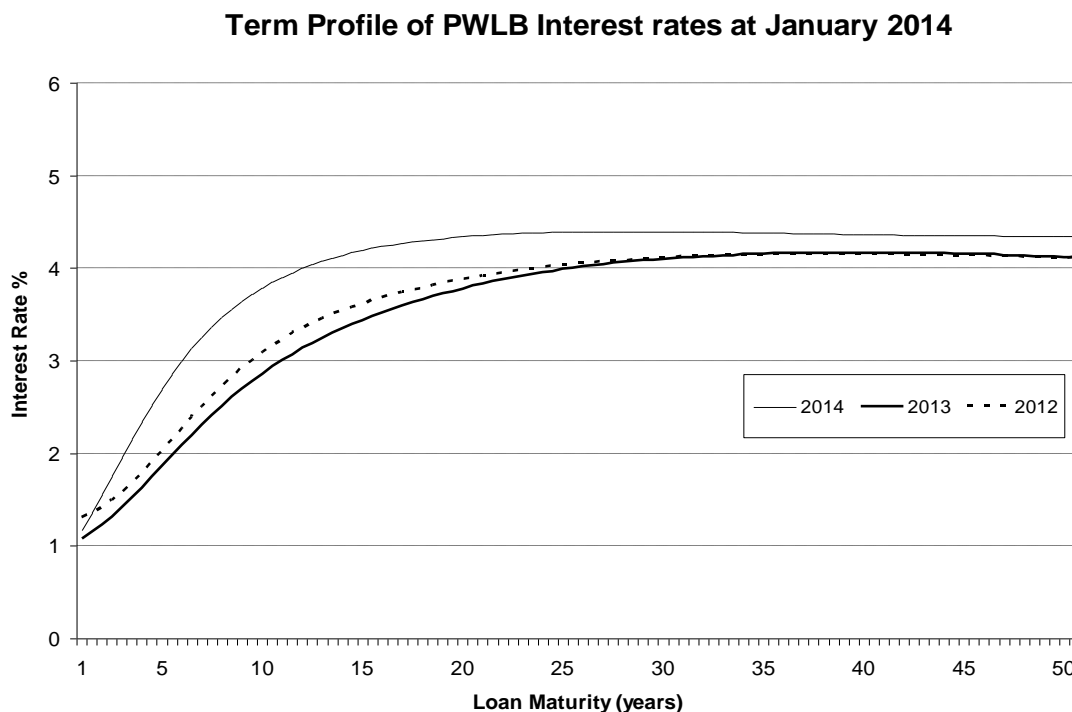
3.5.3 Figure 9.9.7 below shows how base rates and long term PWLB rates have moved since January 2013 – although past performance is, of course, not necessarily a guide to the future.

Figure 9.9.7



3.5.4 Figure 9.9.8 shows PWLB loan rates in early January 2012, 2013 and 2014. The cost of fixed rate borrowing continues to increase steeply from 1 year rates at 1.17% to ten year rates at 3.79%:

Figure 9.9.8



3.5.5 The main risks to interest rates in 2014/15 relate to the development of national economies in the context of the banking and Eurozone crises, and the fiscal and debt measures implemented by the US.

Upward pressure on interest rates:

- Substantial fiscal union and other indications of recovery in the Eurozone encouraging a “risk-on” attitude by financial markets
- Marked indications of UK or Eurozone economic recovery
- Increasing concerns about inflation

Downward pressure on interest rates:

- Eurozone sovereign debt crisis re-emerges
- Further weakness in UK and international economies
- Lower than expected inflation, or deflation
- Continued financial market difficulties and lack of bank lending

3.6 Sources of borrowing

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

- 3.6.2 The City Council will consider using other sources of long term borrowing if the terms are suitable. This may include private placements, bilateral loans from banks, local authorities or others, loans from the European Investment Bank, or loans from the proposed Municipal Bonds Agency which is being developed to borrow from the capital markets and on-lend to local authorities.
- 3.6.3 Short term borrowing is available largely from other local authorities. It may be possible to supplement this with borrowing from other sources such as banks.

3.7 2014/15 Strategy: HRA and General Fund

- 3.7.1 The HRA inherited a largely long term fixed rate debt portfolio in 2012, and its debt is capped in accordance with statutory HRA debt limits. From 2015/16, its debt is planned to start reducing significantly in accordance with the HRA Business Plan. No new long term borrowing for the HRA is therefore currently planned.
- 3.7.2 For the General Fund, a balanced strategy is proposed which maintains a significant short term and variable rate loan debt in order to benefit from current low short term rates, whilst taking fixed rate long term borrowing to obtain a fixed interest cost while fixed rates are low. The budget assumes new fixed rate borrowing of around £180m during 2014/15. This takes advantage of the low long term fixed rates currently available, and reduces the impact of future interest cost increases. However, this will be more expensive for the next year or two than variable rate funding, so it would mean higher costs in the short term in return for potentially lower long term costs in the long term. This has been factored into the treasury management budget.
- 3.7.3 The City Council's exposure to short-term and variable interest rates in accordance with the strategy above is as follows (identifying the HRA and General Fund separately):

Table 9.9.9 - Forecast Variable Rate Exposure based on the proposed borrowing strategy

<i>(taking account of debt maturities and proposed long term borrowing)</i>	2014/15 £'m	2015/16 £'m	2016/17 £'m
Housing Revenue Account			
Year end net exposure to variable rates	47.7	50.0	64.4
Closing HRA net loan debt	1,135.8	1,127.4	1,115.0
Variable exposure % of debt	4.2%	4.4%	5.8%
General Fund			
Year end net exposure to variable rates	313.2	265.9	191.9
Closing General Fund net loan debt	2,077.1	2,116.4	1,994.2
Variable exposure % of debt	15.1%	12.6%	9.6%
Year end variable interest rate assumption provided for in the budget	2.5%	4.5%	6.0%

- 3.7.4 The variable rate exposure means that a 1% rise in variable rates would cost an estimated £3.1m in 2014/15 for the General Fund, and £0.5m for the HRA. However the variable interest rate assumption provided for in the budget is considered to be prudent in this context.
- 3.7.5 The Policy Statement sets limits for exposure to variable rates of -30% (maximum net investments) to +30% (maximum net borrowing). These figures show that variable rate exposure is forecast to remain well within these limits for the next three years, even if no further long-term fixed rate borrowing is taken.
- 3.7.6 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 Director of Finance will keep the strategy under close review during the year, in the light of the City Council's financial position and the outlook for interest rates.
- 3.7.7 The Treasury Management Strategy must be flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Director of Finance in accordance with treasury management delegations.

3.8 Treasury Management revenue budget

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

Table 9.9.10 - Treasury Management Budget

	2014/15 budget £'m	2015/16 forecast £'m	2016/17 forecast £'m
Net interest costs	150.0	163.0	159.5
Revenue charge for debt repayment	129.0	142.7	152.4
Other charges	10.0	9.7	6.6
Total	289.0	315.4	318.5
met by the HRA	57.2	65.7	69.5
met by other service budgets	105.9	110.3	104.2
met by corporate treasury budget	125.9	139.4	144.8
Total	289.0	315.4	318.5

- 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. The budgeted cost in the table above rises from £289.0m to £318.5m due largely to an assumed rise in short term interest costs and due to the increasing revenue charge for debt repayment in accordance with the City Council's MRP policy.

3.9 Investments

- 3.9.1 Since the banking crisis, the City Council's approach has been largely to avoid direct lending to banks and to use the AAA rated Sterling money market funds which are approved in the Investment Policy. These pooled funds are able to reduce credit risks in a way the City Council cannot do independently, by accessing top quality financial institutions and spreading the risk more widely.
- 3.9.2 Within the overall Investment Policy, the Director of Finance has generally used a more restricted list of banks since the financial market turmoil of 2008/09. This enabled the City Council to adjust investment strategy to take account of the rapid developments in market conditions, including greater use of Sterling-denominated Money Market Funds rather than direct investments in single institutions. As the banking crisis has abated, more use has been made of direct lending to institutions, including nationalised banks and corporate commercial paper. As market conditions continue to change during 2014/15, investment strategy will be kept under review and adjusted accordingly.

3.10 Other Treasury Management exposures

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

3.11 Advisers

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

3.12 Prudential Indicators for Treasury Management

- 3.12.1 The City Council is required under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities to set various Prudential Indicators for treasury management. These are presented in Appendix 6D.

PART 10- Risk Management

1. Council Business Plan 2014+ 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. Further information regarding our approach to risk management can be found on the Council's website.¹⁷
- 1.2 We have applied this approach to the production of this Council Business Plan and the following summary risk register has been compiled following an assessment of the Plan. The summary risk 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. This summary risk 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 the summary risk register.
- 1.3 This summary risk register is supported by the more detailed Corporate Risk Register. This is a public document which is updated three times a year (in March, July and November) and is posted onto the Democracy in Birmingham database accessed via the www.Birmingham.gov.uk website. The corporate risk register focuses on the cross-cutting corporate issues and in turn is supported by directorate risk registers; these cover service specific risks and issues and are used by managers to help deliver services.

¹⁷ [Birmingham City Council Risk Management Policy Statement](#)

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
Our Priorities				
1	Need to effectively deploy our resources to meet our priorities	This Plan sets out how we will change the way we work – some of this will be radically different to the way we provide services now. The Plan sets out a clear vision so that employees and partner organisations can understand our priorities and how we want to integrate services to address needs more effectively. We will robustly monitor progress and build in sound governance.	Medium	High
2	Need for the effective use of additional resources for children's safeguarding	The council will shift its profile of spend and develop our work with partner agencies to provide more effective early support <i>that</i> enables children and young people to stay safe, cared for and protected in their family and community settings. This in turn increases the likelihood that more dangerous situations are identified, with the risks reduced and averted. Children that do come into care will be supported by motivated, experienced and well-trained staff – we have put in place an effective recruitment and retention strategy, with improved team management, oversight and supervision quality.	Medium	High
3	Need to demonstrate compliance with the requirements of the Equality Act and single equality duty.	Equality Assessment is an integral part of all Service Review activity, is regularly reviewed and informs all of our decision making processes. Corporate guidance has been established on Equality Assessments (EAs). In addition, Equalities and Social Cohesion is an important element in the Corporate Guidance on Business Planning. An Equalities Champions Group has been established with representation from across all council	Medium	High

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
		<p>directorates. A weekly monitoring system is in place for all high risk EAs and monitoring of this system is reviewed at the council's monthly Governance Group, led by the Chief Executive. The council has established a Cabinet post for Social Cohesion and Equalities and the Cabinet Member ensures that all relevant cabinet reports are scrutinised for equality implications; all cabinet reports are required to include EAs. The Equalities Division provided guidance and support to all directorates on Equality issues.</p>		
4	<p>Need to collaborate effectively across public agencies to achieve key long-term common priorities and deliver cost effective, fit for purpose services</p>	<p>We will continue to develop effective collaborative working practices and innovate in commissioning new models of service delivery, developing client-side expertise regarding commissioning services and in monitoring contracts.</p> <p>We will be using different providers and sources of funding, including using voluntary and community organisations and social enterprises as well as the private sector.</p> <p>Doing things differently and relying on others introduces new risks - we recognise the need for strong governance processes and accountability to manage the quality of service, including robust complaints processes.</p>	Medium	Significant
5	<p>Need for smooth transition to different models of service delivery.</p>	<p>Plans are in place to ensure service provision continues during the fundamental changes being made.</p> <p>Further service reviews will be carried out to refine the information we already have and assist us in making sound decisions for service provision for 2015/16 onwards.</p>	Medium	Significant

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
		This will include comprehensive approvals processes before decisions are finalised and exit plans will be established where the council provision is to cease.		
Consultation				
6	Need to communicate effectively, consult and involve regarding the choices made by BCC to change services.	<p>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.</p> <p>Consultation takes place as part of all decision making – not just with regard to this Council Plan; guidance has been provided to service planners and some Directorate consultations on potential service developments are on-going at time of setting the budget and will need to be taken into account before final decisions are made to implement individual actions.</p> <p>Communication and consultation has taken place with employees via a number of different routes, including “global” emails to staff, core brief and managers’ briefings, the intranet, formal corporate Trades Union meetings, local directorate Trade Union meetings and other localised consultation activity.</p>	Low	Significant
Property and other physical assets plan				
7	Addressing shortage of capital resources to maintain residual physical assets	Directorate Plans include capital asset plans. A review of property assets and the on-going rationalisation of buildings to match future service provision and capital receipts requirements are taking place.	Medium	Medium

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
		Non-essential property is disposed of and the community asset transfer process will be used where appropriate. We will work in partnership with other public and private sector agencies to lever in external investment.		
8	On-going need to allocate resources to refresh and maintain the advancement of Information Technology for effective service delivery.	The contract with Service Birmingham is being reviewed to maximise the value for money obtained.	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. Service reviews related proposals to the policy priorities.	Medium	Medium
10	Preventing overspending in 2014/15 - budget pressures exceed the amount provided for in the budget.	Known pressures are included within the budget following a corporate and directorate review. All expenditure and income budgets are proactively monitored from the start of each financial year. Early management response where necessary. Some contingency provision is included in the budget.	Medium	Low
11	Potential on-going equal pay and related litigation.	Pay and grading practices with potential equal pay implications being addressed. On-going equal pay claims against the council are being managed.	Medium	Medium

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
12	Changes in Funding regimes or amounts of government grants.	Known changes have been reflected in directorate budgets. Funding opportunities are being maximised wherever possible. The response to changes in specific funding regimes will be planned when more information becomes available.	Medium	Significant
13	Need to secure funding for Equal Pay payments	The Council is pursuing a range of options to generate the necessary level of resources to fund Equal Pay settlements.	High	High
14	Security of investments and liquidity	Risk management arrangements are set out in the Treasury Management Strategy and Policy.	Low	High
15	Minimising borrowing cost increases	Our borrowing strategy is set out in Chapter 9 of Part 9 of this plan. Debt financing costs included in LTFS, projects are subject to rigorous assessment, most debt is at fixed rates and with staggered maturity profiles.	Low	Low
16	Adequate reserves, balances and contingencies	Resources have been reassigned where appropriate to address pressures and policy priorities. Contingencies have been provided. Reserves have been assessed as being at an acceptable level and a medium-term strategy is in place to build general balances. The budgetary position will be closely monitored.	Medium	Medium
17	Managing the impact of changes in pension arrangements	Increasing contributions to address the pension fund deficit over the long term have been built into financial plans but there may be a requirement for increased contributions from 2017/18	Medium	Significant

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
Our Employees				
18	Loss of knowledge, experience and capacity across the organisation as the workforce is down-sized	<p>Generic manager skills are being recognised for improved flexibility to move employees around the council to meet service needs. Assessment of the required number, configuration and skills of the workforce is being carried out. However, expectations need to be managed regarding the capability of the remaining employees to transform services / deal with the demand to deliver services in a new way, whilst carrying out their existing role.</p> <p>Development of job enrichment / enlargement opportunities and secondments is ongoing and there are more E-learning materials on People Solutions to help employees improve their knowledge and skills.</p> <p>BCC continues its outplacement and career review schemes. Employees consulted regarding changes to services – engagement / involvement, use of Be Heard.</p> <p>The Fresh Start programme has been launched and is working to improve staff morale.</p> <p>HR expertise is available to support managers with the scoping, planning and implementation of workforce change initiatives.</p>	Significant	High

Key:**Measures of likelihood:**

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

Measures of impact:

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

APPENDIX 1 – Introduction

Appendix 1 contains the high level business plan summaries of the Council's three directorates; Economy, People and Place.

- Economy Directorate's responsibilities include: sustainable, local economic growth and development; supporting our customers – individuals and businesses – and strategic direction and good governance.
- People Directorate's responsibilities include: adult social care and children's services.
- Place Directorate's responsibilities include the delivery of a wide range of services that support all citizens of Birmingham. The services are delivered primarily through the District Committees with other services delivered on a city-wide basis where this provides better value for money.

These summaries describe each directorate's vision and planned actions to deliver the Council's priorities.

Business Plan and Budget 2014+

Economy Directorate

Vision and Context

Our vision for the City is to develop a successful and inclusive economy and to be a continually surprising city, where the vibrancy and diversity of culture inspire the people who live in, work in and visit the city, improving quality of life, bringing economic success and international recognition.

The Directorate contributes to the City Council's vision and priorities for:

- **A Prosperous City:** to help make Birmingham the Enterprise Capital of Britain and create a Green City and a Smart City that provides the factors for growth and jobs for all.
- **A Fair City:** to protect the most vulnerable in our city, open up opportunities to the most excluded and narrow the gap in life chances between our citizens.
- **Democratic City:** to deliver on our vision for devolution and localisation and to rebuild engagement in local democracy by putting local people and communities at the heart of everything we do.

The work of the Economy Directorate includes three key elements.

1. Sustainable Local Economic Growth and Development
2. Supporting our Customers – Individuals and businesses
3. Strategic Direction and Good Governance

Economy

Sustainable Local Economic Growth and Development

The directorate works with a broad range of partners to create the right conditions for sustainable economic growth, focussing on reducing economic inequality, tackling deprivation, increasing employment opportunities and supporting a rich and diverse cultural scene.

We aim to increase employment and improve skills in the city; deliver major regeneration through physical development projects and promote inward investment through our inward investment strategy and cultural offer. We are delivering radical transport and infrastructure solutions for Birmingham and have clear strategies and targets for addressing the city's present and future housing needs.

Examples of this work include:

- The delivery of major regeneration projects in the city centre and neighbourhoods; supporting economic growth, to meet the housing, economic and transport needs of the city
- Working with partners in the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and the West Midlands Joint Committee to plan for Birmingham's future demographic economic and social needs
- Mitigating the impact of climate change by promoting a low carbon economy and sustainable transport system
- Working in partnership across the private sector and with other public bodies to lever in substantial external funding
- Working to increase investment and foster and boost local enterprise
- Promoting and developing Birmingham's visitor economy and cultural scene

Supporting our Customers

The Directorate provides a range of front-line customer services which include:

- Council Tax,
- Benefits
- Payments to suppliers
- Planning
- Property Services
- Corporate business support services (e.g. Corporate Strategy, Legal, HR, Procurement and Finance).

Governance and Strategic Direction

The Directorate plays a leading role in driving the Council's overall direction, supporting decision-making and the implementation of decisions, managing external relationships, providing effective business intelligence and a clear policy steer.

Examples of this work include:

- Setting the strategic direction for the council and services, based on robust evidence
- Ensuring that we have a robust financial and decision making process.
- A comprehensive employees' strategy (Freshstart) to support our staff and deliver the high performing workforce for the people of Birmingham
- The Council commissioning framework and Business Charter for Social Responsibility, encouraging businesses in the city, in particular our suppliers and contractors to make a wider contribution to the life of the city.

High Level Action Plan

A Prosperous City:

Supporting jobs and sustainable growth

- We will submit the Birmingham Development Plan, identifying where housing and employment growth can be accommodated within the city, to the Secretary of State and take it through the public examination process. In parallel we will continue to work collaboratively with partners in the GBSLEP and the West Midlands Joint Committee to identify how Birmingham's growth needs can be accommodated in the wider city region.
- We will take forward the delivery of the Enterprise and Economic Zones with a range of activities to support development and businesses through simplified planning and investment in infrastructure
- We will resolve the long-term future of the Birmingham markets and the development opportunity of the Southern Gateway on the site of the wholesale markets
- We will implement the City Centre Retail Strategy to define future growth opportunities in the City Centre for retail businesses
- We will boost women's enterprise by providing the second phase of the Women's Enterprise Hub with business incubator units and a package of support to encourage start-ups and enterprises.
- We will report the number of jobs created through the interventions of Birmingham City Council and other public sector agencies in Birmingham
- We will continue to implement the recommendations of the Birmingham Commission for Youth Unemployment, through the Youth Employment Partnership, supporting more young people to access employment and training opportunities
- We will deliver £3m of investment from European funding- to support businesses in Digbeth and the Jewellery Quarter, East Birmingham industrial corridor and Tyseley. This will help businesses improve their properties, deliver new business floor space and create or safeguard jobs
- We will stimulate job creation through a range of partnership based enterprise, business development and innovation programmes, which will develop new business and grow existing businesses.
- We will carry out local Road Safety schemes at various locations around the city, education campaigns and Enforcement at speed and safety camera sites. Our aim is to minimise deaths and injuries on Birmingham's roads
- Following on from consultation we will implement plans to roll out a 20mph limit for Birmingham's residential roads, supporting a safer and healthier environment for all.

Providing new homes

- We will Implement a Housing Growth Plan for Birmingham for the delivery of a wide range of housing types, tenure and affordability through the Birmingham Municipal Housing Trust, Housing Associations and private sector developers and by developing innovative forms of financing
- We will continue to develop new homes for rent and sale across the city and create local jobs in the construction and manufacturing supply chain industries.

Culture and the visitor and creative economy

- We will develop a strategic focus for heritage, culture and the visitor economy
- We will support the growth of the visitor economy and improve Birmingham's reputation by establishing Birmingham as a "festivals city" (with a coherent calendar and effective promotion of distinctive, ambitious and high quality festivals) and as a centre of excellence for major sporting and business events
- We will take forward a Tourism Business Improvement District which will maximise the potential for partnership with hotels in Birmingham and secure investment into the local convention and conference economy
- We will further develop localised delivery of culture, building on the Arts Champions and Local Arts Forum arrangements and Arts on the Move mobile service, supporting the implementation of the District Arts Plans and celebrating districts' cultural achievements
- We will support the growth of the creative economy, including music, film and digital media
- Through support for the Arts, Birmingham Museums Trust and the Library of Birmingham we will improve local people's wellbeing and develop their knowledge, skills and quality of life

Green City

- We will implement the recommendations of the Green Commission and its Carbon Roadmap themes which aim to make Birmingham a leading green city with a sustainable green growth economy, and reduce the city's total CO2 emissions by 60% by 2027.
- We will measure the City Council's energy consumption - carbon emissions from the energy consumption database (tonnes).

Smart City

- Through the Smart Cities programme we work to deliver the 3 key priorities of the smart city Roadmap and Action Plan:

A Fair City:A City that supports families and values children and young people:

- We will continue to support the employment needs of the City's care leavers by, completing and evaluating the current Care Leaver Apprenticeship programme. Through the Care Leavers Employment Charter we will expand work placement and employment opportunities for Care Leavers and Looked After Young People.
- We will extend the impact and range of school-business links and provide a vehicle to support schools in providing up-to-date information, advice and guidance to every young person. A pilot programme on the Birmingham Baccalaureate will run from September 2013-Sept 2014 with an initial cohort of 10–15 schools
- We will deliver additional primary, secondary and special school places to meet demographic growth through the schools capital programme and carry out backlog maintenance to minimise school closures resulting from asset failure so that all young people can attend school. We will develop models for future provision that exploit the development potential of the estate and integrate education development with housing, leisure, public health and regeneration strategies. We will work with the full range of partners and providers to secure pathways and provision that support young people on their journey to adulthood

A Democratic City: Involving local people and neighbourhoods: Neighbourhood Strategy and Transforming Place

- We will build on the establishment of the trailblazers for District Skills and Learning Partnership in Kingstanding, Ladywood and Longbridge, including the £300k Big Lottery funding for young people and NEET engagement, and the "Climb" project.

Improving corporate support

The Support Service Review 2013 looked at the 'behind the scenes' council functions including research, analysis, information and data, policy and strategy, performance management, commissioning and contract management, public engagement and consultation, marketing and communications, complaints, member services and project management.

The key conclusions which are now being implemented include:

- The transfer of some services to Acivico (a wholly owned external company created by the council) such as civic catering, building cleaning and services management.

- The creation of a Professional Support Services function to coordinate administrative support across the council.
- Bringing together our research, data and information activities with an overarching intelligence function, that will enable better use of evidence and information in decision making;
- Improving the coordination of communications activity, introducing a pooled budget for marketing and communications activities, coordinated through a council-wide plan, and improving the cost-effectiveness of printing through a single 'managed print' provider.
- Improving the way we provide customer services by completing the contact centre affordability project, selling advertising on the council website, establishing clearer funding for the website, updating the customer services strategy and strengthening the role of customer services across the organisation.

Business Plan and Budget 2014+

People Directorate

Vision and Context

The City Council is aiming for a fair, prosperous and democratic city. The Directorate contributes to the City Council's vision and priorities for:

- **A Prosperous City:** to help make Birmingham the Enterprise Capital of Britain and create a Green City and a Smart City that provides growth and jobs for all.
- **A Fair City:** to protect the most vulnerable in our city, open up opportunities to the most excluded and narrow the gap in life chances between our citizens.
- **A Democratic City:** to deliver on our vision for devolution and localisation and to rebuild engagement in local democracy by putting local people and communities at the heart of everything we do.

The People Directorate aims to improve the quality of life for the people of Birmingham today, tomorrow and always. Our vision is to create a City which provides:

- A good childhood, for the best start in life.
- A great education to give the best chances for life.
- Promoting people's recovery and inclusion in the most independent life.
- Where needed, planning ahead across the life course.
- The best care and health outcomes for life

We intend to work with partners to develop a vision for services to people that reflects the understanding of the needs of this city and how these could be met in more integrated ways.

