



# Council Plan and Budget 2018+



**Making a positive** difference

 **Birmingham**  
City Council

# CONTENTS

FOREWORD FROM THE LEADER OF THE COUNCIL .....	1
CHAPTER 1: POLICY CONTEXT .....	3
CHAPTER 2: REVENUE RESOURCES.....	10
CHAPTER 3: REVENUE FINANCIAL STRATEGY AND 2018/19 BUDGET .....	23
CHAPTER 4: HOUSING REVENUE ACCOUNT (HRA).....	42
CHAPTER 5: CAPITAL RESOURCES .....	47
CHAPTER 6: CAPITAL STRATEGY AND PROGRAMME.....	50
CHAPTER 7: TREASURY MANAGEMENT STRATEGY .....	59
APPENDIX 1: CORPORATE DELIVERY PLAN.....	67
APPENDIX 2: LONG-TERM FINANCIAL PLAN 2018/19 – 2027/28.....	90
APPENDIX 3: BIRMINGHAM CITY COUNCIL REVENUE GRANTS .....	91
APPENDIX 4: COUNCIL TAX 2018/19.....	99
APPENDIX 5: INVESTMENT IN POLICY PRIORITIES AND PRESSURES SCHEDULE.....	100
APPENDIX 6: SAVINGS PROPOSALS.....	102
APPENDIX 7: FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY .....	135
APPENDIX 8: REVENUE BUDGET FOR CITY COUNCIL SERVICES .....	137
APPENDIX 9: HOUSING REVENUE ACCOUNT.....	141
APPENDIX 10: MAJOR SERVICE ASSET AND CAPITAL STRATEGIES.....	143
APPENDIX 11: CAPITAL GRANTS AND CONTRIBUTIONS 2018/19 TO 2021/22 .....	158
APPENDIX 12: PROPOSED CAPITAL EXPENDITURE PROGRAMME 2018/19 TO 2021/22 .....	159
APPENDIX 13: TEN YEAR CAPITAL PROGRAMME 2018/19 TO 2027/28 .....	164
APPENDIX 14: ANALYSIS OF PRUDENTIAL BORROWING .....	166
APPENDIX 15: DEBT AND PRUDENTIAL INDICATORS .....	167
APPENDIX 16: DEBT REPAYMENT POLICY.....	171
APPENDIX 17: TREASURY MANAGEMENT AND INVESTMENT POLICIES.....	179
APPENDIX 18: INVESTMENT FRAMEWORK – COUNCIL PLAN AND BUDGET 2018+ .....	188
APPENDIX 19: EQUALITY ANALYSIS .....	190
APPENDIX 20: BUDGET 2018+ CONSULTATION REPORT .....	203
GLOSSARY OF TERMS.....	231

## **FOREWORD FROM THE LEADER OF THE COUNCIL**

This is Birmingham City Council's Council Plan and Budget for 2018/19 – 2021/22 setting the objectives, priorities and spending plans of the City Council and the tough decisions that have been made for the 2018/19 financial year ensure a balanced financial position and long-term financial sustainability.

Our plans reflect the fact that Birmingham is a city of huge opportunities and of complex challenges. Set against major projects such as HS2, the £700 million Paradise Development and the 2022 Commonwealth Games, Birmingham is the sixth most deprived English authority, where 1 in 3 children live in poverty and there are major cross-city disparities in life expectancy.

To meet these and other challenges, the City Council published its new vision and priorities in late 2017.

Our vision for the future of Birmingham is for a city of growth, in which every child, citizen and place matters – a great city to grow up and grow old in, where people are healthier, communities grow stronger, and decent housing provides a strong foundation in which to raise families and build careers.

To that end we will continue to protect the services that matter most to you.

- We will continue the recent improvement journey in Children's Services
- We will take a good practice and preventative approach to adult social care
- We will deliver cleaner, greener streets and are committed to maintaining weekly collections of domestic waste for all households over the next four years
- We will deliver the homes needed by a growing Birmingham population
- We will also continue to work with partners to tackle homelessness
- We will continue to attract major investors who will in turn create jobs and opportunities
- We will bridge the skills gap to ensure that everyone has the opportunity to share in the success of the city's growing economy.

As we work to turn the vision and priorities into reality, we must also continue to make significant savings. Funding cuts and significant local pressures have required annual savings of £642m over the seven years to 2017/18. We anticipate having to make further cuts of £123m by 2021/22. Consequently Birmingham City Council of the future will look very different from the one we had before austerity began.

We long ago understood that we can no longer work in isolation as a service provider and we must work collaboratively with our partners across sectors and across communities. Consequently, we will build on existing partnerships, learning

from recent experiences and listening to organisations and individuals throughout the city.

Listening and talking to partners is now more important than ever.

In December 2017 we went out to consultation on the 2018+ Budget and I would like to thank everyone who took part - your involvement helped us shape our spending plans.

Our aim now is to keep talking on a range of issues to ensure that our future efforts are meeting the needs of people across this city.

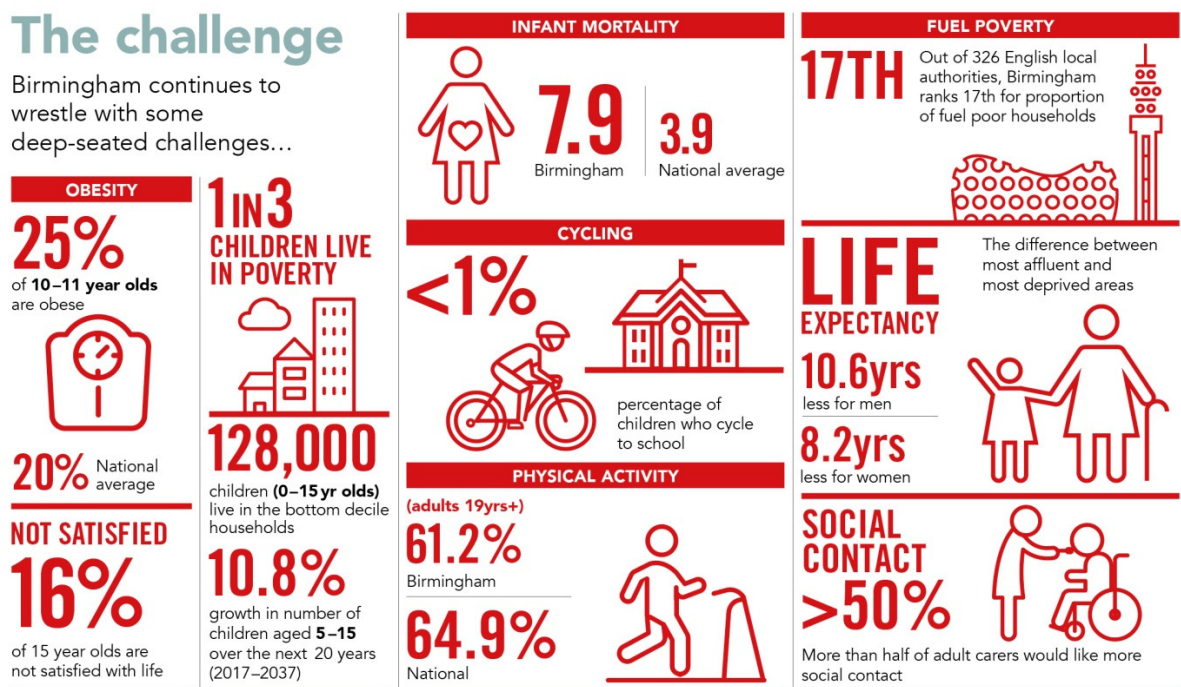


**Councillor Ian Ward**  
Leader of the Council

# CHAPTER 1: POLICY CONTEXT

## 1. The Local Picture

- 1.1 Birmingham, a city with strengths in business, professional and financial services and advanced manufacturing and strong recent jobs growth, is attracting major new businesses and £4bn infrastructure investment. Indeed according to the Good Growth for Cities index, Birmingham tops the list of most improving towns and cities in 2017. But great opportunity for our city goes hand-in-hand with great challenges.
- 1.2 The most diverse major city in the UK outside London, almost half (46 per cent) of residents are under the age of 30. The city is growing rapidly and its population, already over 1.1 million in 2016, is forecast to grow by a further 121,000 to 2031. This will add to pressures in City Council services but most specifically, this makes affordable housing and homelessness a priority issue, with 89,000 new homes needed but land for only 51,000 of these currently identified. Waiting lists for social housing are already mounting. More than one-third (37 per cent) of Birmingham children live in poverty, with many affected by welfare cuts. Birmingham is the sixth most deprived English district but poverty is also highly concentrated in parts of the city, leading to wide disparity in life expectancy.
- 1.3 The challenges faced by Birmingham residents and the impact on daily life are pictured below.