The Directorate currently provides support for safeguarding, children's social care, adult care and education and skills, and covers a broad range of functions including early years and childcare, targeted support for vulnerable children and young people and adults including those with learning difficulties and/or disabilities and youth justice.

The Directorate has a critical role to play in creating an economically thriving city, in ensuring that people have the education and skills to make the most of job opportunities and that the population is healthy and able to live well in thriving communities. This work begins before birth and continues through all the major developmental phases and transition points and through adulthood. The Directorate sees itself as taking the lead in developing partnership arrangements and collaborative working to improve the outcomes that we achieve for children and young people so that as adults they are prepared and enabled to succeed economically, be healthy and contribute to safe neighbourhoods.

The Directorate also supports adults in Birmingham to live as independently as possible and to be part of their local community.

People may need our help if they, or someone they care for:

- is vulnerable due to old age;
- has a physical disability;
- has a sensory impairment, for example is Blind or partially sighted;
- is Deaf or has a severe? hearing loss;
- has a learning disability;
- has a mental health difficulty;
- is affected by HIV; or
- is affected by drug or substance misuse.

We work with people who are eligible to find out what their social care needs are and what they can do for themselves to meet their needs. If they cannot meet their needs themselves, we help them to get services that will support them and that will help them to be as independent as possible.

If someone is not eligible for our services, we still give them information and advice on other services that are available to help them to continue to live independently and to maintain their quality of life.

We will deliver this vision by:

- Improving social care for children
- Better joins - transition, troubled families
- Reduced dependency across life
- Holding to excellence in schools, adult care
- Wide angle view - public health, housing

Our overriding priorities for this year are to make progress in:

- Supporting families and making young people and children safe
- Improving educational performance
- Developing the Older Adults Integration programme
- Re-commissioning Public Health services
- Implementing plans to increase physical activity and reduce childhood obesity
- Promoting Let to Birmingham and increasing the number of properties available
- Developing the future model for housing advice, including housing options website

With respect to young people and families we will focus on integrated approaches to 'early help' across all agencies, third sector and private organisations. We will work to reduce 'future demand' at the highest levels of needs, including 'troubled families', and to ensure that our most disadvantaged young people are able to maximise their potential from education and training.

We want to evolve the new directorate's structure and strategy to support our aims, and thus we intend to consolidate a number of activities first:

- The voice of people in the co-production of services is too weak. We have some outstanding good practice (Supporting People, Making It Real) but there is not yet enough consistency in engaging with people.

- Some of our operational activity remains too frail - especially in children's social care. We want to keep with the planning structures that we have put in place for this area, as we promised staff we would.
- We have not got the full view of activity that we would want, and we are developing a better picture of all children's services to improve this.
- There are a significant number of risks in how services are managed, supported and changed which we think are part of the reasons that previous improvement plans in children have not worked. We want to make sure that we have the right spine of support services and skills to underpin our strategy.

We also have some very ambitious programmes of work underway:

- The design of integrated health and care services with the NHS.
- The design and review of preventative capacity across public health supporting people and care.
- The design and review of education, early years and family support
- The design and review of support for people who are homeless or in housing need.

These reviews will have a fundamental impact upon our increasingly integrated ways of working and its right to give some space for their development.

So this is a cautious, evolution of current business activity into the new People directorate structure so that we build the right foundations to support future development. This is particularly true of the interagency work we are undertaking to ensure more integrated approaches. We are also very clear about the need to keep a very clear focus upon the immediate safety of children.

As we move to the new Directorate Structure we will ensure that the Council's values of Belief, Excellence, Success and Trust underpin all service re-design and we will maintain and develop the framework we have for meeting with BEST leaders across the Directorate to hold us all to account for these values

High Level Actions

- To safeguard all vulnerable people and continue to improve safeguarding practice
- Work with the Children's Society on the major reviews of education and early years with a particular focus upon ensuring the voices of children and their families are heard.
- Strengthen social work practice while further integrating service teams to form locality level Family Support and Safeguarding Hubs to provide advice, support and statutory intervention where this is required.
- Support the Children's Safeguarding & Adoption Board in taking forward a robust approach to tackling the problem of child sexual exploitation.

- Focus on recruitment and assessment of adopters and take swifter action on the adoption of children when children do need a permanent home.
- Support the work of the Birmingham Education Partnership with our universities and all schools to ensure that the education system promotes pupil achievement across the city with support services and with pathways through education and into work, including access to work experience, particularly for young people at risk of becoming Neither in Education, Employment or Training (NEET).
- Publish more comprehensive performance information on local schools, including their contribution to the local community, health outcomes, keeping young people in education and training, and progress for children who currently do not achieve well at school. District Committees will be asked to provide a local focus for this process.
- Develop a new Special Educational Need and Disability strategy incorporating all aspects of a child's needs in one coherent plan, taking them through childhood to adulthood and aiming for the best future for every child.
- To develop our proposals for the Better Care Fund in conjunction with NHS partners
- To deliver services to citizens who are assessed as having either 'substantial' or 'critical' unmet needs
- To develop plans to respond to the Care Bill
- To review our early years offer to ensure we are providing continuing good and appropriate services at this most crucial stage in life.
- To embrace our new Public Health role and promote wellbeing through the work of the Health & Wellbeing Board.
- To support the 2014 Service Review process

To review and reset our relationship with schools and the services we provide to and with them.

Business Plan and Budget 2014+

Place Directorate

Vision and Context

The Directorate contributes to the City Council's vision and priorities for:

- **A Fair City:** To provide sustainable services for the citizens of Birmingham to tackle inequality and deprivation, setting service standards to a level as good, as or better than other major cities and urban authorities.
- **A Prosperous City:** To promote the services provided by the Directorate that support new investment in the city and secure government funding, thereby laying the foundations for a prosperous City. We will support Local business to deal with their waste by providing a comprehensive Trade waste and Recycling service.
- **A Democratic City:** To work with our local communities to develop services that meet local needs, and to encourage active participation by all citizens by:
 - ❖ Supporting volunteering and building community capacity and cohesion.
 - ❖ Ensuring that our statutory service obligations are delivered in an optimum manner.
 - ❖ Focusing on efficiency and value for money, integrating services at a local level and re-commissioning them if they can be delivered better by partners.

Place Directorate is responsible for the delivery of a wide range of services that support all citizens of Birmingham. The services are delivered primarily through the District Committees with other services delivered on a city-wide basis where this provides better value for money.

The main responsibilities of the Directorate include:

- Localisation and Devolution
- District Services (including Neighbourhood Offices, Sport & Leisure, Youth Services, Adult Education, Connexions)
- Fleet and Waste Services (refuse collection, street cleaning and trade waste)
- Housing Management & Repairs
- Maintenance of Highways, Traffic Management, Drainage and Resilience
- Private Rented Sector Housing
- Parks and Nature Services
- Regulation and Enforcement (Bereavement Services, Register Office, Environmental Health, Licensing and Trading Standards)
- Equalities, Social Cohesion and Community Safety

The Directorate is also responsible for one of the largest social landlord services in the UK including tenant and asset management of approximately 65,000 properties and other services including Community Safety, Coroners and Mortuary, Markets, Strategic Sport & Events.

High Level Action Plan

The services provided by the Directorate and the actions being taken make a major contribution to the Leader's Policy Statement and Vision for the Future.

In 2013/14 the following actions were successfully implemented and will continue to be developed and delivered in 2014/15:

- We have established a Leading Localisation Programme so that our most senior officers have strategic responsibility for Place alongside function. This has 50 senior officers fully engaged in the localisation agenda and the mission to make Birmingham a truly devolved city
- We work with the Police and Crime Commissioner on community-led policing in Birmingham through the Police and Crime Panel and the designated Victims' Champion to promote the safety of citizens in Birmingham. This included launching the new Birmingham Community Safety, Police and Crime Board in 2013.
- Following the award of nearly £30 million DCLG funding to transform waste and recycling collections across the City, we carried out successful wheelie bin pilots in two Birmingham Wards which saw substantial improvements in recycling and street cleanliness.

In addition to the above, we will continue to make a major contribution to the Leader's Policy Statement and Vision for the Future by taking the following actions in 2014/15:

Tackling Deprivation

- We host the England Illegal Money Lending Team ensuring Birmingham is the hub of expertise in dealing with criminality in this area.
- We will continue to work with credit unions to help people manage their finances well; clamp down on loan sharks and companies providing unfair credit; and lobby for powers to limit the number of betting shops, as set out in the Birmingham Fair Money Manifesto.
- We will prevent the exploitation of vulnerable and deprived consumers by (for example) counterfeiters, rogue builders and fraudsters through using intelligence to identify at risk groups, target criminals and investigating all criminality.
- We will develop a debt advice, employment and job search offer with the Department for Work and Pensions and the Council's Landlord Services Division for the unemployed members of households affected by welfare reform and housing benefit changes.
- We will prevent the exploitation of vulnerable and deprived consumers by (for example) counterfeiters, rogue builders and fraudsters through using intelligence to identify at risk groups, target criminals and investigating all criminality.

A city that supports families and young people

- We will ensure that lessons are learnt from Domestic Homicide Reviews and work to protect the most vulnerable members of our community.
- We will promote awareness of domestic violence, encourage reporting and ensure that services are available for all those affected.
- We will introduce a new partnership model for the community youth service. This will explore a range of delivery mechanisms and working closely with our partners. This could include implementing commissioning, mutuals or a Birmingham Youth Trust as an investment vehicle for attracting and distributing resource. Connexions will be an integrated part of the Community Youth Service, supporting the delivery of the Birmingham Jobs Fund and a targeted service for young people not in education, employment or training.
- We will protect children through preventing and monitoring the sale of age restricted products such as alcohol, tobacco, knives, fireworks and sun beds. Test purchases will be conducted regularly and where contraventions are found appropriate enforcement action will be taken.
- We will continue to protect children from harm through the administration of the Licensing Act 2003 and Gambling Act 2005.
- We will work with partners and communities to raise awareness of loans sharks, promoting safer alternatives and providing educational aids.

Health and Wellbeing

- We will finalise and implement a Leisure and Sport strategy to reduce childhood obesity and help improve the wellbeing of the city's vulnerable children.
- We will work with Public Health to improve health outcomes for Birmingham, including taking the lead on implementing the alcohol and tobacco strategies.
- We will, under the new Coroner, ensure that Coronial Services are delivered in accordance with new legislative requirements to protect the wellbeing of all citizens.
- We will remove unsafe products from the marketplace and protect vulnerable consumers from fraud and other consumer crime. Tackle unscrupulous rogue traders and loan sharks to increase the wellbeing of individuals and communities.

Culture and the visitor and creative economy

- We have established a Sport and Leisure strategy for the city including a programme of major sporting events.
- We will keep the city centre clean and attractive to visitors.

- We will seek to create a by-law to control the nuisance caused by chuggers who stop pedestrians in our urban centres to obtain personal contact details.
- We will support the retention of the Purple Flag award for the City Centre's night time economy through working with other agencies including the Police and City Centre Management to promote Birmingham as a safe entertainment destination.

A democratic city

- We support District Committees to develop and adopt their annual Policy Statements that set out objectives for the year at the first meeting of the municipal year.
- We will develop a 'Letting Suite' in each district quadrant working with tenants to self-serve to obtain benefits and understand their responsibilities as a tenant and launch the Log Book channel shift approach for tenants to manage their own tenancies.

Public Engagement

- We will develop an inclusive and sustainable tenant engagement structure. This will include setting up ten District Resident Panels for all tenures supporting housing improvements and shaping better neighbourhoods. They will have a dual role of meeting statutory requirements for tenant engagement but also taking forward a much broader approach to housing in the life of the wider neighbourhood and community.
- We will provide support to increase the number and expand the constructive activity of Neighbourhood Forums.
- We will develop further the council's use of social media to engage with a wider range of residents.
- We will launch a 'civic enterprise challenge' inviting Districts, Wards and resident groups to bring forward innovations in the way local services are managed.
- We will develop further the newly established Birmingham Community Safety Police and Crime Board to strengthen community led priority setting.

Local Decision Making

- We will set a clear timetable for localised decision making covering issues such as the timetable for District Committee decision making, routine performance reporting arrangements, District Conventions, local executive decision making, and good practice examples from Districts.
- We will ensure that districts can determine the shape of local services in their patch, placing public health outcomes to the fore

Neighbourhood Strategy and Transforming Place

- We will develop a new neighbourhood strategy in partnership with local communities that will focus on building networks of active residents and local democratic structures. We will develop a Sustainable Communities Prospectus in each district engaging the emerging District Housing Panels and housing providers in identifying the pattern of development required to meet our affordable and market housing strategy.
- We will continue to implement the Victims' Rights Charter to ensure that all victims of crime and anti-social behaviour receive a timely and meaningful service from all agencies.
- We will refocus the Anti-Social Behaviour Steering Group, with an emphasis on environmental problems as this is what the public have prioritised.
- We will review Council House Tenancy Conditions and Service Standards.
- We will support and mobilise communities to tackle the issues that concern them the most, in particular litter, environmental anti-social behaviour and road safety problems.
- We will carry forward the review of Neighbourhood Tasking by strengthening mechanisms for engaging active citizens in identifying local issues on community safety and quality of life.
- Our enhanced programme of highway maintenance made possible by the PFI partnership with Amey will continue Transform Place by bringing improved highway surfaces, better and more energy efficient lighting and better maintained highway trees to all parts of the City.
- Our "Sustainable Communities" capital programme for minor highway improvements will continue to empower local people, through their Councillors, to have important changes made to their Streets.
- Our "Road Safety" and "Safer Routes to School" capital programmes will continue to make Birmingham a safer place no matter how you travel.
- Our commitment to the Birmingham Mobility Action Plan will see us use what resources we have to improve the highway particularly for those using sustainable means of transport.
- We will continue to manage street works in the City Centre to encourage a successful retail offer at Christmas and to facilitate the community use of the Highway for special events such as St. Patrick's Day, Gay Pride and the Great Birmingham Run.
- We will maintain our commitment to be a Resilient City by working with multi – agency partners to respond 24/7/365 to major incidents ensuring the welfare of

our people when they are at their most vulnerable following flood, fire or civil disturbance.

- We will maintain vigilance through our 24 hour a day monitoring of our extensive network of CCTV cameras helping our citizens feel secure in the public realm.

Green, Safe and Smart City

- Building on the successful pilots, we will roll-out wheelie bin collection services across the Ladywood, Hall Green, Hodge Hill and Yardley Districts, providing better services and cleaner neighbourhoods for some 120,000 households.
- We will encourage and promote re-use and recycling and reduce residual waste.
- We will replace aging Refuse Collection vehicles with a new greener cleaner fleet.
- We will develop policies to improve emission standards for licensed taxi and private hire vehicles in order to improve air quality.

ASSESSMENT OF THE EQUALITY IMPACT OF THE COUNCIL'S BUDGET PROPOSALS

INTRODUCTION

This narrative provides a brief analysis of the equality impact of the proposed savings for the 2014/15 budget. Directorates are required to ensure that all proposals have been discussed and agreed with the relevant Cabinet Member, and that relevant consultation and all equality assessments have been approved and signed off by the relevant Strategic Director before final decisions are made.

The narrative below provides a general overview of likely impact of the proposals, but does not go into detail in respect of each individual proposal, as this detail is available in the individual factsheets and also the Planning Birmingham's Future & Budget consultation (white paper) December 2013. The narrative is broken down against each directorate of the council – People, Place and Economy.

The proposals are listed under the Service Review headings used in the Planning Birmingham's Future & Budget consultation (white paper) December 2013 (pages 55-90) – Adults Social Care, Safeguarding Supporting and Educating Young People, Support Services, Sport and Physical Activity, Developing Successful and Inclusive Communities, Developing a Successful and Inclusive Economy, A Well Managed and Resilient City, and Safe Clean and Green Neighbourhoods.

Individual Directorates have conducted and are continuing to conduct further detailed consultations around their specific budget proposals, where appropriate, and will undertake equality assessments where required.

In addition to the impact in terms of service users, and providers there is also likely to be an impact on the council's workforce because of the proposed cuts.

PEOPLE DIRECTORATE

ADULTS SOCIAL CARE

The arrangements for Adults & Communities in Birmingham have been the subject of two service reviews - the outcome of which will drive the future priorities and ongoing transformation programme. Consultations are ongoing on the detailed proposals, and plans for 2014/15 savings proposals retain the Directorate's commitment to:

- meet all unmet assessed eligible needs (substantial and critical)
- moderate individual budgets up, or down, as appropriate to fund unmet assessed eligible needs; and
- not alter care packages without a re-assessment

Through the initial screening the Directorate have identified that the breadth of the proposals mean that almost all of the Directorate's service users, their families and their

carers, staff, third sector and private providers will be impacted and affected in some degree.

A range of proposals has been identified which will improve efficiency in direct provision of services; and focus resources on prevention and support to help people stay longer at home. Several proposals also include specific staffing reductions as well as large-scale outsourcing. The Directorate recognise that and will seek to ensure that any indications of direct or indirect inequality are highlighted and addressed in a timely manner. To support this process, the Directorate will carry out equality assessments to ever greater levels of detail as proposals are consulted upon, reviewed, or implemented to ensure that they understand how individual and aggregate changes impact upon each of the nine protected characteristics.

Specialist Care Services

Specialist Care Services (SCS) are the Directorate's internal provider of enablement (helping people to become more independent and improve their quality of life for example on discharge from hospital), home care, day care and residential care.

[Ref 1] Changes to Specialist Care Services - Residential Care – savings target £1.000m

The first proposal is to revise staffing at the Council's four Care Centres in line with levels in the private sector. The second proposal is to redesign Learning Disability respite care and rationalise staffing levels in respite units.

Risk: Managed staff reductions and loss of bedded respite provision

Proposed mitigations: Where the proposals involve changes to staff this will be managed through the City Councils policies and processes and mitigating actions will be taken.

[Ref 2] Changes in internal services Older Adult Day Care & Elder Group – savings target £0.263m

There are currently over 70 vacancies in the Directorate's own day centres. The Adults Service Review identified the opportunity to improve the utilisation of internal day care facilities at the Council's four Care Centres and existing Day Centres. Increasing the take up of these opportunities would strengthen internal provision and reduce expenditure on private sector day care.

Risk: Increasing the take up of these opportunities would strengthen internal provision and reduce expenditure on private sector day care. There could be some financial impact on current providers, but this is unavoidable given the budgetary pressures facing the City Council.

Proposed mitigations: Following the conclusion of the Directorate consultation, an updated equality assessment will be completed identifying appropriate mitigations, as necessary.

[Ref 3] Changes to internal services - Learning Disability Day Care – savings target £1.248m

The proposal is to redesign Learning Disability respite care and rationalise staffing levels in respite units. This proposal challenges internal provision, with a view to reshaping or commissioning any service that does not demonstrate better outcomes or unit costs than an external service would.

Risk: Increasing the take up of these opportunities would strengthen internal provision and reduce expenditure on private sector day care. There could be some financial impact on current providers, but this is unavoidable given the budgetary pressures facing the City Council.

Proposed mitigations: Following the conclusion of the Directorate consultation, an updated equality assessment will be completed identifying appropriate mitigations, as necessary.

[Ref 4] Expansion of internal services - Shared Lives – savings target £1.163m

This proposal aims to further develop the programme for Birmingham residents by significantly expanding the number of Shared Lives Placements on offer. To achieve the savings an additional 179 Shared Lives Placements would be created by 2016/17, achieving a net saving over a traditional care home placement.

Risk: New service users would be encouraged to consider this service, while at review existing clients would be identified for a potential move from their existing private care home or indeed their own home where they would be receiving home care.

Proposed mitigations: This would require re-assessments to be undertaken and effort would be made to minimise excess travel time for family members to the new home.

[Ref 5] Changes in internal services Home Care Enablement – savings target £0.257m

The proposal is to extend Enablement to existing service users receiving external home care provision so that their packages of care can be reduced by increasing their independence.

Risk: This should have a positive impact upon the individuals concerned. It will also lead to recruitment opportunities for additional enablement staff.

[Ref 6] Enabling Specialist Care Services to operate outside the Council – savings from 2016/17

Specialist Care Services (SCS) is the internal provider of a wide range of services across all disability groups i.e. older people, learning disabilities, physical disabilities and mental health, as well as other support services such as transport, funerals and protection of property and interpreting services.

The proposal is to move to co-operative arrangement for the provision of a range of care services across all disability groups, which would not be wholly owned by the City Council but where there are a number of stakeholders including employees and potentially users and carers.

Risk: Staff - possible TUPE of a predominantly female workforce with a predominantly later age profile.

Proposed mitigations: working with HR to mitigate possible issues – a report will go to Cabinet in March, which may indicate a lower risk profile.

[Ref 7] **Further reduction in Younger Adult Care packages – savings target £3.792m**

These are care services for adults under the age of 65 years, who have Learning Disabilities, Physical Disabilities or Mental Health issues. To achieve 'best in class' performance and make the savings, service users receiving residential care and home care will be re-assessed and encouraged to take either a Shared Lives Placement, or a Direct Payment at a lower unit cost.

Risk: The impact for some will be the uncertainty of re-assessment, followed by a model of care, which while meeting their assessed unmet eligible needs will not be in a way of their preferred choosing and could be one, which places greater burdens upon family carers. For some, the impact will be short-lived as they undergo the uncertainties of re-assessment, but then settle into a new model of care, which could offer them greater independence. There could also be some financial impact on current providers, but this is unavoidable given the budgetary pressures facing the City Council.

Proposed mitigations: The Council will maintain its statutory responsibilities to meet assessed unmet eligible needs. The Council is also seeking to expand the number of Shared Lives placements and the take up of Direct Payments.

[Ref 8] **Joint Adults and Children's approach to transitions – savings target £1.000m**

The proposal is to establish a joint approach to transitions with Children, Young People & Families so that children's social care and adult social care work in a far more integrated way to ensure effective transition and earlier action to address unnecessarily costly care packages much sooner. This will involve re-assessing over 400 clients aged 18-25 who are in receipt of direct payments, residential care, home care or day care.

Risk: The impact for some will be the uncertainty of re-assessment, followed by a model of care, which while meeting their assessed unmet eligible needs will not be in a way of their preferred choosing and could be one, which places greater burdens upon family carers. For some, the impact will be short-lived as they undergo the uncertainties of re-assessment, but then settle into a new model of care, which could offer them greater independence. There could also be some financial impact on current providers, but this is unavoidable given the budgetary pressures facing the City Council.

Proposed mitigations: The Council will maintain its statutory responsibilities to meet assessed unmet eligible needs. The Council is also seeking to expand the number of Shared Lives placements and the take up of Direct Payments.

[Ref 9] Older Adults Integration Programme – savings target £5.853m (includes ref 39)

The proposal is to improve the care management of frail elderly people, across health and care. This will mean better planning for very frail people already in care homes, so that increasing needs at the end of life can be met in the care home, not by transfer to hospital. The Plan will pave the way for better multi agency working for people outside hospital. It will give older people and their families the confidence that they will be cared for appropriately, in their own home. It will also look at providing a more co-ordinated response to a whole range of events from falls, to strokes, to intermediate care and end of life. The review of Healthwatch funding is being considered along with the rest of the planned savings from integrating with the NHS described above and is the subject of ongoing consultation.

Risk: This should have positive outcomes for the older people of Birmingham. Changes to working patterns could have an impact upon staff.

Proposed mitigations: Staffing implications will be managed through the Council's HR policies.

SAFEGUARDING, SUPPORTING AND EDUCATING YOUNG PEOPLE

In general terms, the proposed savings are about greater efficiencies in use of resources and budget realignments rather than direct services to young people who are generally vulnerable and at risk. In a number of the areas, the nature of the work is early intervention to prevent the City Council having to deal with higher levels of need at greater expense

The savings proposals for the directorate fall into ten main areas. All have had an equality assessment initial screening completed, with the ones that carry a level of risk moving ahead to a full assessment. In some cases, they are a further saving in areas where there have been previous saving exercises.

[Ref 10/11] Trading Services - savings target £1.000m

The Outdoor Learning Service (OLS) delivers environmental and adventure activities through five residential centres and six day centres. Income levels for 2012/13 were £1186k below the planned income and expenditure was £2274k. The overall loss to the City was therefore £1088k.

There is also an overall trend of declining utilisation / numbers of pupils attending the centres although most showed some recovery in 2012/13 after a price increase introduced during the previous year was reversed.

The proposals being considered are:

- 1 No change to current set up
- 2 partial decommissioning
- 3 complete decommissioning/sale of assets

Risk: Impact on disabled children who undertake short break provision at two of the sites.

Proposed mitigations: specific consultation on short breaks being undertaken alongside the public consultation.

Citiserve provides catering, cleaning and mobile/relief caretaking services to some 350 schools in the City. The service employs approximately 2700 staff and has a turnover of approximately £36m. Whilst the service is being subjected to greater competitive pressures, it has successfully withstood these. There has been a £3.8m loss of turnover since 2007/8 but because the service has operated on a “cost-plus” management fee basis, the real cost to the service in lost management fee has been £400k. The first phase is aimed at strengthening the service ability to provide a viable future traded service mainly through changes in head office structure function and operations. Proposed changes are aimed at reducing costs, improving income and putting in place sustainable models of operation for the future.

Risk: The service review process has changed a number of the assumptions that underpinned the business plan and the plan needs to be looked at again to test the robustness of the savings target. Implementation of the plan has also been subject to IT capacity slippage and it has not yet been possible to secure staff of sufficient calibre into new roles and existing staff in the main chose not to apply. All of these three risks together mean that there is a risk of service standards declining in the short term as changes are embedded and this could lead to loss of more contracts.

Proposed mitigations: Revise the business plan to manage expectations. Use of agency staff in short term whilst new staff are recruited, and put in process work around until IT is secured.

[Ref 12] **Review of City Learning Centre Service (CLS) – savings target £0.025m**

City Learning Service provides a range of specialist teaching services on behalf of schools. It provides ICT guidance and support to early years, primary and secondary schools. It also provides qualifications in media at ‘A’ level stage. The proposed savings are in relation to closure of centres and staff reductions.

Risk: Disruption to existing students – risk of disruption to aspects of their learning

Proposed mitigations: Seek alternative options for the affected students.

[Ref 13] **School and Governor Support (SGS) – savings target - £0.013m**

School Governor Support provide a range of professional support and advice to Head Teachers, senior staff and governing bodies on all aspects of school management, governance and administration, including procedures, legal and technical issues, as well as training for governors and governing bodies. School and Governor Support has been a fully traded service since 1 April 2011 following the decision that 100% of its operating costs should be recovered via a subscription charged to schools and academies. The proposed saving is via efficiency savings and increased income.

Risk: The proposal is considered to carry no significant risk and is a continuation of a previous saving exercise.

Ref 14] Remodelling of School and Settings and Improvements – savings target £0.098m

The service aims to secure good or better education for children in all Birmingham schools, ensuring all children achieve their potential and thereby improving their life chances. It will ensure:

- The quality of education in all schools is consistently good or better, as judged by Ofsted outcomes.
- Standards and progress exceeds or is at least in line with national benchmarks. The proposed savings are to be made through a further restructure.

Risk: It is considered that this proposal carries low risk and it builds on a previous saving exercise

[Ref 15] The Early Years Service/Early Years, Family Support and Children's Centres Review – savings target £7.000m

This proposal consists of two elements (a) Early Years and (b) Early Years, Family Support and Children's Centres review, the second part is happening now and runs to June 2014 so risks not yet identified.

In respect of Early Years Service the proposal for £1,000,000 (of the £7,000,000) in 2014-15 covers Workforce development a reduction of £200,000, Support to settings regarding their financial sustainability of £250,000; First Steps Networks £250,000, and the Corporate Childcare places Family Support £300,000.

The Council has identified that some £11m of its current spend on services provided by children's centres can be charged to Dedicated Schools Grant (DSG) and £6m of this cost will be charged to DSG in 2014/15. The Early Years review that is currently underway will consider how the required step up in savings in 2015/16 can be made.

Risk: The proposals are considered to carry no significant risk. In particular, the Corporate/family support places will continue as currently - as there will be an increase in 2-year-old places and more integration of early years services at a locality.

[Ref 17] Strategic Management and Support – savings target £1.000m

This service provides effective governance, decision-making, performance and information management and facilitates the delivery and availability of support for children, young people and families, particularly the most vulnerable. Savings to be made following a review of the service through efficiencies.

Risk: This is considered low risk as existing vacancies can be used to offset loss of posts.

[Ref 18] Education Welfare Service – saving target £0.687m

The Education Service Review will provide an opportunity to work with schools to identify how we can maximise the level of appropriate support to improve pupil attendance across Birmingham City Council. There will also be the opportunity to maximise Information

Technology in the delivery of services around child entertainment and licensing. The priority is to maintain statutory processes.

Risk: Proposed savings will mean a reduction in posts and a number of core functions will be reduced.

Proposed mitigations: Identifying other means of delivery this support through the education service review work with schools to maximise school attendance support

[Ref 19] **Merge Commissioning across A&C and CYPF - saving proposal £0.531m**

The proposed change is to integrate the commissioning function from the two directorates in the new Peoples Directorate and enable cut to be made from the more effective procurement of service through economies of scale and the application of more efficient tools and techniques

Risk:

- A reduction in the number of commissioners could lead to a loss of service expertise and in capacity to respond to changing needs.
- A reduction in service budgets would impact on the volume of services commissioned from those budgets including young people's substance misuse services, short breaks for disabled children and other services to vulnerable children and families.

Proposed mitigation:

- This would be addressed by a process of re-design that values such expertise and the impact on employees would be mitigated by the deletion of vacancies first.
- The impact would be mitigated by seeking efficiencies of delivery through joint commissioning and utilising uncommitted funds in the first instance. Equality analyses and consultation with organisations and service users would precede any service specific decisions.

DEVELOPING SUCCESSFUL AND INCLUSIVE COMMUNITIES

[Ref 36] **Homeless Services - Increased Income Generation – savings target £0.100m**

This proposal relates to the need to improve income collection following a stay in temporary accommodation. This would be from the individuals concerned who may be able to recover the charge through Housing Benefit.

Risk: No adverse impacts identified

[Ref 37] **Supporting People - integrated commissioning – savings target £0.500m**

This proposal relates specifically to the re-commissioning of Substance Misuse contracts. It is proposed that future support for people with substance misuse will be delivered through an integrated pathway with public health treatment and recovery services. There will no longer be a stand-alone service for substance misuse housing support. Housing support for related issues, such as homelessness, will be available whilst service users are receiving or following treatment for substance misuse.

Risks: Under public health proposals, the re-commissioning will focus on disadvantaged communities and groups and should not negatively affect users of the service. A potential adverse impact may exist for the staff of the current suppliers.

Proposed mitigations: Following the conclusion of the Directorate consultation, an updated EIA will be completed identifying appropriate mitigations, as necessary

[Ref 38] **Supporting People – Non Core Services – savings target £0.450m**

The funding concerned relates to a housing support service, which forms part of the lettings suite activity to support new tenants of council housing. It is a short-term intensive housing management activity to ensure tenancy sustainment. It is proposed that this work should be regarded as mainstream activity and funded as such by the landlord.

Risks: No adverse impacts identified

[Ref 40] **Homeless Services (Staffing) – savings from 2015/16**

The proposal refers to a review of staffing structures of Homeless Services following policy and procedural review. The service is currently undertaking a review of policies and procedures in relation to housing advice and assessing housing needs. Following this, a further review of staffing levels will be possible and it is anticipated that some savings will be achievable from 2015/16 onwards.

Risks: These changes should have no direct impact on service users. There will be implications for staff.

Proposed mitigations: Staffing implications will be managed through the Council's HR policies.

[Ref 41] **Supporting People (Sheltered and Extra Care Services Older People) – savings target £2.800m**

The proposal is to cease funding of housing support services for Older People in sheltered/extra care schemes. In total 7,453 citizens, access this service.

Risk: In addition to the impact upon 7,453 older people, the services are delivered by 23 organisations largely third sector with citywide coverage. There will be an impact upon the employees of these organisations and there are concerns over the financial viability for some of these organisations to continue.

Proposed mitigations: Actions to mitigate the impact will include provider organisations seeking alternative funding, which may include restructuring of rent and service charges for sheltered housing schemes and consideration of self-funding models. Potential, alternative funding models for purpose built extra care schemes will also be considered.

[Ref 42] **Public Health Commissioning – savings from 2015/16**

This proposal relates to the falling out of non-recurring contract costs and liabilities that were brought forward from the NHS with the Public Health transfer and costs associated with re-commissioning.

Risk: None identified

[Ref 43] Public Health De-Commissioning – Sexual Health Services of Teenage Pregnancy & Sexual Dysfunction Services – savings from 2015/16

The proposal is to de-commission some sexual health services relating to pregnancy to a small number of schools since the teenage pregnancy rate has dropped across the city and new sexual health system will be asked to pick up. In addition, support to Connexions service will cease.

Risk: The teenage pregnancy rate has dropped across the city to the national average and the new sexual health system will be asked to work in areas of very high rates, which may change over time.

Proposed mitigations: It is proposed to provide a more targeted approach to supporting young people at risk particularly Looked After Children through the re-commissioning process.

[Ref 43] Public Health (De-commissioning) School nursing – saving from 2015/16

There is a requirement for greater efficiency in how we contract with school nursing. We believe that these are management savings and should not affect service delivery to Birmingham schools.

Risk: The current provider to Birmingham schools may reduce service to accommodate budget changes.

Proposed mitigations: This will require a re-commissioning process within time.

[Ref 43] Public Health (De-commissioning) Place based services – savings from 2015/16

It is proposed to discontinue support for two community projects, namely Castle Vale and Saltley/Alum Rock.

Risk: These changes will impact upon these locations. However, they are not providing face-to-face public health services and so the immediate affect to users will be small. However, there may be some instability in the organisations, which may affect other areas.

Proposed mitigations: The Council would phase these savings, as we are aware of the impact of previous savings on these organisations.

[Ref 43] Public Health (De-commissioning) Pregnancy outreach – savings from 2015/16

It is proposed to stop funding initiatives around pregnancy support. The rationale is that these should be supported through the Health Visitor expansion, a responsibility of NHS England.

Risk: The cessation of these services will affect the most disadvantaged communities.

Proposed mitigations: Those communities will see the benefit of increased Health Visitors.

[Ref 43] **Public Health (De-commissioning) Birmingham Voluntary Sector Council (BVSC) – saving from 2015/16**

There is a requirement for greater efficiency in the council's contracts with the Voluntary Sector Council. We believe that these can be achieved by streamlining the contracts with BVSC.

Risk: There will be no direct impact for service users but we accept that it may impact upon the overall delivery by BVSC.

Proposed mitigations: The City Council work closely with BVSC to explore options

[Ref 43] **Public Health (Re-commissioning) Substance Misuse and Sexual Health – saving from 2015/16**

The largest element of public health savings will come from re-commissioning Substance Misuse and Sexual Health Treatment Services.

Risk: The re-commissioning will focus on disadvantaged communities and groups and should not negatively affect users of the services.

Proposed mitigations: All savings will not be immediately released as we recognise that we may need to mitigate risks arising from the contract mobilisation process.

[Ref 43] **Public Health (Re-commissioning) Obesity - saving from 2015/16**

It is proposed to reduce some of the specialist adult 'face to face' obesity interventions. This should be the responsibility of NHS England. Specialist obesity services are part of the NICE approved pathway for adults with severe obesity.

Risk: It affects small numbers of people who have a severe problem.

Proposed mitigations: We will work with NHS England to mitigate risks in this pathway.

PLACE DIRECTORATE

SAFEGUARDING, SUPPORTING AND EDUCATING YOUNG PEOPLE

Initial equality assessments have been carried out. Consultation and engagement is in progress regarding all of the proposed budget savings and appropriate further equality assessments will be carried out as necessary. The results of those assessments and consultation will inform final decisions on these savings proposals.

[Ref 16] Connexions - savings target £1.000m

The Connexions service provides support and careers advice services to young people with educational statements and to young people not in Education, Employment or Training (NEET). A full equality analysis will be undertaken on the impact of the proposed saving as well as consideration of mitigations in 2014/15.

Risk: The mitigation is designed to sustain a legal service to Statemented and NEET young people. There may be an impact on current overall numbers seen out of the two target cohorts and on overall waiting times for seeing clients.

Proposed mitigations: The Council has set up a £1m contingency fund to support greater integration of services for young people, including targeted support for Statemented and NEET young people in line with legal duties.

DEVELOPING A SUCCESSFUL AND INCLUSIVE ECONOMY**[Ref 34] Off Street Parking - savings target £0.500m****[Ref 35] Highways Maintenance and Management PFI - savings target £1.000m**

Risk: Proposals 34, and 35 are considered low risk in so far as equalities impact as they relate to restructuring, service redesign, income maximisation and to review those services that are subsidised towards making them self-financing. The overall objective is to minimise the impact upon frontline services.

DEVELOPING SUCCESSFUL AND INCLUSIVE COMMUNITIES**[Ref 45] District Services - savings target £5.850m**

District Committees will review their service provision to identify future service savings. This will be a matter for determination by the 10 District Committees. This will take account of the general principles set out in the Developing Successful and Inclusive Communities Green Paper for all services which include improving community life, building social capital and improving wellbeing and community engagement and bringing about joined up services, better targeting of services and prevention.

Risk: The overall target for districts is £7.3m which includes £1.45m previous year policy decisions. This will have a significant impact on the capacity of districts to retain all services that are currently provided. Inevitably, this means decommissioning some of these services.

Proposed mitigations: In line with the recommendations of the inclusive communities, review districts have shaped their savings proposals around the principle of rationalising building assets and integrating services within these; thereby retaining a wider service offer.

[Ref 46] Allotments Service - savings target £0.102m**[Ref 47] Parks Rangers and Woodland Team - savings target £0.600m**

Risks: Proposals 46, and 47 are considered low risk as they relate to restructuring, service redesign, income maximisation and to review those services that are subsidised towards

making them self-financing. The overall objective is to minimise the impact upon frontline services.

SAFE, CLEAN AND GREEN NEIGHBOURHOODS

[Ref 48] Bulky Waste Charges - savings target £1.000m

It is proposed to extend the current policy for bulky waste collection charging to include the first collection requested by customers. This means that all bulky collections will be chargeable (residents have the option of personally disposing at the household recycling centres located throughout the City).

[Ref 50] Street Cleansing Service Standards and Awareness Programmes - savings target £2.300m

The street cleansing service is proposing to consider the adoption of a citywide reduction in current service standards. This will take into account the different needs of different areas, for example business districts and residential areas. The proposal represents a twenty percent reduction in service standards. The savings proposals will be implemented in conjunction with the increased use of enforcement powers.

[Ref 49] Use of Enforcement Powers - savings target £0.300m

[Ref 51] Pest Control Services - savings target £0.300m

[Ref 52] Community Safety - savings target £1.000m

[Ref 53] District Engineering - savings target included in 45 above

[Ref 54] Highways – Street Lighting - savings target £0.250m

Risk: Proposals 48, 49, 50, 51, 52, 53, 54 are considered low risk as a large number of them relate to restructuring, service redesign, income maximisation and to review those services that are subsidised towards making them self-financing. The overall objective is to minimise the impact upon frontline services.

SUPPORT SERVICES

[Ref 56] Business and Support Services in Place Directorate - savings target £0.500m

Risk: This proposal is considered low risk as it is proposed to undertake an internal reorganisation of the service and the integration of all functions. This will also include savings in operational costs including accommodation and day-to-day expenses.

A WELL MANAGED AND RESILIENT CITY

[Ref 68] Coroner and Mortuary Services (Births, Marriages, Deaths) - savings target £0.091m

[Ref 69] Registrar Services (Births, Marriages, Deaths) - savings target £0.138m

[Ref 70] Licensing Service - savings target £0.123m

[Ref 71] Traffic Management - savings target £0.025m

[Ref 72] Trading Standards - savings target £0.120m

[Ref 73] Environmental Health - savings target £0.170m

[Ref 74] Resilience (Emergency Planning/CCTV) - savings target £0.048m

Risk: Proposals 56, 68, 69, 70, 71, 72, 73, 74 are considered low risk as a large number of the proposals relate to restructuring, service redesign, income maximisation and to review those services that are subsidised towards making them self-financing. The overall objective is to minimise the impact upon frontline services.

ECONOMY DIRECTORATE

DEVELOPING A SUCCESSFUL AND INCLUSIVE ECONOMY

Proposals 21, 22, 23, 24 and 29, mainly relate to securing additional external funding and more charging to external funding.

- [Ref 21] **Making the Smarter Choices function self-funding - saving target £0.150m**
- [Ref 22] **Make Digital Birmingham Self Funding – saving target £0.015m**
- [Ref 23] **Increase cost recovery and increase programme delivery to support economic growth – savings target £0.090m**
- [Ref 24] **Reduce the cost of the Climate Change & Environment Team – savings target £0.200m**
- [Ref 29] **Employment Team: Increase funding to support employment and skills functions – savings target £0.550m**

Risk: Proposals 21, 22, 23, 24 and 29 are considered low risk, as it is not envisaged that there will be any service or staff impacts. If the procurement process does not meet the required outcomes, further action will be taken during 2014/15 and an equality assessment undertaken.

Proposals 25, 26 (including 75), 27, 28, 30 and 31 relate to different ways of working and not a reduction in services.

- [Ref 25] **Bring together teams within the City Council and reduce the management overhead/back office cost of service delivery - saving target £0.450m**
- [Ref 26] **Planning Management Efficiencies – savings target £0.160m (includes proposal ref 75)**
- [Ref 27] **Reduce the Council's Energy Bill – savings target £0.200m**
- [Ref 28] **Implement a new events strategy and negotiate a new agreement with Marketing Birmingham – savings target £0.100m**
- [Ref 30] **ITA Review – savings target £2.562m**
- [Ref 31] **More closely align functions with partners in the public and private sectors from across the city region – savings target £0.050m**

Risk: Proposals 25, 26 (includes 75), 27, 28, 30, and 31 are considered low risk. Where the proposals involve changes to staff this will be managed through the City Councils policies and processes and mitigating actions will be taken, such action to include an equality assessment where considered appropriate.

- [Ref 32] **Transfer the Old REP to another operator – saving target £0.020m**

The Old Rep Theatre is based in the centre of Birmingham and is currently managed by the Council. The Old Rep budget only covers the building and staffing. There is no provision for

proactive programming or marketing, and this means there is no programme for an average of 20 weeks of the year.

Risks: TUPE regulations are likely to apply to some of the existing staff (two full-time, two contract cleaners and 27 part-time Front of House casual staff).

Potential mitigations: It is proposed to enter a procurement process to find an alternative operator to improve and develop the programme at the Old Rep, and it is likely that this could be achieved at a lower cost to the Council than the current in-house model. If the procurement process does not meet the required outcomes, further action will be taken which may include the need for an equality assessment.

DEVELOPING SUCCESSFUL AND INCLUSIVE COMMUNITIES

The savings of £1.650m in 2014/15 will be met in part from:

[Ref 44] Library of Birmingham - Mobile Library Service – savings target £0.040m

The Mobile Library Service provides an accessible service to members of the community who live in areas of the city that are geographically isolated from existing community libraries. The proposal is to budget savings for 2014-15 of 33% by reducing the number of Mobile Library stops and restructuring the service.

Risks: There is potential for an adverse impact on the customers who will have their local stop withdrawn.

Proposed mitigation: It is proposed to review the schedule of mobile stops against the distribution of Community Libraries and the incidence of deprivation, and to carry out an Equality Assessment to ensure that the service reduction does not impact on the most disadvantaged neighbourhoods

[Ref 44] Library of Birmingham - Library Services at Home – saving target £0.060m

This service operates in all wards of the city and also delivers larger loans to sheltered accommodation, residential homes and nursing homes. A monthly supply of books/reading materials is delivered directly to the customer's home by a member of the library staff. The majority of customers who use this service are people who qualify for the housebound library service and are suffering from long-term illness, mobility problems, age, frailty, full time caring commitments, disabilities and people with temporarily unexpected health problems.

The proposal is to make budget savings by reducing the number of customers by 20%. This will not affect anyone currently on the list. Approximately one person a day leave the list of those entitled because they pass away or get better and no longer need the service. Over a year, this should deliver the 20% reduction. No new customers will be joined, so Library Services at home (LSAH) will put applicants on to a waiting list.

Risks: There is potential for adverse impact on some of the existing customers who will have their RNIB subscription withdrawn.

Potential Mitigations: The withdrawal of BCC's RNIB subscription will have an effect on customers but it will not preclude them from using the RNIB service as they can apply for individual membership. Individuals not wishing to join the RNIB can access audio items from community libraries and the Library of Birmingham. Customers who are visually impaired or have dyslexia are exempt from charges to hire talking books, thus providing equality of free access to the 'printed' word. Those individuals who are less mobile can be offered a place on the LSAH waiting list. Birmingham Libraries also offer a 24/7 e-book and e-audio book service which is free and designed to be used by library members outside the library.

SUPPORT SERVICES

The proposals for 2014/15 incorporate a number of proposals that require review of processes and/or service redesigns. The two green papers highlighted this and looked at council functions including research, analysis, information and data, policy and strategy, commissioning and contract management, public engagement and consultation, marketing and communications, complaints, member services and project management

Proposals 55, 57, 59, 60, 61, 62, 63, 64 are captured under the "Section 188" issued by the Council.

- [Ref 55] **Potential General Organisational savings - savings target £0.200m**
- [Ref 57] **Human Resources - savings target £2.200m**
- [Ref 59] **Corporate Strategy - savings target £0.500m**
- [Ref 60] **Corporate Finance and Audit - savings target £1.100m**
- [Ref 61] **Legal & Democratic Services and Legal Services - savings target £0.900m**
- [Ref 62] **Performance & Information - savings target £0.300m**
- [Ref 63] **Shared Services - savings target £1.000m**
- [Ref 64] **Property Services - savings target £2.600m**

Risk: Proposals 55, 57, 59, 60, 61, 62, 63, 64, the risks are reduction in staff and service redesign.

Proposed mitigation: Proposals 55, 57, 59, 60, 61, 62, 63, 64 the mitigations are access to the Voluntary Redundancy package. Should compulsory redundancy be necessary, staff will have opportunities for possible redeployment and also support concerning training, financial advice, and job seeking.

- [Ref 58] **Corporate Procurement - savings target £0.200m**

The Corporate Procurement Service is currently considering its future operating model, to focus around processes for Commissioning, Procurement/Contracting and Contract Management.

Risk: The proposal is considered low risk as savings required will be achieved through generating additional income

- [Ref 66] **Revenue & Benefits - savings target £2.500m**

Revenues and benefits Division is responsible for the Council Tax collection and the administration and payment of Council Tax and Housing Benefit

Risk: The proposal is considered low risk, as the required savings will be found through efficiencies.

[Ref 67] **Service Birmingham - savings target £20.000m**

A full and detailed contract review is underway with the Strategic Partner, Service Birmingham.

Risk: BCC and Service Birmingham will work together to identify efficiencies in operations and new ways of working that will drive out further savings through reductions in the amount of ICT work.

Proposed mitigation: As a result of the 2013/14 proposed savings and efficiencies across the council, for example the number of users, the variable costs within the contract will reduce.



Pay Policy Statement

2014/15

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1. Introduction and Purpose

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

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

Once approved by the full Council, this policy statement will come into immediate effect for the 2014/15 financial year and will be subject to review again for 2015/16 in accordance with the relevant legislation prevailing at that time. Where by the pay policy needs to be amended during the current financial year, any amendments will be subject to approval by full Council.

2. Legislative Framework

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

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

3.0 Senior Management Remuneration Policy

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

The Council has job evaluation process and grading structure that has been specifically designed for senior positions that determines the grade for senior officers as defined by the Localism Act 2011. Progression within a grade is performance based on assessment through the Performance and Development Review (PDR) process. There has been no cost of living rise applied to the senior officer pay structure since April 2008. See appendix 1 for the senior officer pay structure.

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

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

3.1 Senior Management Positions

The posts falling within the statutory definition are set out below

- a) Chief Executive -The head of paid service designated under section 4(1) of the Local Government and Housing Act 1989.

The salary for this position is currently set at £182,500 rising to a maximum of £220,000. There is no additional supplement paid for returning officer duties incorporated into this role.

- b) Director of Legal Services - Monitoring Officer designated under section 5(1) of that Act.

The salary for this position falls within a range of 7 incremental points between £97,200, rising to a maximum of £108,000.

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

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

- d) Director of Finance – Section 151 Officer - A statutory chief officer mentioned in section 2(6) of that Act.

The salary for this position falls within a range of 7 incremental points between £105,300, rising to a maximum of £117,000.

- e) Deputy Chief Executive (Economy) - A non-statutory chief officer mentioned in section 2(7) of that Act.
- f) Strategic Director (Place) - A non-statutory chief officer mentioned in section 2(7) of that Act.

The salaries of posts designated as Strategic Director fall within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

The positions in the table below are deputy chief officer as mentioned in section 2(8) of that Act .

Position Title	Dir	Salary Range
Director - Planning and Regeneration	Economy	£97,200 - £108,000
Assistant Director - Public Law and Property	Economy	£89,100 - £99,000
Assistant Director - Procurement	Economy	£81,000 - £90,000
Assistant Director - Corporate Strategy	Economy	£81,000 - £90,000
Assistant Director - Revenues and Benefits	Economy	£81,000 - £90,000
Assistant Director - Performance and Information	Economy	£81,000 - £90,000
Assistant Director - Property Services	Economy	£81,000 - £90,000
Assistant Director - Library of Birmingham	Economy	£76,950 - £85,500
Assistant Director - Finance Development and Culture	Economy	£76,950 - £85,500
Assistant Director - Shared Services	Economy	£76,950 - £85,500
Assistant Director - Financial Services	Economy	£76,950 - £85,500
Assistant Director - Financial Strategy	Economy	£76,950 - £85,500
Assistant Director - Investment Enterprise and Employment	Economy	£76,950 - £85,500
Service Director - Integrated Services and Care	People	£105,300 - £117,000
Service Director - Education and Commission	People	£105,300 - £117,000
Service Director - Health and Wellbeing Partnership	People	£89,100 - £99,000
Service Director - Joint Commissioning	People	£89,100 - £99,000
Service Director - Business Change	People	£89,100 - £99,000
Director - Public Health	People	*£75,249 - £101,451
Service Director - Policy and Commissioning	People	£89,100 - £99,000
Senior Coroner Birmingham and Solihull	Place	£105,300 - £117,000
Director - Highways and Resilience	Place	£89,100 - £99,000
Service Director - Homes and Neighbourhood	Place	£89,100 - £99,000
Service Director - Regulation and Enforcement	Place	£89,100 - £99,000
Programme Director - Performance and Support Services	Place	£89,100 - £99,000
Service Director - Fleet and Waste Management	Place	£89,100 - £99,000
Interim Service Director - Transformation	Place	£89,100 - £99,000
Assistant Director - Finance	Place	£76,950 - £85,500
Assistant Director - Sports and Events	Place	£76,950 - £85,500

- f) Although not required by statute for the policy statement the following are other senior officer positions within Birmingham City Council.