- 1.4 We are tackling those challenges with a range of policies and actions but we also need to make big strategic moves to make the city more prosperous and share wealth around more fairly. One of the ways in which we are trying to do that is through the hosting of the Commonwealth Games in 2022, which provides us not only with the opportunity to showcase Birmingham and the

wider West Midlands region as a great place in which to live and work but also gives us an opportunity to develop an athletes' village for the Games which we intend to convert into almost 1,000 new homes after 2022 as part of a larger development.

## **2. National Policy and Financial Environment**

- 2.1 A growing and ageing population; social and lifestyle changes; widening cultural diversity and identity; intergenerational disparity; uneven urban growth; technological change; economic risk and social dislocation; and climate breakdown and environmental damage all pose major long-term challenges for local authorities.
- 2.2 The June 2017 election produced a minority government at Westminster, with the political system continuing to be preoccupied by Brexit and its consequences after 2019, affecting normal governmental policy attention and development. Low forecast UK economic growth and in particular, the minimal future productivity growth anticipated in the November 2017 Budget underline pressure on tax receipts and consequently spending and borrowing stresses into the 2020s. Despite the headline housing investment, extra NHS spending and a range of regional infrastructure measures, the Budget did not provide extra resources for adult social care and children's services, the greatest existing pressures on local authorities.
- 2.3 The Local Government Association (LGA) has identified a £16bn reduction in core funding from central to local government between 2010 and 2020. Changes in mechanisms such as the 'fair funding' calculation by the government have created a differential geography of cuts and Birmingham has been subject to greater funding reductions than comparable local authorities over this period (see Chapter 2). Yet funding cuts and significant local expenditure pressures have required annual savings of £642m over the seven years to 2017/18. We anticipate having to make further annual cuts of £123m by 2021/22. This will mean total annual savings of £765m over the eleven year period.

## **3. Local Policy and Investment**

- 3.1 The City Council has historically provided over 700 services in Birmingham and has played an important democratic and convening role in partnership working with public, private and voluntary sector organisations in the city for many years. As the balance of resources and nature of service delivery changes, the City Council will need to re-evaluate and adjust its role whilst working in an increasingly integrated way with partner organisations.
- 3.2 The City Council has a clear vision and priorities for Birmingham and a range of strategies and plans to pursue its objectives. This vision is to be a city of growth where every child, citizen and place matters. The broad priorities of children, housing, jobs and skills and health (set out below) underpin our investment in the long term, complex processes needed to achieve our ambition.



## CHILDREN

A great city to grow up in



## HOUSING

A great city to live in



## JOBS & SKILLS

A great city to succeed in



## HEALTH

A great city to grow old in

- 3.3 On-going government revenue funding cuts plainly make it harder to achieve our objectives for Birmingham. We have embraced new, efficient ways of working - and do much more in partnership. But we have also been forced to significantly reduce the level of council staffing and support which, if not replaced by support from other sources, can significantly affect individual and community well-being. Poorer people are most affected by cuts across public services along with those with complex health needs. Yet it is more important than ever to have an ambitious vision and priorities for Birmingham. They do not make deciding service cuts any less painful, but they do strategically guide investment and partnership working; they are critical in our relationship with national government, the new Metro Mayor, and private sector investors.
- 3.4 More positively, the seven councils in the West Midlands have entered into an agreement with the Government to pilot 100 per cent Business Rates retention locally, so that all Business Rates generated in Birmingham are available to help provide local services. This creates a further incentive to grow businesses within the city. Following this and wider forecast business investment and growth, we expect income from Business Rates will grow by £56m over the four year period.
- 3.5 The City Council wants to preserve the universal services it knows citizens care a great deal about – clean streets, environmental health, parks and green spaces and to address air pollution. Surveys suggest there is increasing concern about cuts in public service in Birmingham. But less visible services to vulnerable people are also critical, and surveys also indicate public recognition of this is growing.
- 3.6 So we are balancing running day-to-day services as effectively as possible with running, in parallel, a series of major improvement programmes for Adult Social Care, Children’s Social Care and Waste Management. We have previously allocated an additional £31.5m of investment in Children’s Services and we will be protecting that level of service. The Children and Young People’s Partnership and the Birmingham Children’s Trust will launch in 2018 with a sole focus on improving outcomes for the city’s children and young people.
- 3.7 Significant strides in joint working with health services are being made, both through the Health and Wellbeing Board and through the Sustainable Transformation Partnership, which is focusing on smoothing older people’s way through hospital so they can go home as soon as they want to and with the right level of support. For 2018/19 we have targeted extra spending of

£30.4m in adult services – including an extra £8.5m to meet demographic pressures in Adult Social Care, £16.1m to be invested and pooled with the NHS to deliver service improvements and £6.5m towards paying sustainable wages and ensuring our contractors are paid at a sustainable level.

- 3.8 Housing is one of our largest and most important services with 62,500 homes in Birmingham (note that as required by law, the City Council housing budget is treated separately from the main General Fund budget in subsequent chapters). We are building 750 affordable homes ourselves through the Birmingham Municipal Housing Trust and we facilitate Housing Birmingham, the partnership of housing providers in the city. We are building a 6,000 home sustainable urban extension at Langley. Last year we launched our Street Intervention Team working with partners to help those on the streets. After the June 2017 tragedy at Grenfell Tower in London, we worked with Government to review safety and reassure Birmingham residents. Some 42,400 households in council homes rely on housing benefit and the full service rollout of Universal Credit in 2017/18, involving direct payment rather than to social and private landlords may lead to significant arrears, so steps to mitigate this are underway.
- 3.9 Together with the Local Enterprise Partnership (LEP) and supported by the West Midlands devolution deal, our objective is to expand employment by 100,000 jobs by 2031. We continue our long-term redevelopment of the city centre and beyond, including the 140 hectare Curzon Street station area to maximise the HS2 rail benefits, with Smithfield, Paradise and Centenary Square. Planned expansion should deliver 12,800 new homes, over 40,000 jobs and add £2 billion to the local economy. The City Council also has a major highways maintenance programme and is working on strategic and sustainable transport issues in partnership with the West Midlands Combined Authority.
- 3.10 We have worked closely with many supportive partners to attract the 2022 Commonwealth Games to the city to realise the economic benefits from hosting such an event. These partners include the Combined Authority, the three regional Local Enterprise Partnerships (LEPs) and the city's universities.
- 3.11 The City Council is committed to not using revenue raised from Council Tax to fund its share of the Organising Committee costs of the Commonwealth Games, to ensure that this will not prejudice day to day services. The Games also provides an opportunity for us to deliver on our housing commitments through the development of the athletes' village for the Games which we intend to convert into almost 1,000 new homes after 2022 as part of a larger development.
- 3.12 Further information on the City Council's vision and priorities can be seen in the Corporate Delivery Plan, approved in 2017, in Appendix 1.



#### **4. General Fund Revenue**

- 4.1 Additional investment of £70.7m is proposed in 2018/19, including £30.4m for Adult Social Care. The overall figure grows to £88.8m by 2021/22. These figures include the impact of growing demands for services, and also recognise some of the difficulties in delivering some of the planned savings that were included in the 2017/18 budget.
- 4.2 In addition to this, the impacts of inflation and pay awards are expected to add £20.0m to costs in 2018/19, rising to £75.9m by 2021/22. Corporately managed budgets, including debt financing costs will increase by £13.1m in 2018/19.
- 4.3 Against the backdrop of these pressures, Core Corporate Government grants are expected to reduce by £31.7m in 2018/19 (£66.7m by 2021/22). However, extra grant support of £11.4m (£13.5m increase in Improved Better Care Fund (iBCF) after taking account of the late announcement of an additional £27.1m in 2017/18 and £2.1m reduction in Adult Social Care Support Grant) will be received in 2018/19 to support adult social care expenditure (£27.6m in 2021/22).
- 4.4 Mitigating these reductions, Business Rates and Council Tax income are expected to increase by £42.1m (£106.8m by 2021/22). The City Council will also have the one-off benefit from a deficit in the Collection Funds for those two revenue streams of £4.9m in 2017/18 becoming a surplus of £18.1m in 2018/19. However, a significant proportion of this is expected to be required in forthcoming financial years in order to meet the costs of Business Rates appeals.
- 4.5 Whilst the City Council will be exploring with Government a variety of new sources of revenue funds to meet the regional contribution towards the costs of the Commonwealth Games in 2022, some of the Business Rates growth (£40m over 4 years) will be set aside in a Contingency Reserve in order to provide a back-up plan in case there is a shortfall in the amounts required.
- 4.6 The City Council has reviewed its policy for setting aside funds in order to meet the costs of debt repayments. By backdating the implementation of the current policy to the start of the "Prudential system" in 2007/08, it is possible to create a Financial Resilience Reserve of £98.3m and ensure greater consistency in the application of the current policy. Additional revenue costs will be met, in the first instance, from this Reserve, which also provides extra resilience to the management of the City Council's finances.
- 4.7 After having regard to all of the factors described above, a funding gap still remains in the budget, requiring savings to be made in 2018/19 of £83.4m which is forecast rise to £123.2m by 2021/22. However, after the strategic use of £30.5m (see Table 3.2) of reserves in 2018/19, it will be possible to bring the savings requirement for that year down to £52.9m.