Position Title	Dir	Salary Range
Assistant Director - Human Resources	Economy	£81,000 - £90,000
Assistant Director - Human Resources	Economy	£81,000 - £90,000
Director - Strategic Partnerships	Economy	£76,950 - £85,500
Assistant Director - Integrated Services West and Central	People	£89,100 - £99,000
Assistant Director - Integrated Services North	People	£81,000 - £90,000
Assistant Director - Children with Complex Needs	People	£81,000 - £90,000
Assistant Director - Safeguarding and Development	People	£81,000 - £90,000
Assistant Director - Integrated Services East	People	£81,000 - £90,000
Assistant Director - Education and Skills Improvement	People	£81,000 - £90,000
Assistant Director - Integrated Services South	People	£81,000 - £90,000
Assistant Director - Finance Adults and Communities	People	£76,950 - £85,500
Consultant - Public Health - Children and Young People	People	*£75,249 - £101,451
Consultant - Public Health - Commissioning and Integrated Public Health	People	*£65,922 - £81,618
Consultant - Public Health - Intelligence and Strategy	People	*£65,922 - £81,618
Head of Service - Equality and Diversity	Place	£81,000 - £90,000
Assistant Director - Fleet and Waste Management	Place	£76,950 - £85,500
Assistant Director - Fleet and Waste Management	Place	£76,950 - £85,500
Head of Service - Service Integration	Place	£72,900 - £81,000

* Salary ranges are outside of the Council senior manager pay structure and relate to the NHS pay structure due to a TUPE transfer of the Public Health function to the Council.

Following the reorganisation in 2014 there has been a reduction of two Strategic Director positions and as a consequence the roles of the remaining Strategic Directors are more demanding due to increased responsibility. There has also been a further reduction of six senior officer roles when not considering the addition of the Public Health function which overall reflects a 14% reduction in senior officer positions. The senior officer positions will continue to be reviewed on a regular basis as part of the overall savings that have to be made by the Council due to the cuts faced by local authorities in general over the next few years.

3.2 Recruitment to Senior Management Positions

The Council's policy and procedures with regard to recruitment of senior managers is set out within the Officer Employment Procedure Rules as set out in [volume B, part 2(H) of the Constitution. When recruiting to all posts the Council will take full and proper account of its own Equal Opportunities, Recruitment and Redeployment policies. Appointments made at this level will always include Council member representation as part of the recruitment process.

The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the local JNC pay structure (further details can be found in Appendix 1) and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.

Where the Council remains unable to recruit under an employment contract, or there is a need for interim support to provide cover for a vacant substantive senior management position, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through the relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

3.3 Additions to Salary of Senior Officers

The Council does not apply any bonus to the salary of senior officers, however progression within the salary scales is performance related as mentioned under 3.0. There is no element of earn back for senior managers salaries and any incremental progression is consolidated into basic pay.

In addition to basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties;

The following are applicable to all senior manager positions

- A mileage allowance is paid to all employees using their own vehicle for work purposes and the payments are in linked to the approved HMRC rates (For current HMRC mileage rates please see <http://www.hmrc.gov.uk/payee/exb/a-z/m/mileage-expenses.htm>)
- There are currently no salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies.

Strategic Director (People)

- A market forces supplement of £9,500 is being paid in addition to the basic salary.

Service Director – Integrated Services and Care

- A market forces supplement of £3,000 is being paid in addition to the basic salary

The Above market forces supplements will be reviewed after April 2014.

3.4 Payments on Termination

The Councils approach to statutory and discretionary payments on termination of employment of senior managers, prior to reaching normal retirement age, is set out in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.

3.5 Comparators Influencing Pay Levels

To make a comparison of executive pay in public and private sectors the Hutton report 2010 identified that executives in the private sector can earn more than twice their public counterparts. The report also identified that for the top FTSE 100 chief executives the median pay has risen to 88 times the UK median earnings and 202 times the national minimum wage, whereas if we made the same comparison to the Council Chief Executive it would be 7.8 and 15.1 respectively.

For the purpose of context in the local government sector, Birmingham City Council is not only the largest local authority in the UK, but also the largest unitary authority in Europe serving over one million residents and has a budget of c £3.5bn. To attract suitable candidates for more senior positions that can demonstrate sufficient skills, experience and capacity required at this level as would be evidenced for example by fulfilling a comparable role in a large complex local authority, there is a very small pool from which to recruit with other authorities offering very competitive salaries considering their size. As a comparison the Core Cities group of councils that represents those of the largest eight economies outside London in England, chief executive remuneration ranges from £160,000 to over £200,000. For Liverpool and Manchester that serve a population of less than half of that of Birmingham, both the top salaries are over £200,000.

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the council will use available benchmark information as appropriate.

4.0 Non Senior Officer Employees

Based on the application of an analytical job evaluation process, the Council uses the nationally negotiated pay spine as the basis for its local grading structure (See appendix 2 for the BCC pay spine). Progression within the grading structure is contingency based and has a combination of service and contribution based increments within each of the grades (linked to the outcome of the PDR process). This determines the salary of the large majority of the non school based workforce, together with the use of other nationally defined rates where relevant such as Soulbury and JNC/YC. The Council presently adheres to national pay bargaining in respect of the national pay spine with the most recent rise of 1% effective 01 April 2013.

4.1 Recruitment

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

4.2 Lowest Paid Employees

The lowest paid employee's under a contract of employment with the Council are employed on full time equivalent (FTE) salary in accordance with the minimum spinal column point (SCP) currently in use within the Council's grading structure. As at 1 April 2013, this is £12,456 per annum (SCP5). However, the Council has chosen to pay a supplement to ensure the minimum FTE salary is £14,179 based on the 'UK Living Wage' equivalent of £7.45 per hour. Following the recent review of the UK living wage this has become £7.65 per hour which is an equivalent of £14,559 FTE salary and will be implemented with effect from 01 April 2014. For the purpose of this pay statement the lowest paid employee's will be defined as those on a FTE salary of £14,559 based on the UK living wage hourly rate of £7.65 per hour.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce. The ratio between the highest and lowest paid employees does not exceed 20 times and the Council does not set a ratio ceiling within its pay policy for senior officers.

The current pay levels within the Council define the multiple between the lowest paid (FTE) employee (£14,559 based on the UK living wage) and the Chief Executive (£182,500) as 12.5:1 and; between the lowest paid employee and average chief officer (excluding Chief Executive £99,395) as 6.8:1. The multiple between the median full time equivalent earnings (£21,066) and the Chief Executive salary is 8.6:1 and; between the median full time equivalent earnings and the average chief officer is 4.7:1. When setting chief officer remuneration the Council uses a job evaluation scheme as required to determine the salary level appropriate for the job.

4.3 Accountability and Decision Making

In accordance with the Constitution of the Council, the JNC Committee are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

5 Publication

Upon approval by the full Council, this statement will be published on the Council's Website www.birmingham.gov.uk/cosd and will also be available in additional formats by request. In addition, for employees where the full time equivalent salary is £50,000 or more, excluding employer superannuation contributions, the Council's Annual Statement of Accounts will include the number of employees in bands of £5,000.

Appendix 1 - Birmingham City Council – Senior Officer Pay Spine

This is the locally negotiated pay spine for senior officers covered by JNC terms and conditions of employment. These rates have been effective from April 2009 and there have been no increases since that date.

BCC Grade	Spinal Column Point	FTE Salary
L02	9	72900
	10	74250
	11	75600
	12	76950
	13	78300
	14	79650
L03	15	81000
	17	76950
	18	78375
	19	79800
	20	81225
	21	82650
L04	22	84075
	23	85500
	25	81000
	26	82500
	27	84000
	28	85500
L05	29	87000
	30	88500
	31	90000
	33	89100
	34	90750
	35	92400
L06	36	94050
	37	95700
	38	97350
	39	99000
	41	97200
	42	99000
L06	43	100800
	44	102600
	45	104400
	46	106200
	47	108000

BCC Grade	Spinal Column Point	FTE Salary
L07	49	105300
	50	107250
	51	109200
	52	111150
	53	113100
	54	115050
L08	55	117000
	57	138135
	58	140693
	59	143251
	60	145814
	61	148376
L10	62	150930
	63	153483
	65	182500
	66	190000
	67	193750
	68	197500
L10	69	201250
	70	205000
	71	208750
	72	212500
	73	216250
	74	220000

Birmingham City Council – NJC Pay Spine

The Birmingham City Council pay spine is based on nationally negotiated rates through the National Joint Council. These rates are effective from April 2013 and there have been no increases since that date. Spinal column points with * indicate the payment of a living wage enhancement that would equate to an FTE salary of £14,559.

BCC Grade	Spinal Column Point	FTE Salary
GR1	005*	12456
	006*	12635
	007*	12936
	008*	13342
	009*	13746
	10*	14034
GR2	11	14610
	12	15210
	13	15619
	14	15882
	15	16215
	16	16604
	17	16998
	18	17333
	19	17980
GR3	20	18638
	21	19317
	22	19817
	23	20400
	24	21067
	25	21734
	26	22443
	27	23188
	28	23945
GR4	29	24892
	30	25727
	31	26539
	32	27323
	33	28127
	34	28922
	35	29528
	36	30311
	37	31160

BCC Grade	Spinal Column Point	FTE Salary
GR5	38	32072
	39	33128
	40	33998
	41	34894
	42	35784
	43	36676
	44	37578
	45	38422
	46	39351
GR6	47	40254
	48	41148
	49	42032
	50	43388
	51	44754
	52	46117
	53	47493
	54	48851
	55	50315
GR7	56	51772
	57	53248
	58	54972
	59	56763
	60	58617
	61	60534
	62	62525
	63	64580
	64	67194

Major Service Asset and Capital Strategies

1.0 PEOPLE

Adults & Communities

- 1.1 The Adult Social Care Update Green Paper outlined the City Council's commitment to:
- always meeting assessed unmet eligible needs
 - increasing or decreasing, as necessary, individual budgets to ensure unmet eligible needs can be provided for, and
 - meeting needs as detailed in support plans until they are changed either by re-assessment or review.
- 1.2 The Directorate has undergone a major Business Transformation over recent years, which delivers the following changes:
- A disinvestment in capital assets due to a reduction in the number of residential placements made;
 - Retained assets are maintained to a high standard;
 - Newly created assets will provide particular care requirements that would be more expensive, on a whole project basis, to purchase externally;
 - Telehealthcare is used to support people in their own homes whilst ensuring that they remain in a safe environment with the minimum of intervention;
 - The IT infrastructure enables the Directorate to use the latest technology in supporting its activities, including through market shaping, signposting and information management.
- 1.3 The aim of the Directorate's Business Transformation plan was to ensure that the needs of the community are met over the longer term and that the costs faced would be met from within a broadly static budget. The impact of the current economic position and the reduction in resources has meant that the Business Transformation plans were accelerated and the Programme was completed at the end of 2012.
- 1.4 The Directorate's capital strategy allows existing sites to remain open, through refurbishment and standards compliance, where it is cost effective to maintain existing services and where this is aligned with the key principles and vision for the service.
- 1.5 Current schemes include a major investment programme for the City Council's six Learning Disability day centres totalling £2.5m (with £2.2m in 2014/15). This has been developed in order to ensure they remain compliant and are able to offer new models of care to their service users.
- 1.6 Investment will also continue in new technology, particularly using Telehealthcare in order to support people in their own homes, and improving the scope and long term resilience of the Directorate's IT systems.

- 1.7 Development of new service models in line with the Directorate's Future Operating Model will also be identified. In particular, the 2014/15 savings proposals include considering more radical service change options, which remodel the City Council's services to Younger Adults.
- 1.8 The Service Review looked at a number of scenarios predicting the financial and service impact of various delivery options. The resulting proposal was to use a "best in class" model based on the best performing core city. Whilst this redesign will mainly involve changing care packages of service users, there may be a need to provide limited capital investment in order to develop new models of care.

Children, Young People & Families

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

Securing Sufficient School Places

- 1.9 The City Council has a statutory duty to meet Basic Need by ensuring each child of school age is provided with a school place. Despite considerable capital investment to date in expanding existing primary schools by approximately 10,600 places for September 2014, through phases 1-4 of the primary places programme, the challenge remains for the City Council to plan for ongoing forecast increases in places up to the year 2019. The growth arises from an increasing birth rate and significant net migration into the city. Invariably such growth will include pupils with Special Educational Needs who will need placement in special schools, resource bases etc.
- 1.10 Even though the statutory duty for sufficient school places remains with the City Council, there are more variables outside the City Council's control arising from the Governments Academy and Free Schools programmes. This has led to accurate forecasting becoming more challenging and dynamic. In response the City Council has adopted a staged approach to the investment required. Stage 1 was agreed by Cabinet in January 2013, and set out the capital programme for securing sufficient school places for September 2014. A preliminary assessment for Stage 2 covering forecast additional places for September 2015 was also set out in the same Cabinet report. The Stage 2 assessment is now being developed up and a report setting out the actual capital requirement is being prepared for March 2014 Cabinet.
- 1.11 The pronounced and acute pressure on school places in Birmingham has been recognised in the recent capital funding allocations by the DfE of £46.9m for 2015/16 and £49.3m for 2016/17. The 2015/16 allocation will prove critical and timely in funding the Stage 2 programme and similarly in moving forward with future stages.
- 1.12 The ongoing revenue costs arising from capital investment in schools is met by the schools themselves from their delegated budgets and as such there is no impact on the City's General Fund.

Fulfilling the Landlord Function

- 1.13 As landlord for the majority of Birmingham schools, the City Council works closely with schools to ensure that Governing Bodies fulfil their obligations in relation to

planned preventative maintenance. The City Council delivers a Capital Maintenance programme to address major backlog maintenance issues with a priority on preventing asset failure that will lead to school closure. The 2014/15 budget totals £30.9m. A dual funding initiative (as part of maximising the grant) will be continued as a strategy to influence schools to spend on priority condition need. Wherever possible, opportunities to combine priority backlog maintenance with meeting basic need will be maximised.

Universal Free School Meals

- 1.14 Additional capital funding of £2.3m has been allocated by Government to support the introduction of universal free school meals from September 2014. In order to ensure this funding is allocated to areas of greatest need, a review of kitchen and dining capacity will be undertaken in 2014. This will be linked to a wider property review of all Local Authority maintained schools in order to confirm priority condition need, identify any potential capacity to accommodate additional places and clarify any outstanding landlord issues including shared use and issues associated with caretakers houses. Additional revenue funding is expected from Government to meet the increased costs associated with this initiative but as yet no announcement has been made.

Ongoing Review of Residential Children's Homes

- 1.15 Five homes were closed in the latter part of 2011/12 which were deemed to be the least suitable for modern care delivery. A review and emerging strategy may result in further closures whilst there may be a need to invest in those retained buildings to ensure they are providing appropriate environments for looked-after children.

Youth Offending Service

- 1.16 The Youth Offending service is taking forward the implementation of a four area strategy which will see the decommissioning of its central and western team locations and the redistribution of staff. This will result in the decommissioning of two existing buildings (one to be sold, one to be included in a Housing regeneration scheme) and the acquisition of new leased premises. There will be continued investment into the other retained locations to be funded through Youth Justice Board monies.

Outdoor Learning Centre

- 1.17 The outdoor learning centre is currently consulting on its future operating model following a service review. This may require investment in some outdoor centres and/or the potential decommissioning of others.

2.0 ECONOMY

Corporate Resources

Working for the Future

- 2.1 The Working for the Future programme has delivered a transformed property portfolio for the City Council. Although the Central Administration Building (CAB) rationalisation project has drawn to a conclusion, it leaves behind it a transformed back office property portfolio which is fit for purpose. To complement the transformed estate the Corporate Landlord function is now well embedded and this has enabled service manager's time to be freed up to focus on service delivery rather than to manage a resource intensive property portfolio.
- 2.2 The LoCal Service programme continues to work closely with Directorates to enable building solutions to support service delivery at a local level. Previous projects funded by the programme included the creation of new customer service centres, such as Farm Road Sparkbrook and New Aston House which have reinforced the importance and significance of this type of property solution to enable better service delivery. The City Council continues to work closely with other public sector providers to seek new ways of optimising service delivery and the use of public resources.

Information & Communications Technology

- 2.3 The City Council's ICT Strategy provides the plan for delivering the information technology and information services which are required to effectively support the work of the City Council. To achieve this, it needs to balance both current and future needs in the context of available resources. The strategy proposes the most effective way of maintaining current infrastructure and services while providing the maximum flexibility in responding to future City Council initiatives.
- 2.4 The basic principles underlying the ICT strategy are:
- The maintenance of highly reliable infrastructure and basic corporate systems for both current and future requirements
 - The traditional model of dedicated infrastructure needs to change to accommodate the need to work collaboratively with a range of partners over shared infrastructure, including web-based and cloud services
 - All key systems need to be built or developed to work with mobile technology in general and with consumer devices in particular.
- 2.5 Applying these principles it is expected that business cases for the following projects will be brought forward for addition to the Capital Budget during 2014/15:
- £1.3m for the replacement of servers reaching the end of support and useful life. This will ensure the reliability of the network whilst avoiding increased maintenance costs and compatibility issues.

- £1.2m for the replacement of back-up infrastructure which is nearing the end of its useful life. This will increase the back-up capacity to meet expected data growth, provide greater compatibility with new and existing hardware and improved customer support.
 - £1.0m for the replacement of the VoIP Telephony system which is nearing the end of its useful life. This will ensure the reliability of the service and avoid additional maintenance costs.
 - £0.4m to upgrade to wireless infrastructure to meet the increased capacity requirements as a result of City Council initiatives such as agile working.
 - £0.5m as support for application upgrades and associated technology.
 - £1.4m to refresh the desktop and laptop estate, older than 5 years, in order to be able to support current applications and operating systems, reduce security risks and increase productivity.
- 2.6 In 2015/16 and 2016/17 a £1.5m budget, funded from service prudential borrowing, has been identified to replace 1,000 network edge switches ensuring the reliability of the network and to reduce maintenance costs.

NEC Group Facilities

- 2.7 The capital strategy for the NEC Group assets is to maintain the NEC Group venues in a condition to support their market position.
- 2.8 Funding is currently available within the Business Plan to principally cover the cost of:
- Long term maintenance for planned items of refurbishment and upgrade spend
 - Refurbishment of the National Indoor Arena
 - Development of a conference and banqueting facility in the proposed leisure and entertainment complex at the NEC.
 - Private Wire Electrical Network at the NEC site.

Development & Culture

Strategic Context

- 2.9 The strategy for the Directorate underpins key corporate outcomes, highlighting the investment required to support the delivery of the City Council's significant economic agenda. Objectives include:
- Creating the conditions for sustainable economic and population growth and regeneration through transformational change in the city centre and local neighbourhoods
 - Increasing the city's economic output and productivity through the expansion of key growth sectors, greater enterprise and innovation in high value added activity.
 - Providing high quality infrastructure to support improved local and regional connectivity and accessibility, enhance global competitiveness and underpin future economic and population growth.
 - Increasing employment and reduce poverty across all communities to support people from welfare to work.

- Creating a vibrant low carbon, low waste economy through the best use of environmental technologies, and ensure that Birmingham is prepared for the impact of climate change.
- 2.10 The Directorate works with other parts of the City Council along with public and private sector partners to develop an integrated approach to investment to deliver the required growth. This includes working at a local level with the District structures and regionally with other West Midlands authorities and the Greater Birmingham & Solihull (GBSLEP).

Planning & Regeneration

- 2.11 The Enterprise Zone has taken a major step forward with approval of the Investment Plan worth just under £130m (of which £117m is capital). This sets out how the uplift in business rates will be used to deliver the first phase of investment in infrastructure to unlock development and growth in the City Centre Enterprise Zone (EZ). A series of projects are being progressed within Development & Culture with the EZ funding including;
- Operation of a site development and access fund of £15m.
 - Support of £25m to extend the Metro to Centenary Square and transform the square.
 - £10m support towards the relocation of the Wholesale Market (see paragraph 2.14 below), and
 - £18m to develop a public realm programme.
- 2.12 In addition to the City Centre Enterprise Zone, the Economic Zones marry the city's target growth sectors with strategic development opportunities supported by a bespoke offer to encourage private sector investment. The capital programme now includes funding for the following projects:
- Advanced Manufacturing Hub at the Aston Regional Investment Site - £6.2m which utilises a mix of public sector funding sources to bring forward cleared and developable plots for the automobile and advanced manufacturing sector.
 - Life Sciences Campus - £9.5m will enable the purchase and remediation of the 4ha site which sits strategically next to the University Hospital Board Campus and University of Birmingham.
- 2.13 The continued revitalisation and modernisation of the city's economy will be central to the growth agenda ensuring that jobs and prosperity are generated for current and future residents. New schemes have recently been approved and included in the programme such as:
- Green Bridge Supply Chain (ERDF) £3.4m – a capital grant assistance scheme for SME's towards modernisation and the use of green technologies and covers the purchase of new plant and equipment and relocation into new premises.
 - Women's Enterprise Centre (part ERDF) £1.5m – the redevelopment of part of Southside to create incubation support and mentoring specifically for women enterprises (SME's).

- Birmingham Connectivity Voucher Scheme (Government Grant & ERDF) £7.9m – the deployment of a capital grant scheme for high speed broadband installation to SME's with appropriate business support to ensure that they benefit from this opportunity.
- The City Council has identified a preferred site for the relocation of the Wholesale Markets at the Hub site in Witton. A £40.7m scheme has been approved of which £1.6m will be utilised in 2014/15 to further develop the project, including the identification of the full investment requirements. The indicative dates for the project are for construction to take place between June 2015 and April 2016, with tenant fit out completion in July 2016.

Transportation

- 2.14 The City's transport network enables the movement of people, goods and materials around Birmingham and affects all those who live, work and visit the city. The aim is to support, influence and nurture the growth of the City through a holistic and co-ordinated view of transport, land use planning, regeneration and environmental issues. The City also aims to improve transport infrastructure and networks and tackle congestion, working with partners to improve road and transport safety, encourage the use of sustainable modes and increase the range of low carbon transport options available to all citizens and road users.
- 2.15 The strategy seeks continuing support towards the delivery of major capital projects including Birmingham Gateway, the City Centre Metro Extension, a High Speed rail link between Birmingham and London with two significant stations in Birmingham and Solihull, access to East Birmingham and supporting major developments including the Enterprise Zone and Economic Growth Zones at Aston, Witton, Tyseley, Selly Oak and Longbridge.
- 2.16 In addition to the Local Transport Plan Integrated Transport Block allocation, the City Council continues to explore opportunities to secure additional Government funding to support this strategy. The following significant projects are illustrative to this approach:-
- Improvements to the Chester Road in Castle Bromwich at a total cost of £11.8m (of which £7.5m is budgeted for spend in 2014/15 to 2015/16), including £2m from the Integrated Transport Authority.
 - Improvements to the Cycling & Walking infrastructure across Birmingham with £7.3m funding secured from the Local Sustainable Transport Fund (LSTF) and £17m from the DfT's Cycle City Ambition Fund within a total budget of £23.5m.
 - Improvements to the highway network to provide better access to economic growth areas within the city at a total cost of £13.2m, supported by £4.9m of Local Pinch Points Funding.
- 2.17 The strategy also reflects the provision of smaller improvements and enhancements to the highway and transport networks that promote economic growth, carbon reduction and sustainability, road safety, local accessibility and social inclusion. Such improvements are mainly funded from Local Transport Plan Integrated Transport Block resources.

- 2.18 From 2015/16 funding for major transport schemes will be provided from the Local Growth Fund, with resources currently being sought on a largely competitive basis through the submission of a Strategic Economic Plan (SEP) to Government in March 2014 by the Greater Birmingham & Solihull Local Enterprise Partnership (LEP).
- 2.19 The Greater Birmingham & Solihull area has also been awarded £23.9m of capital resources which, subject to the business case approval, will be utilised on the following schemes:
- One Station link between New St & Moor St Stations
 - Making the Connections (Urban Realm) and
 - Hagley Road SPRINT (bus rapid transit).
- 2.20 Other resources available for transportation purposes beyond 2014/15 include £39.5m of further Enterprise Zone funding to part fund the metro extension to Centenary Square, highway works within the city centre and improvements to the urban realm. In addition, funding for low carbon uses may be available from the European Structural Investment Fund, with resources managed at a LEP level. Other bespoke bids will be made on a case by case basis in accordance with the City Council's Gateway and Related Financial Approval Framework.
- 2.21 A new Birmingham Mobility Action Plan (BMAP) is currently being developed to create a future vision for accessing the City, in the context of employment and housing growth, the Birmingham Development Plan and various LEP strategy documents. The BMAP will inform future funding and financing mechanisms that could comprise: further tax incremental financing; European Regional Development Fund; European Investment Bank and Business Improvement Districts in addition to the mechanisms referenced above.

3.0 PLACE

Strategic Context

- 3.1 The Place capital strategy covers a diverse range of assets and services, each with their own characteristics and strategic drivers for investment. The different elements are each set within the context of a number of Strategic Plans, including the Waste Management Strategy, Sport Facilities Strategy, HRA Business Plan 2014+, Housing Plan, Private Sector Housing Strategy and Planning for Housing in Later Life, taking account of the limited resources available.
- 3.2 Whilst the overall strategy is focussed around the delivery of service outcomes for residents, some elements are delivered locally on a District or neighbourhood basis whereas other elements form part of a Citywide approach. The key service areas are considered below.

Fleet and Waste Management (FWM)

- 3.3 The key focus of the service's strategy is to minimise waste, meet challenging recycling targets and reduce reliance on landfill within the context of a drive towards more sustainable disposal methods with a modernised service delivery model.

- 3.4 The focus of asset planning for FWM is the investment which forms the major part of the Full Business Case for the wheelie bin service, approved by Cabinet in September 2013. The key assets are vehicles, bins and depot improvements to enable roll-out and ongoing provision of the new service. The capital strategy identifies the funding for this investment which best utilises Government and City Council resources.
- 3.5 In 2014/15 the roll-out of the wheelie bin service will commence and the next phase of capital expenditure will see investment on the project of £22.6m including vehicles (£7.6m) and containers (£14.9m).

Community Libraries

- 3.6 The City Council provides almost 40 community libraries based in Districts which support the Library of Birmingham and will promote the new localisation agenda.
- 3.7 In 2014/15 planned expenditure amounts to £0.6m, mostly relating to works at West Heath Library.

Parks & Nature Conservation

- 3.8 The investment will continue to be focussed on essential health and safety works, including pools and reservoirs. The service will seek to maximise external funding and generate income where possible in order to reinvest in the service where appropriate.
- 3.9 Expenditure planned in 2014/15 amounts to £3.4m across a range of projects including the refurbishment of Cofton Nurseries (£1.5m) and the continuation of the programme of safety works to pools and reservoirs (£0.6m).

Sport and Leisure

- 3.10 The City Council provides a range of sporting and leisure facilities. This includes Alexander Stadium and the strategy focuses on improving the national profile of the city as well as providing accessible facilities to help residents maintain a healthy lifestyle.
- 3.11 The City Council has embarked on a major programme to transform the Sport and Physical Activity service at a capital cost of £30m, as approved by Cabinet on 16th December 2013. The strategic outcome includes a mixed economy for delivery, including asset transfer, new wet (pool) and dry facilities, management through external contractors and the establishment of a Wellbeing Service that includes retaining facilities in deprived areas as well as outreach provision in parks, open spaces and community settings.
- 3.12 The framework contracts for the future delivery of the operation of the local leisure centres are being developed to deliver the planned new Sparkhill Pool and also the proposed five new builds, as part of the Leisure transformation strategy, at locations across the City.

- 3.13 In partnership with Moseley Rugby Club and the City of Birmingham Indoor Bowls Club the City Council is building a community sports hub on Billesley Common at a cost of £3.55m. This new facility will provide a new spectator stand, a six rink competition indoor bowls hall (to replace the existing bowls facility in Stirchley), multi-functional community spaces and community changing facilities. It is envisaged that this facility will increase participation levels in sport and physical activity.

Community Development & Play

- 3.14 The focus of activity is on utilising limited resources to maintain assets to a fit for purpose standard and effective asset management, including the option of Community Asset Transfer.

Bereavement Services

- 3.15 Investment will continue to be focussed on developing assets to enable appropriate burial and cremation facilities to be available to all communities, whilst continuing to maintain listed buildings and structures and ensure compliance with health and safety standards, Wherever possible City Council resources will be supplemented by external funding streams (for example, Heritage Lottery Grant) and by utilising income generated from fees and charges for the services provided.
- 3.16 In 2014/15 the works associated with Handsworth Chapel will be completed.

Local Transport and Water Management Investment

- 3.17 The Highway Network has significant investment in rehabilitation via the Highways Maintenance contract with Amey. This provides for highway, street lighting and other street furniture investment at an overall cost of £2.7bn over the 25 year period of the contract to 2033/34.
- 3.18 The Directorate will support the strategic development of the transport infrastructure through the implementation of programmes of smaller improvements and enhancements at a local level to promote economic growth, carbon reduction and sustainability, road safety, local accessibility and social inclusion. These programmes total £6.4m over the period 2014/15 to 2015/16.

Private Sector Housing

- 3.19 Interventions are limited due to funding constraints since the cessation of government funding for private sector decent homes delivery in 2011. The remaining areas of activity are focussed on Independent Living and Affordable Housing.
- 3.20 Independent Living needs will be met solely through Disabled Facilities Grants which is anticipated to continue in the region of £3.8m to £3.9m per annum and will be made available to fund mandatory adaptations cases only. Whilst there continues to be substantial demand for assistance, programme delivery will be increasingly focussed on a statutory service including signposting to third sector and lower cost solutions, with adaptations prioritised for higher need cases.

- 3.21 Affordable Housing support will continue through the use of Commuted Sums and Land Receipts for specific interventions, and in particular bringing long term empty homes back into use through the Empty Property Strategy on a self-funding basis, totalling £1.5m between 2014/15 and 2016/17.

Council Housing

- 3.22 The capital strategy for council housing forms an integral part of the HRA Business Plan, which sets out, over a 30 year period, plans for revenue and capital income and expenditure relating to HRA properties to ensure that council housing is maintained over the long term. The HRA Business Plan is explained in more detail in Chapter 5.
- 3.23 The HRA Capital Strategy has a dual focus, both on maintaining existing properties at or above the Decent Homes Standard (including any structural works needed to the fabric of the buildings) and on a programme of new house building to replace obsolete and non-viable stock including the regeneration of Kings Norton and Newtown.
- 3.24 The asset management strategy to support this overall Capital Strategy includes investment of £312.6m between 2014/15 and 2016/17, directed towards:
- Continued capital investment to maintain properties in their current improved condition (renewal of key property elements based on life cycles);
 - Provision of New Affordable Housing - in excess of 2,000 new homes for rent over the coming 10 year period;
 - Continued investment in the provision of adaptations in properties for the benefit of council tenants (delivered in parallel to the Private Sector Housing Independent Living programme);
 - Clearance of obsolete housing - over 2,200 properties to be demolished over the coming 10 year period;
 - Energy efficiency and green energy measures to combat fuel poverty, including installation of communal heating systems in up to 20 tower blocks.

Revenue Appendices

5A	Revenue Grants
5B	Description of Business Rates Retention Scheme
5C	Long Term Financial Plan
5D	Council Tax
5E	Spending Power Changes compared to Deprivation
5F	Budget Issues and Pressures
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5M	Housing Revenue Account Business Plan

2014/15 Birmingham City Council Revenue Grants				
Grant	Adjusted 2013/14 Budget £m¹	2014/15 Budget £m	Variation £m	2015/16 Budget £m
Revenue Support Grant	473.759	388.053	(85.706)	275.691
Top Up Grant	121.291	123.654	2.363	127.067
Subtotal Core Grants	595.050	511.707	(83.343)	402.758
Small Business Rate Relief	4.373	5.247	0.874	5.247
Other Section 31 Grants Relating to Business Rates	0.000	5.835	5.835	5.547
New Homes Bonus Topslice: Returned Funding	2.652	1.070	(1.582)	0.000
New Homes Bonus	10.270	15.082	4.812	18.284
Subtotal Corporate Grants	17.295	27.234	9.939	29.078
Directorate Grants				
Housing Benefit and Council Tax Subsidy Admin Grant	10.904	9.733	(1.171)	9.708
NHS Funding to Support Social Care and Benefit Health	20.044	25.668	5.624	???
Better Care Fund	0.000	0.000	0.000	???
Public Health Grant	78.636	80.838	2.202	80.838
Education Services Grant	19.078	16.779	(2.299)	10.500
Lead Local Flood Authority	0.165	0.165	0.000	0.110
The Private Finance Initiative (PFI) - Highways	50.311	50.311	0.000	50.311
The Private Finance Initiative (PFI) - Education	14.830	18.232	3.402	18.232
Workstep/Workchoice Grant	0.548	0.000	(0.548)	0.000
Asylum Seekers	0.629	0.267	(0.362)	0.267
Birmingham Sports and Physical Activity Programme	0.200	0.200	0.000	0.200
Prison Library Service	0.011	0.011	0.000	0.011
Council Tax Support New Burdens Funding	0.838	0.604	(0.234)	0.000
Youth Justice Board Grant	2.868	2.399	(0.469)	2.399
Home Office Prevent Grant Youth Offending	0.000	0.023	0.023	0.000
Police and Crime Commissioner Grant	0.155	0.273	0.118	0.273
Substance Misuse Grant	0.471	0.000	(0.471)	0.000
Sport England Participation Sport	0.042	0.042	0.000	0.042
Birmingham Adult Education Services from Skills And Education Funding Agencies	11.815	11.174	(0.641)	11.174
Local Reform and Community Voices	0.981	1.011	0.030	1.011
Troubled Families grants	2.390	2.986	0.596	0.000
Social Fund (Local Welfare Provision Grant)	7.475	7.366	(0.109)	0.000
Weekly Collection Support Scheme	6.771	20.280	13.509	0.000
Business Development Programme GBSLEP	1.398	1.443	0.045	0.560
Digital Birmingham - Discover - European Competitiveness and Innovation Programme	0.104	0.104	0.000	0.000
Enterprising Catalyst 2 Project ERDF	0.964	0.964	0.000	0.000
Home Office Prevent Grant	0.059	0.085	0.026	0.000
Graduate Teacher Programme	0.365	0.000	(0.365)	0.000
Magistrates Grant	0.091	0.088	(0.003)	0.082
Illegal Money Lending Team	3.717	3.605	(0.112)	3.605
Tyseley Property Assistance Package	0.000	0.069	0.069	0.000
Investing in Enterprise Space Digbeth and Jewellery Quarter	0.000	0.066	0.066	0.000

Grant	Adjusted 2013/14 Budget £m ¹	2014/15 Budget £m	Variation £m	2015/16 Budget £m
Investing in Enterprise Space A34/A47 and A41 Corridors	0.000	0.062	0.062	0.000
Adoption Reform Grant	0.000	1.328	1.328	0.000
Remand Framework Allocation	0.000	0.807	0.807	0.807
Community Safety Fund	0.000	2.498	2.498	2.498
Home Office Prevent Grant HEFE Coordinator	0.000	0.036	0.036	0.000
New Burdens Grant - Right to Challenge	0.000	0.009	0.009	0.000
New Burdens Grant - Assets of Community Value	0.000	0.008	0.008	0.000
Home Office Prevent Grant Programme Analyst	0.000	0.038	0.038	0.000
Home Office Prevent Programme	0.000	0.108	0.108	0.000
Home Office Prevent Grant - Upstanding Neighbourhoods	0.000	0.035	0.035	0.000
Home Office Prevent Grant - Prevent Evaluation	0.000	0.008	0.008	0.000
Police and Crime Panel	0.000	0.066	0.066	0.066
DCLG Social Housing Fraud Grant	0.000	0.073	0.073	0.000
Extended Rights to Free Travel	0.000	0.164	0.164	0.164
Rural Payments Agency Grant for Higher Level Stewardship in Sutton Park	0.000	0.095	0.095	0.095
Individual Electoral Registration	0.000	0.433	0.433	0.030
Scam Busters	0.000	0.300	0.300	0.300
MAST/PE Teacher Release Funding	0.000	0.950	0.950	0.950
SEN Support	0.000	0.460	0.460	0.000
Cooling & Heating Network	0.000	0.121	0.121	0.000
Subtotal Directorate Grants	235.860	262.385	26.525	194.233
Expenditure Reimbursement				
Mandatory Rent Allowances: subsidy	326.138	335.923	9.785	335.923
Rent Rebates Granted to HRA Tenants: subsidy	200.750	204.428	3.678	204.428
Discretionary Housing Payments (DHPs)	3.771	4.147	0.376	3.771
Higher Education Funding Council (HEFC)	0.786	0.786	0.000	0.786
Subtotal Expenditure Reimbursement	531.445	545.284	13.839	544.908
Direct Schools Funding				
Dedicated Schools Grant (DSG)	837.209	752.042	(85.167)	671.200
Pupil Premium Grant	53.973	61.762	7.789	55.200
Sixth Form Funding from Education Funding Agency	20.640	22.545	1.905	22.545
Subtotal Direct Schools Funding	911.822	836.349	(75.473)	748.945
Total Grants	2,291.472	2,182.959	(108.513)	1,919.922
Note 1 - Adjusted as 2013/14 Council Tax Freeze Grant is now paid through Core Grants				
Note 2 Directorate grants are the best estimate based on information available up until 30th January 2014. Further Government announcements may impact on the information shown.				
Note 3 - 2015/16 Total excludes Better Care Fund which is still to be determined				
Note 4 - a £4m reduction in Education Services Grant has been corporately allowed for in 2015/16				

Settlement Funding Assessment & Business Rates Retention

1. Prior to 2013/14, the Government distributed core revenue funding for local authorities through what it called Formula Grant. The calculation of this took into account a wide range of demographic data, and also each authority's ability to raise funds locally from Council Tax because of differing taxbases. The Formula Grant figure incorporated the redistribution of business rates within the overall amount, but this was supplemented by additional Government grant to bring the national total up to the overall control total set out in Government spending plans. As a result, there was no connection between the amount of business rates collected by a local authority (which it passed to central Government) and the amount which it received back as part of its Formula Grant.
2. This system changed in 2013/14, when the Business Rates Retention Scheme was introduced. The Government determined a Start-Up Funding Assessment (SUFA) for each authority, which set the baseline of funding for the new scheme. This figure was akin to its previous Formula Grant figure, albeit reflecting reducing levels of local government funding. The SUFA figure had three components:
 - Locally retained business rates (49% of the overall business rates figure)
 - Business rates top-up/tariff (see below)
 - Revenue Support Grant (RSG)
3. The first two components combined represented 42% of the overall national funding, with 58% from RSG. Where the Government's estimate of an individual local authority's local share of business rates was less than 42%, it received a top up to bring its resources from business rates up to the national average level. Where the estimated local share of business rates was greater than 42%, it was charged a tariff to bring its resources from business rates down to the average level.
4. The Government has again determined the overall funding level for each local authority for 2014/15, this time called Settlement Funding Assessment (SFA). Within this, it has been assumed that business rates income increases annually in line with the multiplier determined by the Government, including the top up grant or tariff charge. RSG represents the balancing figure to bring the total resources up to the SFA amount. As Government support is planned to diminish over time, it is the RSG component which will reduce in order to achieve this. As a result, the ratio of business rates to RSG will change over time.
5. The nationally-assumed figures for locally retained business rates, as described above, are used in order to calculate the top-up/tariff and RSG figures. The actual business rates income available to a local authority to fund services is determined by the amount receivable for that year, with 49% retained being locally. Of the remainder, 50% is paid to the Government and 1% to the local fire authority.

6. However, the locally retained business rates figure is, potentially subject to one of two possible further adjustments:
 - If business rates reduce by more than 7.5% of business rates (after adjustment for tariff/top-up), then an authority will be protected by the national safety net.
 - Where an authority is required to pay a tariff, this means that its business rates income is higher than the national average as a proportion of total Government funding, and so it would benefit disproportionately (in absolute terms) from any growth in business rates income. Therefore, a levy is payable on the amount of any growth (subject to a maximum of 50% of that growth) so as to help to equalise the impact. The reverse is not applied to authorities in receipt of a top-up.

7. It was the Government's intention that levy payments would provide the funding for the safety net. However, this does not appear to have been borne out in practice but, rather than adjust the levy rate to compensate, an additional sum has been topsliced from the overall national RSG amount in order to provide the additional funding.

Long-Term Financial Plan 2014/15 - 2023/24										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Base Budget 2013/14	1,038.871	1,038.871	1,038.871	1,038.871	1,038.871	1,038.871	1,038.871	1,038.871	1,038.871	1,038.871
Pay & Price Inflation	(0.315)	14.793	40.742	61.603	82.851	104.636	126.966	149.833	173.337	197.408
Meeting Budget Issues and Policy Choices	37.971	63.562	74.834	81.691	91.349	101.142	109.854	118.219	127.491	137.502
Service Review Savings Plans	(85.714)	(133.358)	(161.301)	(161.801)	(161.802)	(161.802)	(161.802)	(161.802)	(161.802)	(161.738)
Corporate Adjustments:										
Net Repayment to Corporate Reserves	(10.085)	11.467	10.706	12.733	22.558	17.596	12.636	13.213	13.850	13.883
Corporately Managed Budgets	(5.852)	40.781	48.693	44.439	32.599	26.857	21.620	17.535	37.765	24.979
Changes in Corporate Government Grants	(9.939)	(11.783)	(12.535)	(12.535)	(12.149)	(11.952)	(11.756)	(11.756)	(11.756)	(11.756)
Total Expenditure	964.937	1,024.333	1,040.010	1,065.001	1,094.277	1,115.348	1,136.389	1,164.113	1,217.756	1,239.149
Business Rates ¹	(195.762)	(194.972)	(201.595)	(205.758)	(224.133)	(230.857)	(237.783)	(244.917)	(252.264)	(259.832)
Top Up Grant	(123.654)	(127.067)	(130.243)	(133.499)	(136.837)	(140.258)	(143.764)	(147.358)	(151.042)	(154.818)
Revenue Support Grant	(388.053)	(275.691)	(222.594)	(160.277)	(119.101)	(119.718)	(120.303)	(120.854)	(121.371)	(121.850)
Council Tax	(261.730)	(267.499)	(273.394)	(281.919)	(288.133)	(294.484)	(300.974)	(307.607)	(314.385)	(321.315)
Collection Fund (Surplus)/Deficit Business Rates	3.201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Collection Fund (Surplus)/Deficit Council Tax	1.061	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Resources	(964.937)	(865.229)	(827.826)	(781.453)	(768.204)	(785.317)	(802.824)	(820.736)	(839.062)	(857.815)
Gap	0.000	159.104	212.184	283.548	326.073	330.031	333.565	343.377	378.694	381.334
Note 1 - Business Rates figures for 2015/16 onwards are shown net of any anticipated (surplus)/deficit.										
Savings Summary	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Service Review Savings Plans	85.714	133.358	161.301	161.801	161.802	161.802	161.802	161.802	161.802	161.738
Gap	0.000	159.104	212.184	283.548	326.073	330.031	333.565	343.377	378.694	381.334
Total Savings Requirements	85.714	292.462	373.485	445.349	487.875	491.833	495.367	505.179	540.496	543.072
Further Step-Up From 2014/15	0.000	206.748	287.771	359.635	402.161	406.119	409.653	419.465	454.782	457.358
Of Which Identified in Savings Plans	0.000	47.644	75.587	76.087	76.088	76.088	76.088	76.088	76.088	76.024
Further Savings to be Identified	0.000	159.104	212.184	283.548	326.073	330.031	333.565	343.377	378.694	381.334

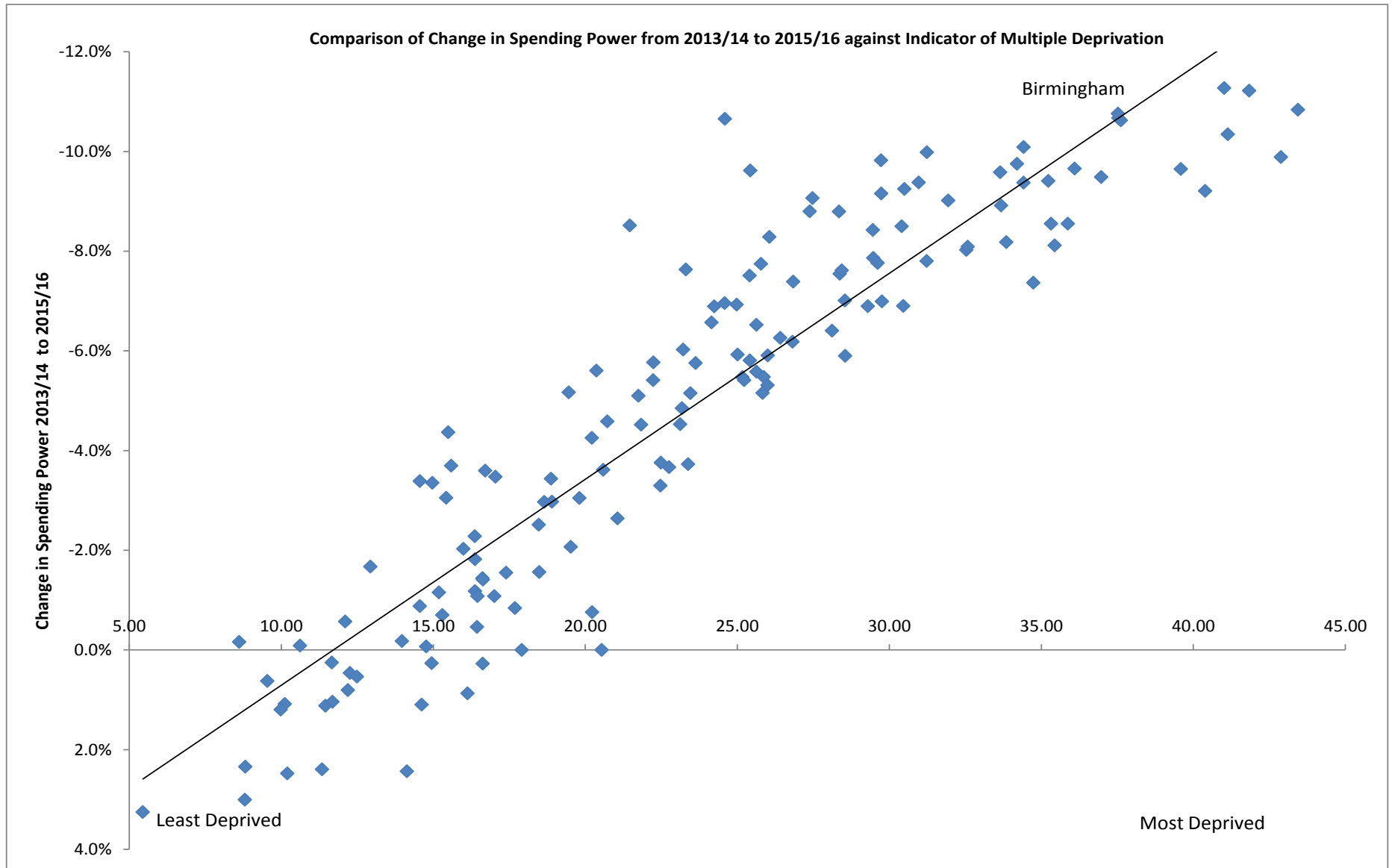
Council Tax 2014/15

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

	City Council £m	Fire and Rescue Authority £m	Police & Crime Commissioner £m	Parish Precept £m
City Council Net Budget	964.937			
Less: Redistributed non-domestic rates, top-up grant and revenue support grant	704.268			
Equals: amount required from Collection Fund	260.669			
Plus: estimated deficit in Collection Fund	1.061			
Equals: amount required from council tax payers	261.730	12.412	24.073	0.053
Divided by taxbase (Band D equivalent properties)	230,432	230,432	230,432	1,266
Equals: Band D Council Tax	£1,135.82	£53.87	£104.47	£41.76
Percentage Change in each element of Council Tax	1.99%	1.99%	1.99%	0.87%
Total Band D Council Tax			£1,294.16	£1,335.92

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

Band	City Council incl. Parish Precept	Fire and Rescue Authority	Police & Crime Commissioner	Total incl. Parish Precept	City Council excl. Parish Precept	Fire and Rescue Authority	Police & Crime Commissioner	Total excl. Parish Precept
	£	£	£	£	£	£	£	£
A	785.06	35.91	69.65	890.62	757.22	35.91	69.65	862.78
B	915.90	41.90	81.25	1,039.05	883.42	41.90	81.25	1,006.57
C	1,046.74	47.88	92.86	1,187.48	1,009.62	47.88	92.86	1,150.36
D	1,177.58	53.87	104.47	1,335.92	1,135.82	53.87	104.47	1,294.16
E	1,439.27	65.84	127.69	1,632.80	1,388.23	65.84	127.69	1,581.76
F	1,700.95	77.81	150.90	1,929.66	1,640.63	77.81	150.90	1,869.34
G	1,962.64	89.78	174.12	2,226.54	1,893.04	89.78	174.12	2,156.94
H	2,355.17	107.73	208.94	2,671.84	2,271.65	107.73	208.94	2,588.32