- 4.8 Of the 2018/19 savings programme, £8.4m relates to new savings proposals. Continued measures will be taken to secure efficiency savings in the delivery of Council services, in order to reduce the reliance upon the use of reserves to balance the 2018/19 Budget.

## **5. Council Tax**

- 5.1 In order to maintain an appropriate level of income from Council Tax payers, and to mitigate the need to make savings as much as possible, a base Council Tax increase of 2.99% is proposed for 2018/19.
- 5.2 The City Council also proposes to increase Council Tax by a further 1% through the Social Care Precept.
- 5.3 Taken together this means that Council Tax will increase by 3.99% overall, with the Council Tax for a Band D property in 2018/19 being £1,315.22 for City Council services, an increase of £50.46 per year, or £0.97 per week.

## **6. Housing Revenue Account (HRA)**

- 6.1 Proposals have been developed for a budget in 2018/19, with a rent reduction of 1% in line with the National Rent Policy.
- 6.2 In addition to revenue expenditure on day-to-day repairs and maintenance, the City Council will be investing in a Council Housing Capital Programme of £467.6m over the four years 2018/19 – 2021/22, including £196.0m investment in new homes and regeneration.

## **7. Capital**

- 7.1 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 £1,250.2m is proposed over the four years from 2018/19 onwards. In addition to the housing investment programme described above, key areas of expenditure will include investing in new and improved school buildings, major regeneration projects to enhance the local economy and promote the creation of new jobs, and improvements in the city's transport infrastructure.

## **8. Treasury Management and Investments**

- 8.1 The City Council will continue to take a balanced approach to meet its borrowing needs, with a combination of short-term and long-term borrowing. This will include the exploration of a range of financing opportunities as well as more traditional forms of borrowing from other local authorities and the Public Works Loans Board (PWLB).

- 8.2 The investment, on a short-term basis, of any available cash balances will be in accordance with the Treasury Management Policy, with a low risk to sums invested being prioritised over achieving a high return.
- 8.3 Total outstanding debt by the end of 2018/19 is projected to be £3.988bn (£3.759bn by 2020/21) on the basis of current plans. The overall borrowing limit is proposed to be set at £4.3bn in 2018/19, falling to £4.2bn by 2020/21.
- 8.4 The City Council's policy for wider financial investments is also summarised, in order to strike a balance between local regeneration, financial return for the City Council and security of its funds.

## **CHAPTER 2: REVENUE RESOURCES**

### **1. Financial Challenge**

- 1.1 This chapter details the General Fund revenue resources expected for the period 2018/19 to 2021/22.
- 1.2 Local Government has suffered significant cuts in Government funding since 2010 and Birmingham has suffered greater cuts than other comparable authorities due to the impact of the formula selected by the Government for allocating cuts over the last seven years up to 2017/18. Cuts in funding and expenditure pressures have meant that the City Council has had to find annual savings of £642m. Continuing cuts in Government funding and increasing pressures mean that further savings of £123m per annum are needed within the next four years.
- 1.3 In 2016/17 the Government changed its approach to distributing funding. This has gone some way to correct the disparity in the allocation of grant reductions and recognise local authorities' differing levels of Council Tax resilience from 2016/17 onwards. However this has not addressed the significant levels of disparity in funding reductions applied in 2014/15 and 2015/16. If the revised allocation methodology had been adopted from 2014/15, the City Council estimates that it would have received additional funding of around £100m in 2018/19.

### **General Fund Income**

- 1.4 In August 2016 the City Council indicated to the Government that it wished to accept the offer and certainty of a minimum four year finance settlement from 2016/17 – 2019/20. The Government confirmed in November 2016 that the City Council was eligible for the minimum offer. The additional certainty of the minimum level of Government resources provided for the next two years to 2019/20 is reflected within the following resource forecasts.
- 1.5 The City Council expects to receive total General Fund grant and external income resources of £2,741.9m in 2018/19. The resources can be analysed into the categories shown in Table 2.1.

<b>Table 2.1 General Fund Grant &amp; External Income Resources</b>					
	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
Core Grants (Top Up)	123.463	91.744	54.489	55.634	56.747
Corporate Grants	56.352	96.414	112.310	113.138	113.920
<b>Sub Total Corporate Grant Funding</b>	<b>179.815</b>	<b>188.158</b>	<b>166.799</b>	<b>168.772</b>	<b>170.667</b>
Business Rates	394.654	418.064	428.097	439.656	450.648
Collection Fund (Surplus)/Deficit Business Rates	(9.911)	16.116	0.000	0.000	0.000
Council Tax	308.545	327.278	342.037	350.589	359.354
Collection Fund (Surplus)/Deficit Council Tax	5.052	1.987	0.000	0.000	0.000
<b>Sub Total Corporate Funding</b>	<b>878.155</b>	<b>951.603</b>	<b>936.933</b>	<b>959.017</b>	<b>980.669</b>
Directorate Grants	259.571	263.845	240.437	240.437	240.437
External Income <sup>1</sup>	290.797	306.178	314.616	321.971	328.460
<b>Sub Total Corporate &amp; Directorate Funding</b>	<b>1,428.523</b>	<b>1,521.626</b>	<b>1,491.986</b>	<b>1,521.425</b>	<b>1,549.566</b>
Schools Funding (Ring-Fenced) <sup>2</sup>	712.713	736.809	736.809	736.809	736.809
Grants to reimburse expenditure, esp. Benefits (Ring-fenced) <sup>3</sup>	550.887	483.453	483.453	483.453	483.453
<b>Total General Fund Grant &amp; External Income</b>	<b>2,692.123</b>	<b>2,741.888</b>	<b>2,712.248</b>	<b>2,741.687</b>	<b>2,769.828</b>
<b>Annual % Change in Corporate Funding</b>		<b>8.4%</b>	<b>-1.5%</b>	<b>2.4%</b>	<b>2.3%</b>
<b>Annual % Change Core Spending Power</b>		<b>0.9%</b>	<b>0.0%</b>	<b>N/A</b>	<b>N/A</b>

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

1. External Income has been forecast from 2019/20 based on information in the Savings Programme and CPI forecasts for future years.

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

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

- 1.6 As can be seen from Table 2.1, the City Council receives most of the revenue income (where it has some discretion over its application) from Business Rates, Council Tax, Government grants, and locally raised income.
- 1.7 The Government's definition of Core Spending Power (CSP) is broadly similar to Corporate Funding. However, unlike the Government, the City Council takes into account Business Rates surpluses and deficits, which is the main reason for divergences in the rates. The annual changes in these statistics are shown in Table 2.1 above.

## 2. Core Government Grant Funding – Top Up Grant

- 2.1 A large component of Local Government funding comes through the Business Rates Retention Scheme. Key grant funding has been from Revenue Support Grant (RSG) and Top Up Grant. From 2017/18, after entering into the 100% Business Rates Retention Pilot, RSG has been replaced by additional Business Rates Income and therefore Core Grants are now solely made up of Top Up Grant (see paragraphs 4.2 to 4.7).
- 2.2 As part of the 100% Business Rates Retention Pilot, the Government continues to pay the City Council a Top Up Grant. This is because the Business Rates income the City Council will receive is less than the Government's estimate of the City Council's need to spend.
- 2.3 Based on the Government's methodology for calculating Top Up Grant for authorities in a Business Rates Pilot, the City Council estimates that it will receive £91.7m Top Up Grant in 2018/19. Future years' estimates of Top Up income can be seen in the Long-Term Financial Plan (LTFP) (Appendix 2).