2014/15+ Budget Issues and Pressures				
Detail	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
People Directorate				
Year on year demographic increase per A&C Transformation RFBC	2.321	8.803	15.399	22.068
Extra Care Housing - Supporting People	0.000	(0.200)	(0.200)	(0.200)
Public Health Grant	(2.202)	(2.202)	(2.202)	(2.202)
Investment in Children's Social Care Services	3.234	6.090	6.090	6.090
Children's Homes - Interim Arrangements and Service Redesign	1.130	0.000	0.000	0.000
Education Services Grant - Reduction due to Academies	0.613	5.251	5.251	5.251
Total People Directorate	5.096	17.742	24.338	31.007
Economy Directorate				
BT costs and repayments	(2.688)	(2.365)	(2.415)	(2.617)
Corporate ICT costs	0.012	(0.173)	(2.444)	(3.318)
Council Tax Benefit Overpayments Shortfall in Income	0.500	0.500	0.500	0.500
Shortfall in Legal Income	0.651	0.651	0.651	0.651
NEC	(0.245)	4.503	6.793	(2.167)
Environment Agency Levy	(0.045)	(0.045)	(0.045)	(0.045)
Working for the Future Business Rates	0.931	0.931	0.931	0.931
Marketing Birmingham - phased reinstatement of major events funding	(0.400)	(0.400)	(0.400)	(0.400)
Library of Birmingham Business Rates	0.662	0.662	0.662	0.662
Library of Birmingham - transitional costs	(1.470)	(2.020)	(2.020)	(2.020)
Library of Birmingham - capital financing charges	1.500	1.500	1.500	1.500
Acivico Central Support Costs	0.710	0.710	0.710	0.710
Non Deliverability of Employment Services Income (Savings) Target	0.050	0.050	0.050	0.050
Diamond Documentum Computer System Upgrade	0.130	0.130	0.130	0.130
Continuation of Digital Birmingham Costs	0.271	0.271	0.271	0.271
Birmingham Jobs Fund	(2.000)	(2.000)	(2.000)	(2.000)
Total Economy Directorate	(1.431)	2.905	2.874	(7.162)
Place Directorate				
Waste Disposal - impact of long-term financial strategy forecast	0.719	1.449	1.775	2.531
Highways Horticultural maintenance	0.060	0.120	0.180	0.180
Affordable Homes (application of New Homes Bonus)	0.195	0.195	0.195	0.195
Sports Service	3.405	0.191	0.334	(0.201)
Total Place Directorate	4.379	1.955	2.484	2.705
Corporate				
Carbon Reduction Commitment	(0.227)	(0.227)	(0.227)	(0.227)
Change in Policy Contingency	1.432	2.422	2.420	2.420
Highways Maintenance	0.250	0.250	0.250	0.250
Pay and Grading On Going Costs	(2.315)	(2.315)	(2.315)	(2.315)
Loss of Business Rates (Academies end of 1 year provision)	(1.000)	(1.000)	(1.000)	(1.000)
Business Charter for Social Responsibility	1.740	5.604	7.797	9.990
BSF Abortive Costs	(0.020)	(0.020)	(0.020)	(0.020)
Provision for Non-Achievement of Savings	10.000	10.000	10.000	10.000
Youth Service Strategy	1.000	1.000	1.000	1.000
Cost of Redundancy	0.701	1.067	3.615	3.615
Wholesale Markets	0.000	0.028	(0.036)	1.137
Pension Fund Deficit Recovery	17.697	23.482	22.985	24.336
Autoenrolment to Pension Scheme	0.000	0.000	0.000	5.286
Reinstatement of Base Budget	0.952	0.952	0.952	0.952
Increased share of support service costs met by HRA	(0.283)	(0.283)	(0.283)	(0.283)
Total Corporate	29.927	40.960	45.138	55.141
Total Budget Issues	37.971	63.562	74.834	81.691
Other Factors leading to Spending Changes				
Pay and Price Inflation	(0.315)	14.793	40.742	61.603
Net Repayment to Corporate Reserves	(10.085)	11.467	10.706	12.733
Corporately Managed Budgets	(5.852)	40.781	48.693	44.439
Total Spending Pressures	21.719	130.603	174.975	200.466

New Savings Proposals

Economy Directorate

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
E	1. Make the Smarter Choices Function Self Funding	(0.150)	(0.300)	(0.400)	(0.400)	In the future the team will increasingly provide 'contracted' services drawing on their expertise in safe and sustainable travel promotion, to contribute to the delivery of grant funded projects and the sustainable travel obligations of schools and businesses. This will generate an income for the team.
E	2. Make Digital Birmingham Self-Funding	(0.015)	(0.170)	(0.220)	(0.270)	Digital Birmingham is 65% self-financed through undertaking national and European projects and aims to move to be fully self-funded in 2017/18. Within these timescales the most likely source of income will initially be grant funding from national and European sources and in order to achieve this we will need to establish a programme of bid writing and consortium building activities. A second source of income is commercial ventures emerging from existing projects (Digital Logbook, DISCOVER eLearning for carers). These will be evaluated for suitability and pursued where appropriate. Failing to generate the required income will lead to redundancies. As the service is currently operating at full capacity, this would directly lead to some activities being stopped altogether.
E	3. Increase cost recovery, and increase programme delivery to support economic growth	(0.090)	(0.266)	(0.266)	(0.266)	The Directorate is responsible for managing a number of local, national and regional programmes which bring investment and resources into Birmingham. These programmes currently total over £100m, and in future years are estimated to be worth over £500m. They include resources and funding streams such as Growing

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						Places Fund, Local Growth Fund, Enterprise Zone Fund, Green Bridge and various Transport Project funds. The proposal is that the Council recharges costs for the programmes being delivered and also uses council infrastructure and teams to provide services, funded by the new sources described above. This will mean that the cost of some Council services will be completely covered by external income, and others will be able to increase the balance between outside income and council spend. It will also mean the Council is able to support the delivery of activity – potentially including inward investment services, regeneration and economic development - for a wider area.
E	4. Reduce the cost of the Climate Change & Environment Team	(0.200)	(0.400)	(0.400)	(0.400)	The service aims to increase revenue to the team, increase the amount of money secured through recharging and reduce the number of people in the team funded by the Council. <ul style="list-style-type: none"> • We will increase European grant income from existing projects and submit bids for new priority projects drawn from the Green Commission Roadmap (published on 25 November) • We will set up a “sponsor” programme for the Green Commission to secure finance for the work of the team in developing and supporting the work of the Green Commission • Remove one post (BEP Partnership Manager, grade 6) • Seek, amongst other possibilities, ECO (Energy Company Obligation) finance for work on behavioural change and energy efficiency • Secure a percentage of Council corporate energy savings to support on-going energy costs reduction measures
E	5. Bring together teams within the City Council and reduce the	(0.450)	(0.470)	(0.490)	(0.490)	It is proposed to bring together a number of different service areas, and in doing so reduce the overall cost to deliver services through reduced staff costs and

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
	management overhead/back office cost of service delivery					overheads. This will focus on, in particular; - Having a single team to oversee both highways and transport issues - Integrating teams more closely around property, commercial income, projects and regeneration At the same time the Development & Culture Directorate will reduce its overall back office support costs.
E	6. Planning Management Efficiencies	(0.055)	(0.155)	(0.155)	(0.155)	We propose to make savings by doing things more efficiently (whilst maintaining our performance above the national targets) including: 1) Combining the planning strategy and planning support functions into one team. This will help us work together more effectively with all city wide planning services in one area. It is expected that savings will then be achieved with limited impact on services. This will be a formal service redesign and appropriate consultation will need to take place. This consultation cannot start until we know the structure of the new Economy Directorate, expected around February 2014. Consultation, review and implementation will take place in 2014/15 but is unlikely that savings will be made until 2015/16. 2) Renegotiation of the planning press contract via the council's Corporate Procurement team. Advertising for certain planning applications is a legal requirement however it is anticipated that this could be met more cheaply through a new contract. 3) Charging for pre-application advice on major planning applications. Currently the preapplication advice service is free.
	7. Reduce the Council's energy bill	(0.200)	(0.400)	(0.600)	(0.800)	The Council will put in place significantly tighter management of its energy bill and carbon liabilities. Currently there's not a single "Energy Manager" to deliver energy efficiency measures across all buildings and operations. Key actions being implemented to address this

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						<p>include:</p> <ul style="list-style-type: none"> • Create and designate a new role of “Council Energy Manager” to lead energy efficiency and carbon reduction measures • Procure and implement Energy Performance (EPC) Guarantee contracting on all Council buildings through the Birmingham Energy Savers programme with Carillion Energy Services. The initial estimates of this work are now available and provide revised energy bill savings figures as shown above. These figures will be finalised in the first quarter of 2014 when the EPCs are signed • Review opportunities for further reductions on public lighting which are not included in the Highways PFI (Private Finance Initiative) • Review the Council’s total vehicle fleet through the Green Fleet • Review to secure efficiencies in vehicle usage and fuel usage
E	8. Implement a new events strategy, and negotiate a new agreement with Marketing Birmingham	(0.100)	(1.000)	(1.600)	(1.600)	<p>The Council will re-negotiate its agreement with Marketing Birmingham from April 2014, so that resources are focused on the areas of greatest priority for the Council:</p> <ul style="list-style-type: none"> - Attracting inward investment and creating jobs (as the top priority for the organisation) - Working with the private sector to help attract visitors to Birmingham - Acting as the strategic marketing agency for the city, and working with different partners to promote Birmingham - Managing and delivering the city’s “Business Hub” as a point of contact for businesses <p>The Council will also support Marketing Birmingham in delivering services over a wider geographic area, so that they can increase their income from other sources which will help the organisation to provide better value for money</p>

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						and to be more sustainable. At the same time, the Council will rationalise its support of events, by reducing the number of different departments involved and streamlining the process to ensure that available resources are used as effectively as possible. The Council will look to the private sector to increase its contribution to Marketing Birmingham, and the support provided to events, particularly in attracting larger events that get visitors to stay overnight in Birmingham. This approach will be phased in over the next three years to make sure current contractual commitments can be met and a new strategy for the visitor economy agreed.
	9. Employment team – Increase funding to support employment and skills functions.	(0.550)	(0.550)	(0.550)	(0.550)	The service proposes to generate income to cover its costs by: - Extending existing and future contracts to cover core costs of service delivery. - Working in partnership with regional bodies to act as the accountable body to manage government and European funded projects The service will also support the development of new ways to secure private sector contributions to Jobs & Skills activity through voluntary contributions and potential links to major developments in the city. These new sources of revenue could fund employment activity, or could also be used to support wider development priorities of the City.
E	10. Integrated Transport Authority (ITA) Levy	(2.562)	(5.430)	(5.430)	(5.430)	The ITA has been consulting on a range of options to reduce expenditure, with decisions on the budget being made at its meeting on 14 th February 2014. As a consequence, the levy payable by the City Council is expected to reduce.
E	11. More closely align functions with partners in the public and private	(0.050)	(0.150)	(0.300)	(0.300)	The proposal is to begin to align a number of these service areas so that the region benefits from more coordinated delivery of economic services, whilst the individual local

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
	sectors from across the city region.					authorities are able to reduce the cost of service by a reduction in overheads. The proposal is to focus first on shared transport, inward investment, planning and economic development activity. This should then provide a foundation through which much greater activity could become shared at a city region level. The proposal is to talk to local authorities and partners both within the Greater Birmingham & Solihull Local Enterprise Partnership and in the Black Country – with solutions developed around the best-fit for the needs of individual service areas.
E	12. Transfer the Old REP to another operator	(0.020)	(0.020)	(0.020)	(0.020)	A procurement process is underway to find an alternative operator to improve and develop the programme at the Old Rep, as it is likely that this could be achieved at a lower cost to the Council than the current in-house model. A third party could bring additional resources of its own to enhance the programme and make better use of the asset. It is anticipated that the council will sub-let to an appropriate third party and permission for this is being sought via the owners.
E	13. Establish an Energy Services Company	0.000	(0.100)	(0.500)	(0.750)	An Energy Services Company (ESCo) will have the ability to make money, eventually generating a profit. It would use the Council's ability to buy energy at wholesale prices and then sell energy on. This proposal is reliant on creating new income and there are initial costs to implementation which are not yet fully modelled. <ul style="list-style-type: none"> • This will create a new ESCo for Birmingham • It will utilise the assets of the council to generate energy (solar, bioenergy, energy from waste, ground source, etc.) from its land and buildings and utilise the potential of generating waste from energy when the current Veolia contract at Tyseley ends (2019) • We will work with Core Cities to secure the necessary energy generator and retailer powers for the Council

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
E	14. Library of Birmingham (including Mobile and Housebound Service)	(1.650)	(1.650)	(1.650)	(1.650)	<p>The saving of £1.65m in 2014/15 will be met in part from:-</p> <ul style="list-style-type: none"> • Reducing the Mobile Library Service by one third of current stops (£40,000) • Reducing the Library Service at Home by one fifth of visits (£60,000) affecting 400 people • Further reducing expenditure on the Book Fund (£50,000) • Ceasing to provide events and exhibitions where these involve a net cost to the Council (£150,000) <p>The Library of Birmingham Development Trust was set up to provide funds to support the LoB. Achieving the £1.35m balance of savings may require a combination of the Trust making a contribution to support the LoB, and further changes to the Library's operating arrangements. It will be necessary to keep progress under review and consider contingency plans, including reducing the opening hours or further reducing the services provided. The building has only recently opened and some core costs are as yet untested. In future years, the running costs of the LoB will be more certain. These may provide options for savings without affecting service delivery to the public, but conversely may create additional pressures, and this will be kept under review. A review of future fundraising potential and actual expenditure based on performance in the first year of operation will inform future business planning.</p>
E	15. Human Resources	(2.200)	(2.200)	(2.200)	(2.200)	<p>We are going to review our processes and practises and make sure that they are efficient, effective and good value for money.</p> <p>We will be supporting managers so that they are able to confidently take on full line management responsibility for their employees.</p> <p>We will ensure that the information and support we provide on the council's "People Solutions" intranet and on the telephone is the best in the class and reduce the number of occasions managers need support.</p>

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						The first line response is improved so that managers can deal with more situations themselves directly without needing face to face support with human resources. A radical review has taken place which will result in even further staffing reductions within the service.
E	16. Corporate Procurement	(0.200)	(0.200)	(0.200)	(0.200)	Corporate Procurement Services is currently considering its future operating model, to focus around processes: Commissioning, Procurement/Contracting and Contract Management. This model, if adopted, will complement the Council's move towards Commissioning and Contract Management Centres of Excellence. The required savings will be achieved through generating additional income.
	17. Corporate Strategy	(0.500)	(0.500)	(0.500)	(0.500)	Cross Division - Reduction in senior staff (£0.110m) Corporate Communications - Review of staffing arrangements, changing internal staff magazine to digital only and a review of the contract for the Birmingham Bulletin (£0.131m) Support to Leadership and Cabinet - Implementation of staffing reductions which have already been planned (£0.054m) - Implementation of reduction in support to Chief Executive and Strategic Directors which have also already been planned (£0.120m) Strategic Research -Reduced costs as part of an overall integration of research and data work across the council (£0.085m)).
E	18. Corporate Finance and Audit	(1.100)	(1.100)	(1.100)	(1.100)	Service Redesign in Birmingham Audit to significantly reduce the number of audit days delivered in mainstream audits of financial systems and business and operational audit, application fraud, and higher percentages in areas considered less critical including compliance visits, efficiency reviews and follow up audits.

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						<ul style="list-style-type: none"> • Substantial ongoing savings from the over delivery of savings from VRs in 2013/14 in Corporate Finance & Audit. • Continue to maximise charges for relevant activities to the appropriate funding streams including project funding. • Corporate Finance & Audit will seek further VRs to meet targets.
E	19. Legal & Democratic Services	(0.900)	(0.900)	(0.900)	(0.900)	<p>Democratic Services was fully reviewed in 2012 and adjustments made to staffing in order to achieve maximum savings. The current level of staffing has been reduced further in 2013.</p> <p>Additional Allowances are under Review by the Independent Review Panel.</p> <p>Electoral Services: This service is provided in support of the Chief Executive acting as Returning Officer. The Chief Executive has agreed the current staffing of 23 which has been reviewed by the Head of Electoral Services. However a further Independent Review is in progress and the results will be reported in due course. If any reduction in the current number of staff is considered appropriate then VR will be offered.</p> <p>Legal services: Cost reduction to the council has taken place year on year since 2009. We will continue to proactively manage internal demand (making frontline directorates and back office functions use less Legal Services advice/time) where this is possible, and continue to reduce the use of expensive external solicitors and external counsel via creation of internal advocacy units and/or similar solutions. No legal work is undertaken unless authorised by a senior officer in the relevant Directorate and a cost code provided.</p> <p>Service demand is monitored quarterly and staffing is adjusted up or down according to changes in demand. We will continue to build on external work opportunities, ensure the best charging mechanisms are in place.</p>

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
E	20. Performance & Information	(0.300)	(0.300)	(0.300)	(0.300)	<p>Review all services to achieve a reduced headcount that should provide only essential functions – this would result in a further restructure of the service with the need to ensure</p> <ul style="list-style-type: none"> • the quality and robustness of performance results is assured, and that External Audit/inspectors do not criticise the Council on inadequate Performance Management arrangements • the risk of fines for failures in data protection practice plus other regulatory action is avoided • Value for Money is achieved for BCC from the Service Birmingham contract
E	21. Shared Services	(1.000)	(1.000)	(1.000)	(1.000)	<p>Employees - reduction in paper transaction processing through more efficient use of the technology we have already</p> <ul style="list-style-type: none"> • Suppliers – introduction of a Supplier Portal enabling suppliers to submit invoices electronically and view the status of their payment • Postal, courier, scanning and indexing services to one more suitable and lower cost premises in the City • Redesign of services as transaction volumes decline
E	22. Property Services	(2.600)	(2.600)	(2.600)	(2.600)	<p>A reduction of 15 posts and the merger of two service areas.</p> <p>We propose to stop interim management of surplus property that isn't marked for immediate sale or alternative use. We will also stop doing technical surveys and associated functions, including boundary disputes.</p> <p>In addition, a series of challenging efficiencies, service redesign and increased focus on priorities has been designed to deliver a range of financial improvements to contribute to the savings target.</p>

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
E	23. Revenues & Benefits	(2.500)	(2.500)	(2.500)	(2.500)	Efficiency savings on post/scanning and printing through channel shift (Revenues and Benefits). Employee savings on Income Maximisation Units and Revenues Client. Efficiencies from one off and ongoing efficiencies within the benefit subsidy areas of Regulation 13 and overpayments recovery.
E	24. Service Birmingham	(20.000)	(20.000)	(20.000)	(20.000)	A full and detailed contract review is underway with the Strategic Partner, Service Birmingham. As a result of the 2013/14 proposed savings and efficiencies across the council, for example the number of users, the variable costs within the contract will reduce. BCC and Service Birmingham will work together to identify efficiencies in operations and new ways of working that will drive out further savings either through reductions in the amount of ICT work, changes to the way in which it is delivered, changes in the level of service quality delivered, new ways of smarter working as a result of emerging and developing ICT solutions. Service demand is monitored closely and will continue to be a method by which the contract amount is minimised.
E	25. Potential general organisational savings	(0.200)	(0.200)	(0.200)	(0.200)	Restructure of the senior management team to support the new Directorate structure.
E	26. Planning Management Efficiencies	(0.105)	(0.105)	(0.105)	(0.105)	Making better use of assets and technology within the planning service, including better asset management, use of pool cars, mobile technology to reduce overheads, closer control of printing costs, and reduction in storage costs. This will be managed as one process with saving 26.
	Subtotal Economy Directorate New Savings Proposals	(37.697)	(42.666)	(44.186)	(44.686)	

People Directorate

	Proposals -	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
P	1. Changes to Specialist Care Services - Residential Care	(1.000)	(1.287)	(1.349)	(1.349)	This includes the following proposals: a) Revise staffing at the Council's four Care Centres in line with the private sector. b) Redesign Learning Disability respite care and rationalise staffing levels in respite units. This proposal challenges internal provision, with a view to reshaping or commissioning any service that does not demonstrate better outcomes or unit costs than an external service would.
P	2. Changes in internal services - Older Adult Day Care & Elder Group	(0.263)	(0.360)	(0.384)	(0.384)	There are currently over 70 vacancies in the Adults & Communities own Day Centres. The Adults Service Review identified the opportunity to improve the utilisation of internal day care facilities at the Council's 4 Care Centres and existing Day centres. Increasing the take up of these opportunities would strengthen internal provision and reduce expenditure on private sector day care.
P	3. Changes to internal services - Learning Disability Day Care	(1.248)	(1.498)	(1.597)	(1.597)	There are currently over 50 vacancies in the Directorate's own Day Centres. The Adults Service Review identified the opportunity to improve the utilisation of Council-run Day Care facilities for people with Learning Disabilities. Investment is taking place to improve these facilities and increasing the take up of these opportunities would reduce expenditure on private sector day care.
P	4. Expansion of internal services - Shared Lives	(1.163)	(2.954)	(4.739)	(4.739)	This proposal aims to further develop the programme for Birmingham residents by significantly expanding the number of Shared Lives Placements on offer. To achieve this saving an additional 179 Shared Lives placements would be created by 2016/17, achieving a net saving over a traditional care home placement.

	Proposals -	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
P	5. Changes in internal services Home Care Enablement	(0.257)	(1.307)	(2.787)	(2.787)	The proposal is to extend Enablement to existing service users receiving external home care provision so that their packages of care can be reduced by increasing their independence.
P	6. Enabling Specialist Care Services to operate outside the Council	0.000	0.000	(2.500)	(2.500)	Specialist Care Services (SCS) is the internal provider of a wide range of services across all disability groups' i.e. older people, learning disabilities, physical disabilities and mental health, as well as other support services such as transport, funerals and protection of property and interpreting services. The proposal, subject to further consultation and Cabinet decision, is to move the provision of these care services to a co-operative structure. This would not be wholly owned by the City Council but where there are a number of stakeholders including employees and potentially users and carers. There is a potential to achieve the trading surplus either by reducing costs or increasing income.
P	7. Further Reduction in Younger Adult Care packages	(3.792)	(6.758)	(15.464)	(15.464)	To achieve 'best in class' performance and make the savings, service users receiving residential care and home care will be re-assessed and encouraged to take either a Shared Lives Placement, or a Direct Payment at a lower unit cost. Modelling looked specifically at younger adults (aged 18-64 years) with a learning disability. However, savings will be sought from all younger adult care groups.
P	8. Joint Adult and Children's approach to transitions	(1.000)	(2.000)	(3.000)	(3.000)	The proposal is to establish a joint approach to transitions between Adults & Communities and Children, Young People & Families so that children's social care and adult social care work in a far more integrated way to ensure effective transition and earlier action to address unnecessarily costly care packages much sooner. The Council will also re-assess young people aged 18-25 years who have already moved into adult services.