For the duration of the Pilot the Top Up Grant is expected to be adjusted annually in line with the combined change that would have taken place in Government funding had the City Council not participated in a Pilot.

### **3. Corporate Grants**

3.1 In addition to Top Up Grant, the City Council also receives a number of grants that are used to support the overall budget. These grants are:

- New Homes Bonus (General)
- Small Business Rates Relief Grant
- Other Business Rates Related Grants
- Improved Better Care Fund (iBCF)
- Adult Social Care Support Grant (ASCSG).

#### **New Homes Bonus**

3.2 New Homes Bonus (NHB) is a general grant awarded by the Government for new houses built or empty properties brought back into use, in Birmingham. The grant is provided to help fund the additional services required for the new properties and those living within them. The grant is provided in two parts:

- General
- Affordable Homes Element

The City Council chooses to apply this grant in two ways. The general grant is used to support the overall budget, and the affordable homes element is treated as a Directorate grant.

3.3 In 2018/19 the City Council will receive £8.0m of general NHB. This is a reduction of £4.8m from 2017/18, mainly due to the Government policy of diverting NHB funding to fund the Improved Better Care Fund (iBCF).

3.4 The forecast value of the Affordable Homes Element also significantly reduced in 2018/19, down to £0.7m compared with £1.4m in 2017/18, as seen in Appendix 3. This is also mainly due to the Government using this resource to fund the iBCF.

3.5 Over recent years, the Government has made significant changes to the way NHB is calculated and the level of funding associated with it. The Government has supplied indicative figures through to 2019/20, with the general grant expected to reduce further to £7.1m in 2019/20.

#### **Small Business Rates Relief Compensation Grant (SBRR)**

3.6 In the Government's Budget 2016, it announced that the doubling of SBRR relief had been made permanent. It also announced a significant extension of those businesses which are eligible, beginning in April 2017. This reduces the level of Business Rates income retained by the City Council and the Government provides grant funding to compensate for this.

- 3.7 The City Council will use this grant of £27.0m in 2018/19 as a corporate resource in the same way that it would have done had the income continued to be received via Business Rates. The City Council's forecast of SBRR grant can be seen in Appendix 3.
- 3.8 These numbers exclude SBRR grant received in relation to the Enterprise Zone (EZ) as this funding is passed directly to the EZ.

### **Other Business Rates Related Grants**

- 3.9 Other Government policies which impact on the amount of Business Rates income that the City Council will receive are compensated for by a separate Government grant. This grant of £10.6m in 2018/19 is to compensate the City Council for the effect of two policies:
- Government capping the increase in the Small Business Rates multiplier at 2% in previous years instead of the Retail Price Index (RPI)
  - Government using the Consumer Price Index (CPI) for the multiplier instead of RPI from 2018/19, which leads to a lower increase in the multiplier.
- 3.10 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 3.
- 3.11 These numbers exclude other Business Rates related grant received in relation to the EZ as this funding is passed directly to the EZ.

### **Improved Better Care Fund (iBCF)**

- 3.12 The Government is providing £3.9bn nationally to local authorities to spend on adult social care from 2017/18 to 2019/20. This funding is allocated as a separate grant to local government, benefitting in particular those authorities that generate less income through the Social Care Precept, such as Birmingham. This funding started in 2017/18, with an allocation of £33.8m for the City Council (£27.1m was ratified after the City Council set its budget), with the benefit growing to £47.3m in 2018/19 and £60.3m in 2019/20. It is assumed for planning purposes that funding will continue at this level after 2019/20.
- 3.13 The iBCF is made available to support adult social care. It is used to:
- fund additional care services
  - to help address the demographic growth in adult social care
  - to fund inflation and increases in pension costs
  - to facilitate investment in order to deliver the planned savings
  - to pool budgets and deliver jointly agreed projects with our NHS partners.

## **Adult Social Care Support Grant (ASCSG)**

- 3.14 The City Council will receive £3.5m ASCSG in 2018/19 only. ASCSG was introduced in 2017/18 as a one-off grant of £5.6m to ease pressures within Adult Social Care. This funding is £2.1m less than that provided in 2017/18.

## **4. Business Rates**

### **Introduction**

- 4.1 The Government's long-term ambition is for local government to retain 100% of Business Rates income, to fund local services. Currently local government generally retains 50% of Business Rates income. By 2020/21, the Government plans to move to 75% retention. The main local government grant, RSG, will be phased out from 2020/21 and there will be additional responsibilities and therefore costs, that local authorities will have to incur in order for it to be fiscally neutral to the Government. It remains the Government's intention that the Public Health grant will be incorporated into further Business Rates retention by 2020/21.

### **100% Business Rates Retention Pilot**

- 4.2 The City Council, together with the other six West Midlands local authorities, entered into a Business Rates Retention Pilot from 1 April 2017 in order to shape national thinking about the eventual scheme and take forward further devolution. It has foregone RSG and some Top Up Grant in return for keeping 99% of Business Rates.
- 4.3 Under the Business Rates Retention Pilot the City Council is able to retain 99% of all Business Rates generated locally excluding growth within the Enterprise Zone (EZ), subject to paragraph 4.6. The remaining 1% is paid to the West Midlands Fire and Rescue Authority. It is anticipated that the Pilot will continue until the introduction of 100% Business Rates retention nationally.
- 4.4 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.
- 4.5 The Government has confirmed that Pilots will continue to operate on a "no financial detriment" principle. In other words, authorities cannot be worse off financially than they would otherwise have been had they not participated in a Pilot. The Government's "no financial detriment" principle operates on a Pilot (i.e. West Midlands wide) basis. There is also a local no detriment agreement ensuring that no individual authority will be financially worse off due to participating in the Pilot. Based on information collected to date, the City Council feels it is extremely unlikely that any individual West Midlands authority will fall into a position of detriment.



- 4.6 The West Midlands Devolution Deal included the West Midlands Combined Authority (WMCA) receiving some of the benefits of real terms growth in Business Rates, from April 2016 onwards. This had previously been paid to the Government. Provision has been made within the budget for this to be paid, although the detailed formula is yet to be agreed with the WMCA.
- 4.7 Due to the uncertainty around the final detail of any future scheme, the resource forecasts from 2020/21 onwards are based on the current arrangements.

### **Business Rates Income**

- 4.8 The City Council estimates that total income available to it from Business Rates will be £418.1m in 2018/19 (see Table 2.3). The Business Rates income to be used for setting the 2018/19 Budget was agreed by Cabinet at its meeting on 24 January 2018. This income is now fixed for the purposes of 2018/19 budget setting. The forecast levels of Business Rate income for 2018/19 to 2027/28 can be seen in the Long-Term Financial Plan (LTFP) in Appendix 2.
- 4.9 In future years, the City Council has assumed that Business Rates income will have an underlying increase of:

<b>Table 2.2 Assumed Percentage Increase in Business Rates</b>		
<b>2019/20</b>	<b>2020/21</b>	<b>2021/22 Onwards</b>
2.4%	2.7%	2.5%

- 4.10 These future years' changes reflect an assumed 0.5% real terms increase due to growth together with an increase in the Business Rates multiplier, in line with the CPI. Business Rates income previously increased in line with the RPI, but from 2018/19 the Government has announced that it will rise in line with the CPI rather than RPI, and the Council Plan and Budget reflects this. The LTFP (Appendix 2) shows the future change in assumptions of the City Council's share of the Business Rates income within the city.

### **Business Rates Collection Fund**

- 4.11 It is estimated that there will be a significant surplus in the Business Rates Collection Fund in 2017/18. This is the excess of actual income collected over the amount assumed in the budget. The City Council's share of the surplus is expected to be £17.9m. In addition, a deficit of £1.8m has been brought forward from 2016/17. The details of the 2016/17 deficit brought forward are described in the 2016/17 Final Outturn Report presented to Cabinet on 16 May 2017.
- 4.12 The overall net surplus of £16.1m will be taken into account in setting the 2018/19 Budget. The in-year surplus for 2017/18 is largely due to levels of

Business Rates appeals being less than anticipated to date. It is still assumed that these appeals will be lodged and that the associated costs will materialise in later years. These are assumed in the LTFP.

- 4.13 In previous Council Business Plans, a significant risk to the level of future Business Rates income was identified from the application by NHS Trusts across the country for mandatory Business Rates relief on charitable grounds. This has not crystallised but the issue has not yet gone away. If granted this would potentially have a major impact on the Business Rates income for the City Council. However, due to the lack of information and uncertainty that surrounds this it has not been factored into Business Rates income forecasts included in this Council Plan and Budget.