	Proposals -	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
P	9. Older Adults Integration Programme	(5.853)	(5.421)	(5.260)	(5.260)	<p>The proposal is to improve the care management of frail elderly people, across health and care. This will mean better planning for very frail people already in care homes, so that increasing needs at the end of life can be met in the care home, not by transfer to hospital. The Plan will pave the way for better multi agency working for people outside hospital. It will give older people and their families the confidence that they will be cared for appropriately, in their own home. It will also look at providing a more coordinated response to a whole range of events from falls, to strokes, to intermediate care and end of life. The savings will be achieved through efficiencies across the care economy. The programme is made up of a number of strands:</p> <ol style="list-style-type: none"> 1) Impact (multidisciplinary teams) 2) 7 Day Working 3) Combined access point 4) A&E front door 5) Enhanced Community Support / Intermediate Care 6) Discharge for assessment 7) Review of Healthwatch funding
P	10. School Trading	(1.000)	(2.000)	(2.000)	(2.000)	<p>Outdoor Learning Service</p> <p>Public consultation will lead to an informed decision point for Cabinet in March 2014. The three options being presented for consultation are:</p> <p>A No change: accept deficit and fund from elsewhere.</p> <p>B Partial decommissioning - partially reduces revenue liabilities, but does not address capital spend requirements of £4m.</p> <p>C Complete decommissioning - eliminates revenue liabilities and capital spend requirements (repairs) and may deliver capital receipt (approximately £2.8m).</p>

	Proposals -	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						Schools Trading Direct Services/Cityserve: The changes impact mainly on Head Office structure, function and operations. There is limited impact on school based staff/service. The changes are proposed to reduce cost, improve income levels and put in place a sustainable model of operation ready for the future, both in terms of competitive challenges and national changes. A new business model may need to be decided on in late 2014 (e.g. social enterprise, trust etc.).
P	11. Review of City Learning Centre Service	(0.025)	(0.025)	(0.025)	(0.025)	The CLC is a fully traded service but had a deficit last year and is currently projecting a potential deficit in 2014/15. Options proposed are a) closing one centre, a reduction in staffing (due to the decline in the demand for Music Technology) and increased traded income-generation from schools or b) closure of both centres.
P	12. School and Governor Support	(0.013)	(0.013)	(0.013)	(0.013)	SGS is a fully-traded service with schools. The proposed savings target will be achieved via efficiency savings and increased income-generation.
P	13. Remodelling of School Settings and Improvements Service	(0.098)	(0.098)	(0.098)	(0.098)	The service will need to be further restructured to achieve the proposed savings. The savings target will necessitate further reductions in staff.
P	14. Early Years/Children's Centres	(7.000)	(12.000)	(12.000)	(12.000)	In 2014/15 the Council will be undertaking a review of early years, early help and children's centres with a range of partners drawn from the voluntary sector and schools. The review is designed to ensure that there is transformation in this provision in 2015/16. As follows, pending the outcome of the review: • Workforce Development – £200K will be saved by ending the Council's support to developing early years practitioners to become graduate leaders and gain early years

	Proposals -	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						<p>professional status following removal of DfE funding.</p> <ul style="list-style-type: none"> • Sustainability – £250K will be saved by building in the Private, Voluntary and Independent (PVI) sector and refocusing of Council services around the duty to ensure 60% of all 2 year olds and all 3 and 4 year olds receive their 15 free hours entitlement to early education. • First Steps Networks – £250K will be saved from the re-commissioning of this service, which supports child-minders in each of the 16 children’s centre localities. • The corporate Place Budget and Family Support Budget - £300K will be saved following increased funding to develop places for 2 year olds. <p>The Council has identified that some £11m of its current spend on services provided by children’s centres can be charged to Dedicated Schools Grant (DSG) and £6m of this cost will be charged to DSG in 2014/15. The review of early education, early help, family support and Children’s Centres will identify to what extent this cost will be met from DSG in 2015/16 or reduced through the transformation of the service.</p>
P	15. Strategic Management & Support	(1.000)	(1.000)	(1.000)	(1.000)	The Green Paper describes the joint review of children’s services, a whole city-wide review of the “system”. The outcomes will inform the shape of strategic management and support and the review intends to report in time to influence partners’ budgets and business plans for 2014/15, enabling more efficient and effective performance of these functions. This will also be affected by a review of the Professional Support Services and wider corporate reviews of support services.
P	16. Education Welfare Service	(0.687)	(0.687)	(0.687)	(0.687)	Proposed savings would mean a reduction in posts. The service receives £340k from Dedicated Schools Grant and this funding will be maximised to maintain core functions. The current priority is to work with service and key partners to review options for continuing work with schools, School

	Proposals -	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						<p>Admission Team, and Family Support to ensure there is effective monitoring and support available to improve school attendance and work with troubled families.</p> <p>The priority would be to maintain the statutory Attendance Order process which deals with supporting children back into education and prosecuting those families who fail to ensure children attend school.</p> <p>The provision of services to schools currently provided through the lead Attendance Practitioner and learning and development service would cease. It is hoped that schools would be able to review how they commission this service in future. There will be a review of the current regional contract providing a service to Gypsy Roma Traveller pupils, with a view to bringing this provision back within the Education Welfare Service (EWS) established team.</p> <p>The Pupil Watch scheme jointly delivered with West Midlands Police would cease. The current funding provision to the Youth Offending Service partnership would be reduced, in line with overall reduction in EWS budget. There would also be reductions in building costs associated with reduced service size.</p>
P	17. Merge Commissioning across People Directorate	(0.531)	(0.531)	(0.531)	(0.531)	The integration of the commissioning functions within the new Directorate for People will enable savings to be made from the more effective procurement of services through economies of scale and the application of more efficient tools and techniques. The balance of the saving would be realised by a reduction in the numbers of staff within the integrated function.
P	18. Budget Assumption on underspends and changes to General Fund/DSG	(2.000)	(8.000)	(8.000)	(8.000)	The Council no longer has the ability to meet costs from its own resources that could be charged to the Dedicated Schools Grant (DSG) and is seeking to work with the Schools Forum and wider Education community to rebalance expenditure between the rate fund and DSG. The areas that are under discussion include:

	Proposals -	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						<ul style="list-style-type: none"> • PFI costs (from 2015/16 onwards) • Chargeable overheads • Tripartite agreements which share the cost of meeting the needs of very vulnerable children between education, health and social care.
P	19. Homeless Services - Increased Income Generation	(0.100)	(0.100)	(0.100)	(0.100)	This proposal relates to the need to improve income collection following a stay in temporary accommodation.
P	20. Supporting People - integrated commissioning	(0.500)	(1.100)	(1.100)	(1.100)	Adults & Communities has identified opportunities to release resources through closer working between Supporting People, Public Health, and Commissioning Services from the Third Sector. This proposal relates specifically to the re-commissioning of Substance Misuse contracts. Future support for people with substance misuse will be delivered through an integrated pathway with public health treatment and recovery services. There will no longer be a standalone service for substance misuse housing support. Housing support for related issues, such as homelessness, will be available whilst service users are receiving or following treatment for substance misuse.
P	21. Supporting People - non-core services	(0.450)	(0.450)	(0.450)	(0.450)	This proposal is to stop funding non-core services within Supporting People. The funding concerned relates to a housing support service, which forms part of the lettings suite activity to support new tenants of council housing. It is a short term intensive housing management activity to ensure tenancy sustainment. This work should therefore be regarded as mainstream activity and funded as such by the landlord.
P	22. Homeless Services - (Staffing)	0.000	(0.150)	(0.150)	(0.150)	The service is currently undertaking a review of policies and procedures in relation to housing advice and assessing housing needs. Following this a further review of staffing levels will be possible and it is anticipated that some savings will be achievable from 2015/16 onwards.

	Proposals -	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
P	23. Supporting People - Older people	(2.800)	(5.600)	(5.600)	(5.600)	This proposal is to cease funding for housing support services for Older People in sheltered/extra care schemes. The first phase of savings for 2014/15 involves the immediate removal of Supporting People (SP) funding for internal services provided to sheltered and extra care schemes. From Quarter 4 of 2014/15 onwards the savings anticipate that all SP funding for externally commissioned services (sheltered and extra care schemes) will be removed.
P	24. Public Health – Commissioning	0.000	(1.250)	(2.500)	(2.500)	This proposal relates to the falling out of non-recurring contract costs and liabilities that were brought forward from the NHS with the Public Health transfer and costs associated with recommissioning.
P	25. Public Health – Decommissioning	0.000	(4.031)	(8.061)	(8.061)	This saving is comprised of seven separate proposals: <ul style="list-style-type: none"> a) De-commissioning of some sexual health services relating to teenage pregnancy and sexual dysfunction. b) Support to a small number of schools regarding teenage pregnancy will be ceased. This is because the teenage pregnancy rate has dropped across the city to the national average and the new sexual health system will be asked to work in areas of very high rates which may change over time c) Support to the Connexions service will be discontinued. This was aimed at deterring young people Not in Employment, Education or Training (NEET) from becoming pregnant. d) Support for those with sexual dysfunction due to psycho-social problems will be ceased. This is because this is not the responsibility of the local authority e) There is a requirement for greater efficiency in how the Council contracts with school nursing. These are

	Proposals -	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						<p>management savings and should not affect service delivery to Birmingham schools.</p> <p>f) It is proposed that the Public Health service will discontinue support for two community projects, namely Castle Vale and Saltley/Alum Rock. Whilst this will affect those communities, support is not provided for other communities from the Public Health allocation.</p> <p>g) Substance Misuse and Sexual Health services are being re-commissioned.</p>
P	Sub Total People Directorate New Savings Proposals	(30.780)	(58.620)	(79.395)	(79.395)	

Place Directorate

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
PL	10. Highways					
PL	10a. Resilience (Emergency Planning/CCTV)	(0.048)	(0.096)	(0.146)	(0.146)	The Emergency Planning Team will be reorganised and fully integrated with other services to improve the resilience across the City. The proposals will ensure that the City Council can continue to discharge its statutory obligations.
PL	10b. Highways Maintenance and Management Services PFI Contract	(1.000)	(1.000)	(1.000)	(1.000)	A renegotiation of the Amey contract, in consultation with lenders to the project and DfT, in order to deliver a permanent reduction in investment and maintenance across a range of highway assets.
PL	10c. Off Street Parking	(0.500)	(0.500)	(0.500)	(0.500)	A review of off-street parking activity and charges to optimise income generated within legal and policy constraints. Additional use of technology will be continued to reduce administration costs.
PL	10d. Highways Street Lighting	(0.250)	(0.250)	(0.250)	(0.250)	A reduction in lighting levels at locations within the City (following assessment) where light dimming capabilities exist and local conditions allow, together with an extension of the periods for which current lighting levels are at a reduced level.
PL	10e. Traffic Management	(0.025)	(0.025)	(0.025)	(0.025)	Improve efficiency by streamlining processes and procedures whilst keeping within the statutory framework and governing legislation. This may include alternative methods of communication e.g. mobile technology.
PL	11. Fleet & Waste Management					
PL	11a. Bulky Waste Collections	(1.000)	(1.000)	(1.000)	(1.000)	It is proposed to amend the current policy of charging for 2 nd and subsequent bulky waste collections to include the first collection requested by customers. This means that all bulky collections will be chargeable (residents have the option of personally disposing at the household recycling centres located throughout the City)

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
PL	11b. Use of Enforcement Powers	(0.300)	(0.300)	(0.300)	(0.300)	The services are proposing the development of an anti-litter strategy that will support efforts to keep the city clean. The use of relevant enforcement powers, together with education and working alongside local communities and businesses will be seen as key components of this strategy.
PL	11c. Street Cleansing Service Standards	(2.200)	(2.700)	(2.700)	(2.700)	The proposal was to implement a citywide reduction this would take into account in current service standards. This would take into account the needs of different areas, for example business districts and residential areas. The proposal represented a 20% reduction in service standards. These savings would be implemented in conjunction with the increased use of enforcement powers. In response to the budget consultation: <ul style="list-style-type: none"> • A one-off £0.5m has been added back to the budget to assist District teams to deal with heavily littered hot spots and customer complaints whilst new mechanical sweepers, proper use of enforcement powers and the introduction of wheeled bins are progressed. • An ongoing provision for the collection of leaf fall (£0.2m per annum), with up to 40 staff employed for 3 months.
PL	11d. Street Cleansing Awareness Programmes	(0.100)	(0.200)	(0.300)	(0.300)	Promotion and development of awareness initiatives to reduce the level of refuse generated and to improve recycling. (The saving represents a 1% per annum reduction in waste disposal costs additional to efficiencies expected from the wheeled bin service.)
PL	12. Parks & Nature Conservation					
PL	12a. Parks & Nature	(0.600)	(0.600)	(0.600)	(0.600)	The saving proposed was to be achieved across a range of services: reductions in contract management costs, horticultural training, woodland management, play areas and grounds maintenance. Following consultation, £2m pa of this budget has been

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						reinstated, allowing the retention of Park Keepers, avoiding a reduction to the Ranger Service and rationalising rather than removing the Woodland Team. The residual £0.6m savings target will be achieved via: <ul style="list-style-type: none"> • Transfer of day to day management of allotments to local associations • Remove horticultural training from Kings Heath Park • In discussion with districts, transfer contract monitoring functions to districts. • In discussion with districts, reduce the gross management specification. • Rationalise the Woodland Team. • Removal of old play areas with limited or no value.
PL	12b. Allotments Service	(0.102)	(0.116)	(0.121)	(0.121)	The proposals will ensure that the service is delivered on a self-financing basis following consultation with Birmingham and Districts Confederation (BDAC).
PL	13. Business & Support in Place Directorate	(0.500)	(0.500)	(0.500)	(0.500)	An internal reorganisation of the service and the integration of all these functions. This will also include savings in operational accommodation costs.
PL	14. Equalities	(0.600)	(0.600)	(0.600)	(0.600)	The Council is further reviewing the current delivery of the Equalities, Social Cohesion and Community Safety functions and is proposing to establish an integrated team to ensure that all the Council's responsibilities are delivered in an integrated, efficient and cost effective manner.
PL	15. Regulatory Services					
PL	15a. Environmental Health	(0.170)	(0.342)	(0.342)	(0.342)	A further reorganisation with impacts on staff numbers. The impact on services will be minimised to protect the statutory obligations of the Council and to ensure that these continue to be effectively discharged.
PL	15b. Licensing Service	(0.123)	(0.245)	(0.245)	(0.245)	The use of modern technology to ensure that services are delivered efficiently on a self-financing basis (this will include reductions in operational costs and accommodation).

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
PL	15c.Registrar Services (Births, Deaths and Marriages)	(0.138)	(0.276)	(0.418)	(0.418)	This proposal focuses on the generation of additional income (e.g. chargeable historical information and live streaming of ceremonies) after taking due consideration of statutory and market factors. The proposals will provide a significant step towards the full recovery of costs.
PL	15d. Coroner & Mortuary Services	(0.091)	(0.182)	(0.277)	(0.277)	The proposals include greater integrated working across other Bereavement Services to provide better services and all operational costs will be reviewed to minimise expenditure.
PL	15e. Trading Standards	(0.120)	(0.242)	(0.242)	(0.242)	This proposal will require a further reorganisation of the service and a reduction in the number of officers that will be able to support and enforce the regulations.
PL	15f. Pest Control Services	(0.300)	(0.600)	(0.600)	(0.600)	The City Council is considering how to achieve its income target whilst minimising the impact on those who cannot afford to pay and at the same time ensuring that this does not lead to a worsening of pest infestations.
PL	16. Community Safety	(1.000)	(1.000)	(1.000)	(1.000)	The development of a new service model and integrating some services with Council Landlord Services. A review of the public open space CCTV network is also being completed and this is likely to result in estimated savings of £0.3m.
PL	17. District Savings	(5.850)	(8.650)	(8.650)	(8.650)	District Committees will review their services and develop savings proposals across all services that are the responsibility of Districts (this will include Community Libraries, Neighbourhood Offices, Youth, Community Chest and District Engineers)
PL	18. District Services – Connexions	(1.000)	(1.000)	(1.000)	(1.000)	These savings relate to services provided to support vulnerable young people over the age of 16 and those not in education, employment or training (the proposal may lead to

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
						the closure of some local service outlets). However, in mitigation the City Council has created a £1m contingency budget. A cross directorate strategy will be developed, including the Connexions Service, to deliver an integrated service to young people.
	Subtotal Place Directorate New Savings	(16.017)	(20.424)	(20.816)	(20.816)	
Total Council New Savings		(84.494)	(121.710)	(144.397)	(144.897)	

Savings Proposals - Districts (Place Directorate)

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
PL	Business Support	(0.707)	(1.089)	(1.089)	(1.089)	Review of all back office functions (staffing, accommodation and IT) that support the District Services (in line with similar services in the Council)
PL	Children's Play	(0.460)	(0.502)	(0.502)	(0.502)	The majority of the local play sites will be closed (with the exception of Aston Park and Hall Green). In some cases there is the potential to develop a commissioning model
PL	Community Chest	(0.506)	(0.610)	(0.610)	(0.610)	A 25%-30% overall reduction in Community Chest resources – this will be achieved by moving from a bidding programme towards commissioning services and securing external resources to support services
PL	Community Development	(0.605)	(0.865)	(0.865)	(0.865)	A number of property solutions including disposal, co-location and community asset transfer are proposed. Additional innovative approaches for developing local social community empowerment and capacity building to support more joint working with residents and the third sector
PL	Community Libraries	(0.693)	(1.058)	(1.058)	(1.058)	The proposals across all Districts have been evaluated and the Council will continue to deliver facilities to all residents within a reasonable local proximity and so discharge the statutory obligations (estimated closure of 4 libraries)
PL	Neighbourhood Advice	(1.898)	(2.158)	(2.158)	(2.158)	The proposals across all Districts will ensure that local residents continue to have access to neighbourhood offices within a reasonable proximity (in spite of planned closures of 2 main sites out of 8 and 6 part-time sites out of 13)
PL	School Crossing Patrols	(0.475)	(0.890)	(0.890)	(0.890)	A review of all current provision taking into account the 'Road Safety Great Britain Guidance 2012' and a future focus on key priority sites. In addition, discussions are planned with schools to secure potential funding for the service
PL	Sport & Leisure	(0)	(0)	(0)	(0)	Service was subject to a specific strategic review and will be protected whilst the transformation is completed

	Proposal:	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Description
PL	Youth Services	(0.247)	(0.317)	(0.317)	(0.317)	The implementation of a commissioning model instead of direct provision including relocation to alternative accommodation and maximising income (potential closure of 3 sites out of 22)
PL	Other (District Engineers, Car Parks, Ward Support, Prior Year Policy & Balances)	(0.259)	(1.161)	(1.161)	(1.161)	A range of other proposals including income generation (District Engineers), disposal of underutilised local car parks, review of the officer administration of the Community Chest and the use of one off reserves/provisions
	Total - Districts Savings New Proposals	(5.850)	(8.650)	(8.650)	(8.650)	

DISTRICT SERVICES 2014/15 SAVINGS

Division of Service Area	Edgbaston £m	Erdington £m	Hall Green £m	Hodge Hill £m	Ladywood £m	Northfield £m	Perry Barr £m	Selly Oak £m	Sutton Coldfield £m	Yardley £m	Total Savings Proposals £m
Business Support	(0.115)	(0.025)	(0.096)	(0.036)	0.045	(0.060)	(0.010)	(0.071)	(0.239)	(0.100)	(0.707)
Car Parking	(0.010)	0.000	0.000	0.000	(0.009)	0.000	0.000	0.000	(0.012)	0.000	(0.031)
Childrens Play	(0.003)	(0.060)	0.000	(0.027)	(0.254)	0.000	(0.049)	(0.060)	0.000	(0.007)	(0.460)
Community Arts	0.000	0.000	0.000	(0.003)	(0.003)	0.000	0.000	0.000	(0.012)	(0.003)	(0.021)
Community Chest	(0.100)	0.000	(0.100)	0.000	0.000	0.000	(0.030)	(0.176)	(0.100)	0.000	(0.506)
Community Development	(0.032)	(0.094)	(0.053)	0.000	(0.160)	(0.051)	(0.028)	(0.075)	(0.055)	(0.057)	(0.605)
Community Libraries	0.000	(0.070)	0.000	0.000	(0.083)	(0.170)	(0.035)	(0.095)	(0.190)	(0.050)	(0.693)
District Support	0.000	0.000	(0.193)	0.000	(0.071)	0.000	0.000	0.000	0.000	0.000	(0.264)
Engineers	(0.010)	(0.005)	(0.060)	0.000	(0.035)	(0.050)	0.000	(0.010)	(0.013)	0.000	(0.183)
Neighbourhood Advice	0.000	(0.060)	(0.598)	0.000	(0.459)	(0.314)	(0.173)	(0.005)	(0.029)	(0.260)	(1.898)
Parks SLA	0.000	(0.050)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.050)
School Crossing	(0.006)	(0.042)	0.000	(0.050)	(0.249)	0.000	(0.060)	(0.050)	(0.018)	0.000	(0.475)
Sport and Leisure	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ward Support	(0.021)	(0.010)	(0.046)	(0.047)	0.000	(0.025)	0.000	(0.019)	(0.015)	(0.024)	(0.207)
Your City Your Birmingham	0.000	0.000	0.000	(0.019)	0.000	0.000	0.000	(0.080)	(0.002)	0.000	(0.101)
Youth Services	0.000	0.000	0.000	0.000	0.000	(0.040)	(0.064)	(0.059)	(0.034)	(0.050)	(0.247)
Use of Credit Balances/Repayment Provisions/Rationalisation of Assets	0.000	(0.360)	0.000	(0.151)	0.000	0.000	0.000	0.000	0.000	(0.202)	(0.713)
Contingency/Proposals being Finalised *	0.007	0.066	0.048	0.051	0.000	0.033	0.000	0.000	(0.348)	0.001	(0.142)
Sub-Total	(0.290)	(0.710)	(1.098)	(0.282)	(1.278)	(0.677)	(0.449)	(0.700)	(1.067)	(0.752)	(7.303)
Prior Year Savings/Policy Decisions	0.058	0.141	0.219	0.056	0.254	0.135	0.089	0.139	0.212	0.150	1.453
Total	(0.232)	(0.569)	(0.879)	(0.226)	(1.024)	(0.542)	(0.360)	(0.561)	(0.855)	(0.602)	(5.850)

* Subject to Final Deliberations by Local Members

Savings Schedule				
Existing Savings - Agreed March 2013 (As Amended)	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Economy Directorate				
Service Efficiencies (formerly Deputy Leader) Communications	(0.020)	(0.050)	(0.069)	(0.069)
HR service redesign and income generation	(1.394)	(1.394)	(1.394)	(1.394)
BPS - CAB Phase 1 and Redesign of Corporate Landlord Service	(0.991)	(0.991)	(1.335)	(1.335)
Corporate Resources General Efficiencies includes PSS	(0.488)	(0.488)	(0.488)	(0.488)
Centrally Managed BT Savings	(0.160)	(0.160)	(0.160)	(0.160)
Revenues and Benefits Transfer Back Office to Service Birmingham	0.128	0.128	0.128	0.128
Fall Out of Use of Provisions for Housing Benefit/Council Tax Benefit Subsidy	0.600	0.600	0.600	0.600
Reimbursements from Government				
Legal and Democratic Services - Legal Services Income	(0.244)	(0.244)	(0.244)	(0.244)
Arts Grant Support Reduction	(1.417)	(1.417)	(2.417)	(2.417)
Borrowing from Reserves	1.418	1.418	2.418	2.418
Reduce the 'BRIDGE' programme	0.145	0.145	0.145	0.145
Fall-Out of One-Off Use of Remaining former Development Directorate balances	0.055	0.055	0.055	0.055
Strategic Library - Library of Birmingham	0.200	0.200	0.200	0.200
Total Economy Directorate	(2.168)	(2.198)	(2.561)	(2.561)
People Directorate				
Adults - Business Transformation	(5.214)	(12.598)	(18.323)	(18.323)
Supporting People	(3.895)	(3.895)	(3.895)	(3.895)
Reductions in Adults Running Costs	(0.223)	(0.223)	(1.334)	(1.334)
Previous Proposals to Reshape Services	0.607	(1.056)	1.111	1.111
Adults - Fall-out of One-Off Use of Reserves	11.723	11.723	11.723	11.723
Contact & Escort Service	(0.457)	(0.667)	(0.667)	(0.667)
Total People Directorate	2.541	(6.716)	(11.385)	(11.385)
Place Directorate				
Highways - Car Parking Income	(0.100)	(0.100)	(0.100)	(0.100)
Highways - Review of Highways Maintenance Levels -Reinstatement of One Year Reduction	1.250	1.250	1.250	1.250
Highways - Floral Decorations	0.000	(0.055)	(0.110)	(0.110)
Fleet & Waste - Chargeable Green Waste	(2.100)	(2.100)	(2.100)	(2.100)
Fleet & Waste - Modernising Service	1.600	1.600	1.600	1.600
Parks & Nature - Nursery and Floral Services	(0.408)	(0.408)	(0.408)	(0.408)
Residual Savings on Operational Costs Across the Directorate	(0.045)	(0.308)	(0.477)	(0.477)
District Savings	(0.173)	(0.173)	(0.173)	(0.173)
District Services - Connexions	(0.500)	(0.500)	(0.500)	(0.500)
Total Place Directorate	(0.476)	(0.794)	(1.018)	(1.018)
Corporate Savings				
Property Rationalisation (Treasury Management)	(1.117)	(1.940)	(1.940)	(1.940)
Total Corporate Savings	(1.117)	(1.940)	(1.940)	(1.940)
Total Existing Savings	(1.220)	(11.648)	(16.904)	(16.904)
Summary of Savings	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Economy Directorate				
New Savings	(37.697)	(42.666)	(44.186)	(44.686)
Existing Savings	(2.168)	(2.198)	(2.561)	(2.561)
Total Economy Directorate	(39.865)	(44.864)	(46.747)	(47.247)
People Directorate				
New Savings	(30.780)	(58.620)	(79.395)	(79.395)
Existing Savings	2.541	(6.716)	(11.385)	(11.385)
Total People Directorate	(28.239)	(65.336)	(90.780)	(90.780)
Place Directorate				
New Savings	(16.017)	(20.424)	(20.816)	(20.816)
Existing Savings	(0.476)	(0.794)	(1.018)	(1.018)
Total Place Directorate	(16.493)	(21.218)	(21.834)	(21.834)
Corporate Savings				
Existing Savings	(1.117)	(1.940)	(1.940)	(1.940)
Total Corporate Savings	(1.117)	(1.940)	(1.940)	(1.940)
Total Council New Savings	(84.494)	(121.710)	(144.397)	(144.897)
Total Council Existing Savings	(1.220)	(11.648)	(16.904)	(16.904)
Total Council Savings	(85.714)	(133.358)	(161.301)	(161.801)

Revenue Budget - Gross Expenditure		
	Adjusted	
	2013/14	2014/15
	Budget	Budget
	£m	£m
Directorate		
Economy	874.874	889.175
People	1,769.386	1,696.337
Place (excluding Housing Revenue Account)	388.816	407.495
Total Directorate Expenditure	3,033.076	2,993.007
Corporately Managed Budgets	(50.500)	(67.469)
Contingencies	72.200	43.600
Total Expenditure on Services	3,054.776	2,969.138
Contribution to Corporate Reserves	0	2.367
Repayment of borrowing from corporate reserves	18.847	7.379
Contribution to General Balances	1.500	1.500
Total General Fund Expenditure	3,075.123	2,980.384
Housing Revenue Account	288.537	283.643
Total Gross Expenditure	3,363.660	3,264.027