### **Enterprise Zone (EZ)**

- 4.14 Business Rates income above the previously determined baseline within the EZ is 100% retained by the City Council to pass to Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP). These Business Rates are not available to support the City Council's budget, but are used to support redevelopment within the EZ.
- 4.15 Growth in Business Rates income within the EZ will be fully retained for the period up to 2046. The intention is to provide a higher degree of certainty around future levels of income available towards investment and regeneration in this zone.
- 4.16 In 2018/19, it is anticipated that the EZ will retain £2.7m of Business Rates income and £0.7m for reliefs awarded, £3.4m in total. The relevant share of the Collection Fund deficit carried forward from 2017/18 is £1.1m. In addition, the EZ will receive £0.6m of Section 31 grants. This overall net resource of £2.9m will be used in accordance with the EZ Investment Plan.

### **Business Rates Summary**

- 4.17 The overall resources available from Business Rates income for 2018/19 is summarised in Table 2.3, with the City Council's net resources being £434.2m.

<b>Table 2.3 - Net Resources from Business Rates 2018/19</b>				
	<b>2018/19 Retained Business Rates Income</b>	<b>2016/17 (Surplus)/ Deficit *</b>	<b>2017/18 (Surplus)/ Deficit **</b>	<b>Net Resources from Business Rates</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
City Council	(418.064)	1.803	(17.919)	<b>(434.180)</b>
Government	0.000	1.840	0.000	<b>1.840</b>
WM Fire Authority	(4.223)	0.037	(0.181)	<b>(4.367)</b>
<b>Sub Total</b>	<b>(422.287)</b>	<b>3.680</b>	<b>(18.100)</b>	<b>(436.707)</b>
Enterprise Zone	(3.406)	0.000	1.140	<b>(2.266)</b>
<b>Gross Business Rates</b>	<b>(425.693)</b>	<b>3.680</b>	<b>(16.960)</b>	<b>(438.973)</b>

\* This is split 49% BCC, 50% Government, and 1% Fire Authority as it relates to the pre-pilot scheme

\*\*This is split 99% BCC and 1% Fire Authority.

- 4.18 Projected Business Rates income to be retained by the City Council for 2018/19 onwards is set out in Appendix 2 and Table 2.1.

## 5. Council Tax

- 5.1 The Localism Act 2011 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 base increase is 3.0% or more for 2018/19 and 2019/20.
- 5.2 In order to maintain the level of income from Council Tax payers, to offset grant loss, cover inflationary pressures and moderate the need to reduce services still further, a base Council Tax increase of 2.99% is proposed for 2018/19.
- 5.3 In recognition of the particular pressures on adult social care, for example demographic changes and the implementation of the National Living Wage, the Government allowed additional flexibility to raise a Social Care Precept (SCP) for the four years from 2016/17. In common with many, if not most, social care authorities the City Council has used this flexibility in order to address these pressures. Having raised a precept of 2% in 2016/17 and 3% in 2017/18, the City Council is allowed a total increase of 3% over the two years of 2018/19 and 2019/20. The City Council has proposed that a precept of 1% will be raised in 2018/19.
- 5.4 When allowing for the planned SCP increase, the Council Tax increase would need to be 4.0% or more before a referendum would be required. The proposed increase of 3.99% will not, therefore, require a referendum.
- 5.5 The tax base to be used for setting the 2018/19 Council Tax was agreed by Cabinet at its meeting on 24 January 2018. The tax base consists of 248,838 “Band D equivalent” properties, after allowing for a collection rate of 97.1% (including the impact on collection of the Council Tax Support Scheme). This tax base is now fixed for setting the 2018/19 Council Tax.

- 5.6 The tax base has increased by 4,883 Band D equivalent properties compared with 2017/18. The tax base was calculated after taking account of the Council Tax Support Scheme.
- 5.7 The proposed City Council's element of Band D Council Tax will be £1,315.22 for 2018/19. This includes the additional 1% increase relating to the SCP. (See Appendix 4)
- 5.8 This would mean that the Council Tax requirement for council services in 2018/19 will be £327.3m.
- 5.9 A 1.99% increase in the base Council Tax for future years has been assumed for planning purposes. In addition, a 2% increase with regard to SCP has been assumed in 2019/20. The forecast levels of Council Tax income for 2018/19 to 2027/28 can be seen in the LTFP in Appendix 2.

### **Council Tax Support**

- 5.10 At its meeting on 9 January 2018 the City Council confirmed its Council Tax Support Scheme for 2018/19 will continue. A discount of up to 80%, dependent on the income and circumstances of the claimant, will continue to be applied in general to those of working age with a low income. However, a discount of up to 100%, again dependent on income and circumstances, will continue to be applied to the following categories of people with low incomes:
- Pensioners (as prescribed by legislation)
  - Parents of dependent children aged 6 or under
  - Those who qualify for a carer's premium
  - Disabled people in receipt of a disability premium or a disabled child premium
  - War pensioners
  - Claimant or partner in receipt of Employment and Support Allowance with a qualifying disability benefit.
- 5.11 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.

### **Care Leavers**

- 5.12 The City Council has considered the financial burden that Council Tax can place on its care leavers as they transition from childhood into the independence of being a young adult. It has therefore taken the decision to continue to award discounts to care leavers so they are not required to pay Council Tax for up to five years after leaving care.

### **Council Tax Collection Fund**

- 5.13 It is estimated that the Council Tax Collection Fund will have a surplus at the end of 2017/18 of £2.3m. This is the excess of actual income collected over

that which was assumed in the budget. The City Council's share of this is £2.0m, which has been taken into account in setting the 2018/19 budget.

## **6. Parish Precepts**

### **New Frankley in Birmingham Parish Council**

- 6.1 The New Frankley in Birmingham Parish Council agreed its precept on 18 December 2017. The precept for the Parish in 2018/19 is £45,521 (2017/18: £46,016). The tax base for the New Frankley in Birmingham Parish is 1,339 Band D equivalent properties. The effect of the Parish Precept on the level of Council Tax for a Band D property is £34.00. This represents a decrease of 2.10% in the Band D Parish Precept compared with 2017/18 (see Appendix 4).
- 6.2 Following the introduction of the localisation of Council Tax Support and the associated discounts, New Frankley in Birmingham Parish's tax base reduced significantly. The City Council is continuing to pay New Frankley in Birmingham Parish Council a grant of £40,899 to compensate for the reduction, in recognition of the City Council receiving additional Government grant for this purpose.

### **Royal Sutton Coldfield Town Council**

- 6.3 The Royal Sutton Coldfield Town Council agreed its precept on 13 December 2017. The precept in 2018/19 is £1,850,868 (2017/18: £1,832,982). The tax base for the Royal Sutton Coldfield Town Council is 37,047 Band D equivalent properties. The effect of the precept on the level of Council Tax for a Band D property is £49.96. There is no increase in the Band D precept compared with 2017/18 (see Appendix 4).
- 6.4 The City Council has not received any Government grant funding in respect of Council Tax Support discounts in relation to Royal Sutton Coldfield Town Council precept and therefore there is no compensation payment to Royal Sutton Coldfield Town Council to offset the impact of the discounts.

## **7. Formal Determination of Council Tax**

- 7.1 Legislation specifies the way in which the Council Tax figures must be calculated. To the extent that other sources of income are insufficient, expenditure has to be funded through the Council Tax Requirement. The consequence of this calculation is that the City Council must set a balanced budget. Table 2.4 shows how the City Council's gross expenditure translates into its Band D Council Tax and, as required by law, also shows this calculation when including Parish Precepts and the EZ's Business Rates growth.

<b>Table 2.4 Council Tax Requirement</b>	<b>City Council Services £</b>	<b>Incl. Parish Precepts and Enterprise Zone Growth £</b>
Gross Expenditure	3,073,340,691	3,076,183,815
Parish Precepts		1,896,389
Less: Estimated Income (excluding Business Rates, Top Up Grant and Council Tax)	(2,218,151,729)	(2,218,729,057)
<b>Net Expenditure</b>	<b>855,188,962</b>	<b>859,351,147</b>
Less:		
Business Rates	(418,063,804)	(421,470,045)
Business Rates (surplus)/deficit	(16,116,305)	(14,975,860)
Revenue Support Grant	0	0
Top Up Grant	(91,743,948)	(91,743,948)
Council Tax Collection Fund (surplus)/deficit	(1,987,201)	(1,987,201)
<b>Council Tax Requirement</b>	<b>327,277,704</b>	<b>329,174,093</b>
<b>Divided by taxbase</b>	<b>248,838</b>	<b>248,838</b>
<b>Band D Council Tax</b>	<b>1,315.22</b>	<b>1,322.84</b>

7.2 The City Council's Band D Council Tax for City Council services will be £1,315.22. This figure is an increase of 3.99% over 2017/18 including the 1% additional Council Tax in relation to the Social Care Precept. The notional Band D Council Tax across the city, after including the Parish Precepts will be £1,322.84.

## 8. Major Precepts outside the City Council

8.1 The Police and Crime Commissioner's budget and precept was approved on 9 February 2018, and the Fire and Rescue Authority agreed its precept to the City Council on 19 February 2018.

8.2 The West Midlands Mayor elected not to raise a precept in 2018/19.

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

<b>Table 2.5 Major Precepts 2018/19</b>	<b>Total Precept</b>	<b>Band D</b>
	<b>£m</b>	<b>£</b>
Police and Crime Commissioner	31.989	128.55
Fire and Rescue Authority	14.642	58.84
<b>Total</b>	<b>46.631</b>	<b>187.39</b>

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

## **9. Directorate Grants**

9.1 In addition to corporate grants, the City Council also receives a number of grants that are used for specific purposes by Directorates. These are grants where the Government has placed additional responsibilities on local authorities, and has provided increased funding accordingly, or where the grant is ringfenced in some other way. A record of all grants expected to be received in 2018/19 and 2019/20 can be seen in Appendix 3 along with further detail of the Directorate grants over £5m.

## **10. Other Income**

10.1 The City Council aims to maximise the income which it can generate in order to minimise both levels of Council Tax and the impact of the cuts required on services. The 2018/19 budget has been based upon the generation of £306.2m of external income, as shown in Table 2.1. This is a £15.4m increase from the level of income in 2017/18.

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

- Services should raise income wherever there is a power or duty to do so. Net income maximisation to the City Council should be the ultimate aim of any charging policy, subject to any legal constraints, policy priorities and market considerations
- A number of the City Council's charges are set by statute. Where they are not, where possible, charges should cover the full cost of providing the service (including overheads, returns on capital investment and the cost of administering the charges), taking account of competitors' charges for like for like services both in the public and private sector. Charges may be set below this level if policy objectives suggest that charges should be subsidised (the budget for any subsidy must be identified)
- Methods of payment should be flexible and convenient, including taking into account the needs of those on low incomes
- Charges are updated at least annually, with reports being considered over 39 charging areas. A number of charges are set by statute; where they are not, due consideration is given to how the charges will affect access and usage of services, comparison to competitor charges and market conditions
- The City Council's savings plans in Appendix 6 include achieving £1.15m more income on top of ongoing/planned initiatives by creating a more commercial approach in the City Council's activities (see Appendix 6 Saving SS012). The Commercialism Board will oversee this project. It will support Directorates to identify areas where they could make the best use of valuable assets and increase income generation through innovation and new opportunities. They will then monitor the delivery of plans to ensure that they achieve or exceed the expected extra income.

## 11 Schools Funding

- 11.1 The largest ring-fenced grant is the Dedicated Schools Grant (DSG). The Department for Education (DfE) is planning to implement from 2020/21 a National Funding Formula (NFF), to allocate DSG funding to Primary and Secondary Schools for their Reception to Year 11 provision to ensure consistency and transparency of funding across the country (Early Years and Special Educational Needs providers have separate DSG formula funding arrangements). In doing so, the plan is to remove the flexibility for local authorities to use their own local formula (albeit they are heavily prescribed by national statutory regulations). Deferring national implementation to 2020/21 is to allow authorities the time to prepare and to minimise financial turbulence. However authorities who wish to implement the NFF from April 2018 can do so and this is something that the DfE are encouraging.
- 11.2 In Birmingham's case the 2018/19 DSG allocation has been sufficient to allow us to avoid financial turbulence by implementing the NFF from April 2018, with the exception of two funding factors within the NFF (Business Rates and the fixed sum payable to all schools) where the City Council still intends to apply local flexibility; in the case of Business Rates to take account of the 2018/19 figures and to apply a higher fixed sum than provided for in the NFF. The DfE recognise that the application of the NFF could generate budget variations for schools (both positive and negative), the scale of which will vary between authorities. Therefore the NFF allows authorities to apply a minimum per pupil funding guarantee. The City Council has been able to provide for a further 0.5% per pupil increase (the maximum allowable under the DfE's September 2017 announcement). The statutory Schools Forum for Birmingham is supportive of the adoption of the NFF from 2018/19 as were the majority of schools who responded to the consultation. Immediate implementation would also avoid confusion from schools that would otherwise be comparing Birmingham's local formula with the NFF. In addition it would minimise any impact when the NFF is mandatory from 2020/21.
- 11.3 The City Council plans to move to implement the NFF from 2018/19, with the exception of the two funding factors mentioned above.
- 11.4 More details about the DSG can be seen in Appendix 3 (Revenue Grants).



## CHAPTER 3: REVENUE FINANCIAL STRATEGY AND 2018/19 BUDGET

### 1. Financial Strategy

- 1.1 The Council Plan and Budget has been developed with seven key objectives in mind:
- To ensure that the Council Plan and Budget is aligned with the City Council's Delivery Plan and strategic objectives
  - To consider the affordability of any increase in the tax burden on individuals and businesses
  - To improve long-term financial stability to guard against future 'shocks'
  - To rebuild the reserves position
  - To ensure that any savings proposals are deliverable both in terms of service outcomes and cost reductions
  - To identify funding for Commonwealth Games without impacting on core Birmingham services
  - To develop our relationships with city partners and stakeholders, other Districts and the Combined Authority, and exploring opportunities to work together.
- 1.2 On approving the 2017/18 budget, the City Council had anticipated having to deliver further savings of £62.7m in 2018/19. Having reviewed the savings programme and resource forecasts, and funded additional pressures, the need to make significant savings in 2018/19 remains; £52.9m savings are now required in 2018/19 after taking account of a strategic use of £30.5m (see Table 3.2) of reserves in 2018/19 which will allow the City Council sufficient time and capacity to transform its services. The savings requirement grows to £123.2m by 2021/22. This use of reserves has been taken into account in identifying the savings requirement.
- 1.3 There has been significant national press coverage and lobbying by local government groups, such as the Local Government Association, around the shortfall in funding of social care. The City Council has made particular efforts to ensure that Adults' and Children's Social Care in Birmingham have received the funding increases necessary. Therefore in 2018/19, Adult Social Care budgets have been increased by an additional net £18.1m in addition to resources provided for inflation and pension costs.
- 1.4 In the City Council's budget consultation it had been proposed to increase the Social Care Precept by 3% in 2018/19 only. The City Council is now proposing to increase the Social Care Precept by 1% in 2018/19 and a further 2% in 2019/20. Analysis of the Local Government Finance Settlement has identified that the City Council will receive more funding than previously assumed, including an additional one-off £3.5m from ASCSG. This resource has been used to replace the loss of Social Care Precept income. Therefore the City Council has not required Adult Social Care and Health to identify any additional savings over those assumed within the Budget Consultation 2018+ document through the reduction in the application of the Social Care Precept.

- 1.5 Following the financial experiences of 2016/17 and 2017/18 the extent of savings delivery risk is clearly recognised, along with the potential impacts of unidentified pressures and other changes the further into the future we go. In response, the City Council will continue to maintain a level of reserves that will be treated as a savings delivery contingency.
- 1.6 Birmingham has won the right to host the Commonwealth Games in 2022. This is a significant project that the City Council must manage to ensure it is a success as it brings investment into the region and provides an opportunity to showcase Birmingham and the wider region. Dedicated revenue resources of £5.0m have been identified over the next five years to fund Commonwealth Games project costs to deliver the City Council's part of the Games. We are continuing to work closely with our partners, including the Government, to provide the most robust estimate of the total costs for delivering the Games and the City Council and its partners' share, so at this stage neither the costs nor the funding sources are included in this plan as these details are being worked on.
- 1.7 The City Council is working with the Government over the coming months to identify a range of funding streams for the revenue resources required to deliver the Games, including consideration of a "Hotel Levy" and the ability to raise a Supplementary Business Rate without the requirement to hold a ballot. The City Council has already earmarked capital resource to contribute to Organising Committee costs.
- 1.8 The City Council has had significant growth in Business Rates related income of £25.9m in 2018/19. The City Council expects that resources related to Business Rates income will continue to grow in the future. As such, the City Council feels that it is prudent to contribute some of this resource to a reserve (rising to £40.0m by 2022). This will provide the City Council with a contingency for the delivery of the Commonwealth Games, which can be released subject to other forms of funding being identified.
- 1.9 The remainder of this chapter explains in more detail the composition of the Revenue Financial Strategy and 2018/19 Budget and the steps the City Council is taking to help ensure that the savings required will be delivered.
- 1.10 The City Council has reviewed its policy for setting aside funds in order to meet the costs of debt repayments. By backdating the implementation of the current policy to the start of the "Prudential system" in 2007/08, it is possible to create a Financial Resilience Reserve of £98.3m and ensure greater consistency in the application of the current policy. Additional revenue costs will be met, in the first instance, from this Reserve, which also provides extra resilience to the management of the City Council's finances.