Revenue Budget - Gross Income		
	Adjusted	
	2013/14	2014/15
	Budget	Budget
	£m	£m
Directorate		
Economy	(647.249)	(670.579)
People	(1,169.224)	(1,105.487)
Place (excluding Housing Revenue Account)	(170.175)	(175.487)
Total Directorate Income	(1,986.648)	(1,951.553)
Corporately Managed Budgets	0	(3.367)
Corporate Grants	(17.295)	(27.234)
Total Income from Services	(2,003.943)	(1,982.154)
Use of Corporate Reserves	(9.425)	(16.092)
Borrowing from Corporate Reserves	(22.884)	(17.201)
Total General Fund Income	(2,036.252)	(2,015.447)
Housing Revenue Account	(288.537)	(283.643)
Total Gross Income	(2,324.789)	(2,299.090)

Revenue Budget - Net Expenditure		
	Adjusted	
	2013/14	2014/15
	Budget	Budget
	£m	£m
Directorate		
Economy	227.625	218.596
People	600.162	590.850
Place (excluding Housing Revenue Account)	218.641	232.008
Total Directorate Net Expenditure	1,046.428	1,041.454
Corporately Managed Budgets	(50.500)	(70.836)
Contingencies	72.200	43.600
Corporate Grants	(17.295)	(27.234)
Total Net Expenditure on Services	1,050.833	986.984
Use of Corporate Reserves	(9.425)	(13.725)
Repayment of borrowing from corporate reserves	(4.037)	(9.822)
Contribution to General Balances	1.500	1.500
Total General Fund Budget	1,038.871	964.937
Housing Revenue Account	0	0
City Council Budget	1,038.871	964.937

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1 to 10	Year 30	Year 1 to 30
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total		2042/43	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m	£m
Income														
Rental Income	(265.817)	(272.771)	(279.244)	(285.741)	(292.330)	(299.300)	(306.675)	(314.222)	(321.947)	(329.850)	(2,967.897)		(532.407)	(11,540.012)
Voids	3.521	3.150	3.244	3.340	3.438	3.539	3.643	3.750	3.860	3.972	35.457		7.109	144.795
Net Rental Income	(262.296)	(269.621)	(276.000)	(282.401)	(288.892)	(295.761)	(303.032)	(310.472)	(318.087)	(325.878)	(2,932.440)		(525.298)	(11,395.217)
Service Charges / Recharge / Other Income	(21.347)	(21.809)	(22.413)	(23.053)	(23.718)	(24.405)	(25.044)	(25.632)	(26.149)	(26.743)	(240.313)		(41.506)	(918.712)
Total Revenue Income	(283.643)	(291.430)	(298.413)	(305.454)	(312.610)	(320.166)	(328.076)	(336.104)	(344.236)	(352.621)	(3,172.753)		(566.804)	(12,313.929)
Expenditure														
Repairs	67.669	68.005	69.238	70.475	71.728	73.057	74.468	75.902	77.362	78.848	726.752		114.479	2,658.172
Management (including Arrears)	61.772	62.954	64.194	65.868	67.592	67.285	67.862	69.404	70.984	72.603	670.518		115.422	2,537.176
Equal Pay	9.900	11.370	4.240	2.460	0.000	0.000	0.000	0.000	0.000	0.000	27.970		0.000	27.970
Estate Costs	19.227	19.566	20.055	20.556	21.070	21.597	22.137	22.689	23.257	23.838	213.992		39.062	838.167
Capital Financing - Loan Redemption	0.000	8.416	12.421	23.110	33.209	33.835	39.409	42.629	44.431	49.680	287.140		5.610	711.299
Capital Financing - Interest and Other Costs	56.783	55.928	55.864	54.374	52.548	49.985	48.118	45.282	42.318	43.862	505.062		21.770	1,034.059
Contribution to Capital	68.292	65.191	72.401	68.611	66.463	74.407	76.082	80.198	85.884	83.790	741.319		270.461	4,507.086
Total Revenue Expenditure	283.643	291.430	298.413	305.454	312.610	320.166	328.076	336.104	344.236	352.621	3,172.753		566.804	12,313.929
Net (Surplus) / Deficit	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000
Capital Investment														
Total Investment	133.230	90.801	88.615	84.322	82.167	84.841	86.691	90.984	96.849	94.936	933.436		285.552	4,962.424
Financing														
Revenue Contributions	(68.292)	(65.191)	(72.401)	(68.611)	(66.463)	(74.407)	(76.082)	(80.198)	(85.884)	(83.790)	(741.319)		(270.461)	(4,507.086)
Other Resources	(64.938)	(25.610)	(16.214)	(15.711)	(15.704)	(10.434)	(10.609)	(10.786)	(10.965)	(11.146)	(192.117)		(15.091)	(455.338)
Total Financing	(133.230)	(90.801)	(88.615)	(84.322)	(82.167)	(84.841)	(86.691)	(90.984)	(96.849)	(94.936)	(933.436)		(285.552)	(4,962.424)
Net (Surplus) / Deficit	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.000)	(0.000)	0.000		0.000	0.000
Borrowing Cap	1,135.840	1,135.840	1,135.840	1,135.840	1,135.840	1,135.840	1,135.840	1,135.840	1,135.840	1,135.840			1,135.840	
Note: Efficiencies included above	(6.308)	(7.015)	(7.292)	(7.577)	(7.869)	(8.168)	(8.475)	(8.790)	(9.114)	(9.445)	(80.053)		(18.223)	(353.670)

Appendices – Capital and Prudential Indicators

- 6A Proposed Capital Expenditure programme 2014/15-2016/17
- 6B Analysis of Prudential Borrowing
- 6C Debt Repayment Policy: Minimum Revenue Provision Statement
- 6D Debt and Prudential Indicators
- 6E Matters Required to be Taken into Account when setting or revising Prudential Indicators

Appendix 6A

PROPOSED CAPITAL EXPENDITURE PROGRAMME 2014/15 - 2016/17

	2014/15	2015/16	2016/17	TOTAL
	Onwards			
	£'000's	£'000's	£'000's	£'000's
<u>People Directorate</u>				
<u>Adults & Communities</u>				
TeleHealthCare	3,778	-	-	3,778
Personalisation, Reform & Efficiency of Adult Social Care	3,072	-	-	3,072
Replacement Vehicles	1,419	-	-	1,419
Learning Disability Homes & Day Centres	2,200	-	-	2,200
Other Minor Schemes	219	-	-	219
Total Adults & Communities	10,688	-	-	10,688
<u>Children, Young People and Families</u>				
Refurbishment of Children's Residential Estate	3,042	-	-	3,042
Schools Capital Maintenance Works	30,951	-	-	30,951
Additional Primary Places - Basic Needs	36,352	46,969	49,318	132,639
Universal Infant Free School Meals	2,267	-	-	2,267
Other Minor Schemes	235	-	-	235
Total Children, Young People & Families	72,847	46,969	49,318	169,134
Total People Directorate	83,535	46,969	49,318	179,822

	2014/15	2015/16	2016/17	TOTAL
	Onwards			
	£'000's	£'000's	£'000's	£'000's
<u>Place Directorate</u>				
<u>Local Services</u>				
Non-Housing				
Bereavement Services	251	-	-	251
Fleet & Waste Management	22,607	14,852	-	37,459
Parks and Nature Conservation	3,399	-	-	3,399
Swimming Pool Facilities	5,670	400	-	6,070
Other Minor Schemes	6	-	-	6
Community Initiative	571	-	-	571
District Services	4,127	174	-	4,301
Sport & Physical Activity	-	-	30,000	30,000
Billesley Community Sports Hub	3,000	-	-	3,000
Local Schemes - Highways Programme	2,115	4,250	-	6,365
Total Non-Housing	41,746	19,676	30,000	91,422
<u>Local Services - Housing</u>				
Council Housing				
Housing Improvements Programme	42,176	39,456	41,081	122,713
Other Essential Works	17,989	12,164	13,072	43,225
Redevelopment	64,087	31,640	26,829	122,556
Other Programmes	8,978	7,541	7,633	24,152
Total Council Housing	133,230	90,801	88,615	312,646
Private Sector Housing				
Affordable Housing	500	500	500	1,500
Independent Living	3,900	3,814	3,809	11,523
Other Programmes	182	186	191	559
Total Private Sector Housing	4,582	4,500	4,500	13,582
Total Place Directorate	179,558	114,977	123,115	417,650

	2014/15	2015/16	2016/17	TOTAL
	£'000's	£'000's	Onwards £'000's	£'000's
<u>Economy Directorate</u>				
<u>Corporate Resources</u>				
Business Transformation - Corporate	1,918	-	-	1,918
Access To Buildings	533	-	-	533
NEC Capital Works	26,216	2,791	-	29,007
Corporately Held - Property Fund	5,665	-	-	5,665
Windows	406	-	-	406
Other Minor Schemes	5,059	1,100	-	6,159
Total Corporate Resources	39,797	3,891	-	43,688
<u>Planning & Regeneration</u>				
Local Centres	2,763	68	-	2,831
East Aston Regional Investment Site	3,156	3,047	-	6,203
ERDF Corridors	4,884	-	-	4,884
Eastside Joint Venture	1,666	-	-	1,666
Equity Fund	3,200	4,400	-	7,600
Big City Plan Initiative (BCPI)	1,247	-	-	1,247
Conservation	280	-	-	280
Miscellaneous Schemes	130	-	-	130
Longbridge Regeneration	703	-	-	703
Enterprise Zone	22,934	72,499	21,449	116,882
Employment - Enterprise Zone	153	-	-	153
Life Sciences	8,562	962	-	9,524
Business Innovation	1,041	316	-	1,357
Digital Districts	7,930	-	-	7,930
Green Bridge Supply Chain Programme	2,185	1,177	-	3,362
Markets	8,517	23,989	8,227	40,733
Womens Enterprise Centre	1,496	-	-	1,496
Total Planning & Regeneration	70,847	106,458	29,676	206,981
<u>Transportation</u>				
Selly Oak New Road	303	-	-	303
Hagley Road Bus Showcase	535	-	-	535
New Street Station (Gateway)	32,196	2,635	-	34,831
Grand Central	68,193	3,436	-	71,629
Chester Road Improvements	6,143	1,327	-	7,470
Hagley Road	885	-	-	885
Coventry Road A45	2,700	-	-	2,700
Supporting Economic Growth	198	-	-	198
Carbon Reduction	468	-	-	468
Infrastructure Monitoring	663	655	-	1,318
Walking, Cycling & Accessibility	19,458	4,080	-	23,538
Economic Growth & Congestion	8,575	4,643	-	13,218
Total Transportation	140,317	16,776	-	157,093

	2014/15	2015/16	2016/17	TOTAL
	Onwards			
	£'000's	£'000's	£'000's	£'000's
Strategic Library				
Libraries - Strategic	4,631	-	-	4,631
Total Strategic Libraries	4,631	-	-	4,631
Total Economy Directorate	255,592	127,125	29,676	412,393
Total Capital Programme	518,685	289,071	202,109	1,009,865

New Schemes/Funding added to the Programme since Quarter 2 2013/14

	2014/15	2015/16	2016/17	TOTAL
	Onwards			
	£'000's	£'000's	£'000's	£'000's
People Directorate:				
Additional Primary Places - Basic Needs	-	46,969	49,318	96,287
Universal Infant Free School Meals	2,267	-	-	2,267
Schools Capital Maintenance Works	12,682	-	-	12,682
Total People Directorate	14,949	46,969	49,318	111,236
Place Directorate:				
Cotton Nurseries Redevelopment	1,506	-	-	1,506
Handsworth Cemetery (Heritage Lottery Grant)	230	-	-	230
Sport & Physical Activity	-	-	30,000	30,000
Billesley Community Sports Hub	494	-	-	494
HRA - Housing Improvement Programme	-	-	79,949	79,949
Housing Private Sector - Affordable Housing	82	-	4,100	4,182
Total Place Directorate	2,312	-	114,049	116,361
Economy Directorate:				
Advanced Manufacturing Hub - East Aston RIS	1,316	3,047	-	4,363
Digital Districts	7,930	-	-	7,930
Enterprise Zone - Paradise Circus Redevelopment	-	-	8,000	8,000
Business Innovation	1,041	316	-	1,357
Green Bridge Supply Chain Programme	2,185	1,177	-	3,362
Wholesale Market	8,517	23,989	8,227	40,733
Womens Enterprise Centre	1,496	-	-	1,496
Total Economy Directorate	22,485	28,529	16,227	67,241
Total New Schemes / Resources	39,746	75,498	179,594	294,838

Appendix 6B

Analysis of Prudential Borrowing

	2014/15	2015/16	2016/17	Total
	£m	£m	Onwards £m	£m
Major Self Financed Prudential Borrowing				
Business Transformation	4.9	1.1		6.0
Grand Central	68.2	3.4		71.6
TeleHealth Care	2.6			2.6
NIA Refurbishment	8.6			8.6
NEC Capital Works	17.6	2.5		20.1
Children's Residential Estate	2.5			2.5
Equity Fund	2.1	2.2		4.3
Enterprise Zone	22.9	64.5	21.5	108.9
Creative Industries	1.0	2.0		3.0
Cofton Park Nursery	1.5	0.0		1.5
East Aston RIS Digital Birmingham	0.1	3.0		3.1
Wholesale Markets	8.5	24.0	8.2	40.7
Sport & Physical Activity			22.5	22.5
Weekly Collection	7.2	14.9		22.1
Total Self Financed	147.7	117.6	52.2	317.5
Major Prudential Borrowing Supported from Additional Revenue Budget Allocations				
Swimming Pool Facilities	5.7			5.7
Dual Use Depots	3.6			3.6
Life Science Acquisition	8.4	1.0		9.4
Other	1.9	0.4		2.3
Borrowing to replace receipts used for Equal Pay	45.7	16.6	2.4	64.7
Total Funded from Additional Revenue Budget	65.3	18.0	2.4	85.7
Total Prudential Borrowing	213.0	135.6	54.6	403.2
Total Government Supported	0.0	0.0	0.0	0.0
Total Capital Financed from Borrowing	213.0	135.6	54.6	403.2

**Debt Repayment Policy:
Minimum Revenue Provision Statement**

1. Government Regulations require local authorities to make 'prudent annual 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 City 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 Fund policy

4. The policy for the repayment of borrowing to finance capital expenditure up to 31 March 2007 is to use the 'Regulatory method', which applies a 4% annual repayment on the balance outstanding.
5. The general repayment policy for other borrowing is to repay borrowing within the expected life of the asset being financed, up to a maximum of 20 years, or 40 years where cyclical maintenance contributions are being fully provided.

The repayment profile will follow an annuity repayment method. This means that MRP will be calculated on an annuity basis (like many domestic mortgages) over the estimated life of the asset.

This is subject to the following details:

- 5.1 An average asset life for each project will normally be used. There will not be separate MRP schedules for the components of a building (e.g. plant, roof etc). Asset life will be determined by the Director of Finance. A standard schedule of asset lives will generally be used, but where borrowing on a project exceeds £10m, advice from Acivico or other appropriate advisers 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 Director of Finance.
- 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 City Council's discretion.
- 5.5 Capital resources such as capital receipts may also be applied for debt redemption as provided in paragraph 11 below. This will have the effect of reducing the Capital Financing Requirement (CFR) and will therefore reduce MRP in later years.
- 5.6 The remainder of this policy describes approved arrangements for specific situations.

Specific situations:

Statutory capitalisations

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

Cashflows

7. MRP on expenditure capitalised under a Government Direction may be charged in any year based on the cash expended at the previous year end, as agreed by the Director of Finance. Similarly, MRP on expenditure up to the amount held in the Capital Receipts Reserve may be deferred.

The reason for this is that, if expenditure has been accrued but cash payments have not yet been made, this may result in MRP being charged in the accounts to repay borrowing which has not yet been incurred. This may occur for revenue expenditure financed from capital in accordance with Government Capitalisation Directions, or where capital expenditure financed from borrowing is offset by resources held in the Capital Receipts Reserve.

Housing Revenue Account

8. The statutory MRP Guidance states that the duty to make MRP does not extend to cover borrowing or credit arrangements used to finance capital expenditure on HRA assets. This is because of the different financial structure of the HRA, in which depreciation charges have a similar effect to MRP. The Government's HRA self-financing settlement, introduced a cap on HRA borrowing, which for Birmingham will be equal to the City Council's opening HRA debt in April 2012, and it is envisaged that the HRA debt will stay at this level until 2015/16. In the longer term however, debt levels need to reduce to deliver a balanced and sustainable HRA Business Plan with the capacity to meet investment needs in later years. The City Council's policy is therefore that net HRA debt will reduce each year from 2015/16, in order to deliver a debt to revenues ratio of below 2:1 by 2025/26. The City Council will also seek to deliver a reduction in HRA debt per dwelling.

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

£m

2015/16 - £8.4
2016/17 - £12.4
2017/18 - £23.1
2018/19 - £33.2
2019/20 - £33.8
2020/21 - £39.4
2021/22 - £42.6
2022/23 - £44.4
2023/24 - £49.6 (2:1 debt to revenues ratio achieved)

Concession Agreements and Finance Leases

9. The Government Guidance states that MRP should generally be charged in relation to Concession agreements (such as PFI contracts) and finance leases, equal to the repayment element of the unitary charge. The Director of Finance may approve that such debt repayment provision may be made from capital receipts rather than from revenue provision, in such a way that the City Council's Capital Financing Requirement (CFR) is reduced.

Capitalised loans to others

10. MRP on loan advances to other organisations or individuals will not be required where Cabinet agrees to apply the capital receipts arising from the loan repayments to repay borrowing, in such a way that the City 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 City Council's borrowing over the originally estimated repayment period, or
 - loan repayments are not broadly in line with the MRP annuity repayment policy.

Enterprise Zone

11. Borrowing by the City Council related to the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), and which is supported by additional business rates from the Enterprise Zone or from other GBSLEP income, will be repaid by 2038 (within the lifetime of the GBSLEP). This means that LEP - supported borrowing may initially be repaid over up to 25 years (subject to the estimated life of the assets being funded), but the repayment period will reduce each year so that all debt can be repaid by 2038.

General repayment of debt

12. Where it is proposed to make a general provision to repay an amount of debt (in addition to the normal minimum repayment provision), it will be necessary to decide which assets the debt redemption relates to. The following principles will be applied by the Director of Finance in reaching a prudent decision:
- where the rationale for debt repayment is based on specific assets or programmes, any debt associated with those assets or programmes will be repaid;
 - where the rationale for debt repayment is not based on specific assets, debt representative of the service will be repaid, with a maturity reflecting the range of associated debt outstanding;

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

Appendix 6D

DEBT AND PRUDENTIAL INDICATORS**DEBT AND PRUDENTIAL INDICATORS:
WHOLE COUNCIL**

	14/15 Indicators £m	15/16 Indicators £m	16/17 Indicators £m
Capital Finance			
1 Capital Expenditure - Capital Programme	518.7	289.1	202.1
2 Capital Expenditure - other long term liabilities	49.7	28.1	27.8
3 Capital Expenditure incl other long term liabilities	568.4	317.2	229.9
4 Capital Financing Requirement (CFR) incl other long term liabilities	4,287.0	4,275.1	4,160.5
Debt			
5 Peak loan debt in year	3,252.9	3,283.8	3,284.0
6 + Other long term liabilities (peak in year)	440.1	427.7	411.3
7 = Peak debt in year	3,693.0	3,711.5	3,695.3
8 Does gross loan debt exceed year 3 CFR?	no	no	no
9 Authorised Limit for Loan Debt	3,609.9	3,622.3	3,638.7
10 + Authorised Limit for Other Long Term Liabilities	490.1	477.7	461.3
11 = Authorised Limit for Debt	4,100.0	4,100.0	4,100.0

Notes

- 4 The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges).
- 5-7 These figures represent the forecast peak debt (which may not occur at the year end). Forecast peak debt is broadly unchanged because planned borrowing to finance capital and cashflows is broadly equalled by the amounts set aside to repay debt. The Prudential Code calls these indicators the Operational Boundary.
- 8 It would be a cause for concern if the Council's gross loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances. The Prudential Code calls this Gross borrowing and the capital financing requirement.
- 11 The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it is important that it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.

Appendix 6D**DEBT AND PRUDENTIAL INDICATORS:
HOUSING REVENUE ACCOUNT**

	14/15	15/16	16/17
	Indicators	Indicators	Indicators
	£m	£m	£m
Capital Finance			
1 Capital expenditure	133.2	90.8	88.6
HRA Debt			
2 Capital Financing Requirement (CFR)	1,135.8	1,127.4	1,115.0
3 Statutory cap on HRA debt (ie the CFR line 2)	1,135.8	1,135.8	1,135.8
Affordability			
4 HRA financing costs	99.2	100.4	101.1
5 HRA revenues	283.6	291.4	298.4
6 HRA financing costs as % of revenues	35.0%	34.5%	33.9%
7 HRA debt : revenues	4.0	3.9	3.7
8 Forecast Housing debt per dwelling	£17,926	£17,914	£17,617
9 Estimate of the incremental impact of new capital investment decisions on housing rents. (expressed in terms of ave. weekly housing rent)	£0.00	£0.00	£0.00

Notes

- 2-3 The HRA Capital Financing Requirement (CFR) is being used by the Government as the measure of HRA debt for the purposes of establishing a cap on HRA borrowing for each English housing 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 targeted to reduce this ratio below 2:1 by 2025/26.
- 8 This indicator is not in the Prudential Code but is a key measure of affordability: the HRA debt per dwelling should not rise significantly over time.
- 9 The cost of borrowing for the capital programme represents the interest and repayment costs arising from any new prudential borrowing in the HRA capital programme, expressed in terms of an average weekly rent. The result is £0 because no new borrowing is being entered into in the HRA.

DEBT AND PRUDENTIAL INDICATORS:**Appendix 6D****GENERAL FUND**

	14/15	15/16	16/17
	Indicators	Indicators	Indicators
	£m	£m	£m
Capital Finance			
1 Capital expenditure incl other long term liabilities	435.2	226.4	141.3
2 Capital Financing Requirement (CFR)	3,151.2	3,147.7	3,045.5
General Fund debt			
3 Peak loan debt in year	2,117.1	2,156.4	2,169.0
4 + Other long term liabilities (peak in year)	440.1	427.7	411.3
5 = Peak General Fund debt in year	2,557.2	2,584.1	2,580.3
Affordability			
6 General Fund financing costs	307.0	319.5	325.6
7 General Fund net revenues	964.7	865.2	827.8
8 General Fund financing costs (% of net revenues)	31.8%	36.9%	39.3%
9 Estimate of the incremental impact of new capital investment decisions on the Council Tax.	£0.00	£0.21	£1.01
Expressed in terms of Council Tax (Band D equiv) (impact already included in Council Tax increases assumed in LTFP)			

Notes

- 6 Financing costs include interest and MRP (in the General Fund) , including PFI and transferred debt.
- 8 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, a forecast increase in interest rates and increases in MRP.
- 9 The cost of borrowing for the Capital Programme represents the interest and repayment costs arising from any new prudential borrowing introduced in the capital programme since the last revision at Quarter 2, expressed in terms of Council tax at Band D. The cost increases in later years cumulatively as successive years' borrowing is added. This impact has been funded within the Long Term Financial Plan and assumed Council Tax charges up to 2016/17. The calculation excludes the cost of borrowing which is funded from additional income or savings.

Appendix 6D

PRUDENTIAL INDICATORS:

TREASURY MANAGEMENT

	14/15 Indicators	15/16 Indicators	16/17 Indicators
CIPFA Treasury Management Code			
Has the authority adopted the TM Code?	Yes	Yes	Yes
	Forecast Limit	Forecast Limit	Forecast Limit
Interest rate exposures			
upper limit on fixed rate exposures	130%	130%	130%
upper limit on variable rate exposures	30%	30%	30%
Investment exposures			
upper limit on investments (% of net debt)	30%	30%	30%
Maturity structure of borrowing			
(lower limit and upper limit)			
under 12 months	0% to 30%	0% to 30%	0% to 30%
12 months to within 24 months	0% to 30%	0% to 30%	0% to 30%
24 months to within 5 years	0% to 30%	0% to 30%	0% to 30%
5 years to within 10 years	0% to 40%	0% to 40%	0% to 40%
10 years to within 20 years	5% to 55%	5% to 55%	5% to 55%
20 years to within 40 years	10% to 60%	10% to 60%	10% to 60%
40 years and above	0% to 40%	0% to 40%	0% to 40%
	Forecast Limit	Forecast Limit	Forecast Limit
investments longer than 364 days			
upper limit on amounts maturing in:	£m	£m	£m
1-2 years	200	200	200
2-3 years	100	100	100
3-5 years	50	50	50
later	-	-	-

Matters 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 City Council's planning process, including the preparation of this report.

Affordability, e.g. Implications for Council Tax

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

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

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

Value for Money, e.g. Option Appraisal

In the prudential system, borrowing is an option which can be considered alongside other forms of finance in deciding the best value option. This is evaluated in more detail when individual projects are assessed as part of the City Council's "Gateway" process.

Stewardship of Assets, e.g. Asset Management Planning

The Asset Management planning process is reported in Part 6 of this budget report.

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

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

Practicality, e.g. Achievement of the Forward Plan

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