## **2. Financial Challenge**

- 2.1 The City Council's Council Plan and Budget has been developed to take account of the following:

- Funding to meet budget pressures and the cost of investment in priority services, including changing needs in the City's population, in particular in Children's and Adults Social Care
  - Inflation
  - Provision for increased employer's pension costs
  - The reductions in Government grant funding
  - Expectation of income from Council Tax and Business Rates
  - Financing of Equal Pay settlements
  - Cost of redundancies
  - Capital financing costs based on the capital budget, informed by interest rate expectations
  - The extent to which it is now assessed that some savings from previous years will not now be fully achieved
- 2.2 After taking account of the above factors, savings have been planned in order to balance the budget in the medium-term. Further cumulative annual savings of £117.0m are planned over the next four years.
- 2.3 The outlook for corporate revenue resources (Government grant, Council Tax and Business Rates) is set out in Chapter 2.

### **3. Investing in Priorities and Addressing Pressures**

- 3.1 The City Council's vision for the future forms the bedrock of our ambition:
- a healthy city and a great place for people to grow old in
  - a great city for children to grow up in
  - a great city to live in with decent homes for all
  - a city where citizens succeed because they have skills required for the jobs on offer.
- 3.2 A city where every child, citizen, and place matters. A welcoming city, comfortable with its many communities.
- 3.3 The City Council is just one player in achieving these priorities. Unprecedented cuts in Government funding since 2010 means that the City Council's role has changed. Rather than simply delivering services across the city, we must now enable partners, communities and individuals.
- 3.4 The Budget for 2018/19 includes increased budget allocations of £70.7m, both to fund investment in priority services and to address budget pressures. This figure rises to £88.8m by 2021/22. The major components of investment can be seen in the following paragraphs:

#### **Adult Social Care and Health**

- 3.5 The City Council will continue to invest in social care:

- To meet the costs of the increasing number of older people requiring care (£8.5m in 2018/19, growing to £34.0m in 2020/21)
- To meet the costs of funding the National Living Wage for those under 25 caring for our vulnerable adults and to invest in the contracts of our providers to ensure they are paid at a sustainable level (£6.5m in 2018/19, growing to £9.3m in 2021/22)
- Investing in pooled funds with the NHS to deliver service improvements across Adult Social Care of £16.1m in 2018/19 and £7.9m thereafter
- Funding pressures regarding unachievable savings plans from previous years of £9.0m in 2018/19, reducing to £1.3m in 2021/22
- The City Council has also funded inflation costs (see Section 4) and pension costs (see Section 5) for social care.

3.6 The Vision and Strategy for Adult Social Care comprises eight key elements:

- Information, advice and guidance
- Community assets
- Prevention and early intervention
- Personalised support
- Use of resources
- Partnership working
- Making safeguarding personal
- Co-production

This provides a framework for the actions required to modernise Adult Social Care Services in Birmingham in order to improve the health and wellbeing of adults and older people.

3.7 The City Council will utilise the Social Care Precept (discussed in Chapter 2 Section 5) to contribute towards the extra cost of Adult Social Care. This will provide additional funding of £3.1m in 2018/19 over and above a base increase of 2.99%. The City Council also intends to increase the Adult Social Care Precept by a further 2% in 2019/20. Should the City Council not adopt the Social Care Precept it would impair/prevent the City Council's funding of these measures. In 2018/19, the City Council is expecting to receive £47.3m in funding from the iBCF and £3.5m ASCSG (see Appendix 3).

3.8 The City Council has built on previous work and recommendations with the Social Care Institute for Excellence to implement the Care Act and the West Midlands Association of Directors of Adult Social Services Peer Review in 2016. A vision and strategy has been developed following wide-ranging engagement with staff, service users, carers, the Citizens' Panel, single and multifaith groups, community groups, third sector and Supporting People providers, Birmingham Voluntary Service Council (BVSC), care providers and with Clinical Commissioning Groups (CCGs) and Trusts in the health sector. This was approved by Cabinet at the beginning of October 2017.

## **Children's Social Care**

- 3.9 Children's Social Care services are under significant pressure, nationally and locally. Rising demand for support, reductions in early intervention and prevention services since Austerity, and the escalating costs of care for Looked After Children all contribute to this pressure.
- 3.10 This is compounded in Birmingham through many years of inadequate service delivery, which has a financial as well as a service consequence. For example, high levels of agency social work have cost Birmingham a great deal. The rate has fallen in three years from 32% to 14% with a consequent saving.
- 3.11 In recent years £31.5m has been invested in Children's Social Care. From 1 April 2018 Children's Social Care will take its next step on the improvement path and be provided through a Children's Trust (the Trust). The Trust will seek to reduce this further, and will drive efficiency as well as effectiveness and service improvement, sharing any savings with the City Council, and where possible, mitigating the impact of future demand.
- 3.12 All pressures and savings associated with Children's Social Care will now be delivered through changes in the contract price of the Trust. In 2018/19 the City Council will provide the Trust with an additional £1.6m to fund its pressures. The Trust is also expected to deliver savings of £5.0m. In addition the City Council has funded inflation and pension costs of the Trust.

## **Commonwealth Games**

- 3.13 The City Council is committed to not using revenue raised from Council Tax to fund its share of the Organising Committee costs of the Commonwealth Games, to ensure that there is no negative impact on day to day services. Working closely with our partners, we are committed to driving down the cost of the Games and we are exploring a range of funding sources to meet our contribution to the Organising Committee's costs.
- 3.14 Whilst carrying out this work, we have adopted a prudent approach and earmarked resources to support the Commonwealth Games through setting aside some of the expected growth in Business Rates income over the next 4 years. The City Council will also delay the letting of the contract to run Alexander Stadium until a business case is developed for operating the enhanced facility (the current £1.1m pressure will therefore remain) and allocate £1m each year for five years to create a project team to assist in delivering the Games.

## **Other Costs**

- 3.15 Some costs are expected to reduce compared to previous forecasts, for example the WMCA Transport Levy (see paragraph 16.1).

- 3.16 Increases in the cost of employer pension contributions (see Section 5) have led to an increase in costs to General Fund services of £8.0m in 2018/19 rising to £14.0m by 2021/22, which is in line with the agreement reached with the Pension Fund in 2017.
- 3.17 The City Council will also provide funding of:
- £0.2m in 2018/19 to pilot the reduction in the level of non-highways fly posting and fly tipping across the city
  - £0.2m to remove the charges for child burials and cremations
  - £0.1m for running expenses of Moseley Road Baths in 2018/19.
- 3.18 A full breakdown of the pressures funded by the City Council can be seen in Appendix 5.

#### **4. Inflation**

- 4.1 The City Council faces general inflationary increases in its costs, although it also expects services to review all charges regularly to at least maintain income levels in real terms. The Office for Budget Responsibility's CPI projections have been used to determine the inflation rate in the short-term, unless the terms of major contracts provide for a different rate. Provision has been made for inflationary increases in relation to pay, price increases and contracts.
- 4.2 The Government announced in its Summer Budget of July 2015 that its expectation was that there will continue to be wage restraint in the public sector. However, local government employers have proposed a 2% increase for the next two years. This has been allowed for within pay budgets; a long-term planning assumption of annual 2.5% increases from 2020/21 onwards is assumed thereafter.
- 4.3 Previously the Government had indicated that pay awards would be limited to 1%, which was factored into the four year funding settlement announced by the Government. The 2% pay award in 2018/19 was proposed after the Government announced its funding figures for local government. No additional funding has been provided, meaning that the City Council has had to identify additional cuts in order to afford this.

#### **5. Pension Contributions**

- 5.1 In common with other employers and pension funds, there is a deficit in the City Council's share of the West Midlands Pension Fund (WMPF) in respect of benefits already accrued and expected to be accrued relating to employees' service up to 31 March 2019. This deficit is being addressed through long-term additional lump sum contributions.
- 5.2 The revaluation as at 31 March 2016 entailed a major reassessment by the WMPF and its actuary to determine and agree the required level of contributions commencing in 2018/19. WMPF advised the City Council of a

payment profile for the three years, 2019 – 2021, based on progressive City Council contribution increases, the continuation of which is forecast to lead to full deficit recovery over a 21 year period. This also includes a phased introduction of increases in the employer’s “future service” contribution rate.

- 5.3 As mentioned in Section 3, this leads to an increased budget pressure of £8.0m in 2018/19 rising to £14.0m in 2021/22.
- 5.4 The City Council has enhanced the level of discount it receives on payments to the WMPF as a result of making a prepayment in April 2017 for three years’ contributions to March 2020.

## **6. Redundancy Costs**

- 6.1 The City Council continues to need to reduce the size of its workforce as a result of implementing the savings needed to balance the budget. It is expected that there will be a reduction of around 670 jobs in 2018/19, on top of the reduction of around 10,000 jobs over the last seven years. This amounts to a reduction of over 40% in the City Council’s workforce over this period, and further reductions in the medium-term are likely.
- 6.2 Whilst there will always be some natural turnover in the number of staff, redundancy costs are unavoidable, together with the costs of some additional “strain” on the pension fund as a result, if the necessary savings are to be delivered. The City Council is taking advantage of the flexibility in the application of capital receipts which was announced by the Government for the period 2016/17 to 2021/22.
- 6.3 The City Council will use £16.1m of Capital Receipts Flexibility to cover expected redundancy costs and pension strain in 2018/19 associated with staff retirements.

## **7. Equal Pay**

- 7.1 The City Council has received claims under the Equal Pay Act 1970 and has therefore made provision within its accounts. The City Council has recognised total estimated Equal Pay liabilities of £1.2bn for claims received. Of the estimated total liability, £988.7m had been settled by 31 March 2017, comprising £60.0m for the HRA and £928.7m for the General Fund.
- 7.2 The revenue implications of Equal Pay settlements have been reflected in both the budget for 2018/19 and in the LTFP in relation to later years. This includes capital financing costs arising from capital expenditure in previous financial years, loss of income or other costs arising from any asset sales, together with the repayment of funds borrowed from earmarked reserves on a temporary basis. There will also be contributions from the HRA and schools. Net General Fund revenue costs are expected to be around £111.7m in 2018/19, an increase of £2.3m from the 2017/18 budgeted figure. This is expected to rise to around £117.0m by 2021/22.

## **8. Financing Costs**

- 8.1 The revenue effects of capital expenditure have been reviewed in the context of the Capital Programme set out in Chapter 6 of this report, and expectations of movements in interest rates. Further detail on this and Minimum Revenue Provision (MRP) can be seen in Chapter 6 and Appendix 16.

## **9 Use of Reserves**

- 9.1 The City Council maintains reserves for a number of reasons. These include the need to put aside sums in case of unexpected future expenditure (such as a large insurance claim), to smooth out future payments (such as payments under PFI arrangements) or to cover timing differences (such as grant money received in any given year where expenditure takes place in a later year). Reserves which are held for a specific purpose are known as earmarked reserves while those held as a prudent measure against significant but unknown future events are known as unearmarked reserves.
- 9.2 Much of the City Council's reserves are earmarked for specific purposes and it has generally maintained only limited reserves which are not earmarked. Reserves can only be used on a one-off basis, which means that their application does not offer a permanent solution to the requirement to deliver significant reductions in the future level of City Council expenditure.

### **Commentary on Use of Reserves in 2017/18 and 2018/19**

- 9.3. In setting the budget for 2017/18, the City Council planned to make a net use of reserves in 2017/18 of £46.6m.
- 9.4 The City Council's planned use of reserves for 2017/18 was £46.6m but for the reasons set out in paragraphs 9.7 to 9.18 below, the current forecast use of reserves is like to rise by a net £2.8m to £49.4m (excluding the impact of the newly created FRR).
- 9.5 With the impact of the FRR is included, there is a net contribution to reserves of £48.9m.
- 9.6 In 2018/19 a net use of reserves is planned totalling £28.6m. These movements are set out in Table 3.1 below.



	<b>OTR</b>	<b>OTR (PFS)</b>	<b>FRR</b>	<b>Capital Fund</b>	<b>Other Corp</b>	<b>Dir Res</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Balance as at 31st March 2017	69.9	0.0	0.0	49.7	34.9	257.3	411.8
2017/18 planned (use)/contribution of reserves	(12.5)	0.0	0.0	(24.9)	5.2	(14.4)	(46.6)
<b>2017/18 Planned Balance as at 31st March 2018</b>	<b>57.4</b>	<b>0.0</b>	<b>0.0</b>	<b>24.8</b>	<b>40.1</b>	<b>242.9</b>	<b>365.2</b>
2017/18 creation of reserve	(21.2)	21.2	98.3	0.0	0.0	0.0	98.3
2017/18 further estimated (use)/contribution *	(10.1)	(9.6)	0.0	17.4	3.3	(3.8)	(2.8)
<b>Forecast Closing Balance (31st March 2018)</b>	<b>26.1</b>	<b>11.6</b>	<b>98.3</b>	<b>42.2</b>	<b>43.4</b>	<b>239.1</b>	<b>460.7</b>
2018/19 planned (use)/contribution of reserves	0.0	(3.9)	(11.6)	3.3	1.9	(18.3)	(28.6)
<b>Forecast Closing Balance (31st March 2019)</b>	<b>26.1</b>	<b>7.7</b>	<b>86.7</b>	<b>45.5</b>	<b>45.3</b>	<b>220.8</b>	<b>432.1</b>

\* Assumes forecast 2017/18 overspend based on Month 8 budget monitoring will be resolved using a contribution from the OTR.

### **Organisational Transition Reserve (OTR)**

- 9.7 In order to balance the overall Council Budget in 2017/18, a planned use of £12.5m from the OTR was agreed in the Financial Plan 2017+. Further pressures during the year, arising primarily from Pension Fund Strain (PFS) costs (£9.6m), the waste dispute in the summer of 2017 (£6.6m) and support for the ICT Landing Team (£0.4m) have added to the need to use the OTR. The additional use of the OTR is £16.6m bringing the forecast use to £29.1m. Work continues to address the 2017/18 Month 8 forecast which, if not resolved, would require further use of £3.1m OTR or a total of £32.2m.
- 9.8 In 2018/19 the only planned use of the OTR is £3.9m. It is proposed to use this fund on an “invest to save” basis from April 2018 to stimulate service transformation.
- 9.9 It is anticipated that a further £7.7m of OTR will be needed to fund PFS costs in later years.

### **Financial Resilience Reserve (FRR)**

- 9.10 This is a new reserve of £98.3m net created from the backdated application of a consistent MRP policy to 2007/08. There is no planned or forecast use of the FRR in 2017/18.
- 9.11 There is a planned use of the FRR in 2018/19 of £11.6m in order to balance the overall Council budget.

### **Capital Fund**

- 9.12 There was a planned use of £28.0m from the Capital Fund (a revenue reserve) to balance the overall budget in 2017/18. In addition there were planned contributions to replenish the Capital Fund of £3.1m relating to long standing arrangements for the repayment of borrowing costs by services. This represents a net planned use of £24.9m.
- 9.13 During 2017/18, the City Council implemented an asset-backed funding structure to finance its obligations to the NEC Pension Fund. As part of this

arrangement, it has been able to release a provision amounting to £17.4m, which can be used to replenish the Capital Fund. The net use of the Capital Fund will therefore fall from the planned £24.9m to £7.5m.

- 9.14 There is a planned replenishment of £3.3m to the Capital Fund in 2018/19, again relating to long standing arrangements for the repayment of borrowing costs by services.

### **Other Corporate Reserves**

- 9.15 There was a planned net contribution to other corporate reserves of £5.2m relating to a range of items including:

- planned contributions towards cyclical maintenance;
- the use of one-off resources identified from 2016/17;
- making provision for the local no detriment agreement relating to the Business Rates Pilot (see Chapter 2, paragraph 4.5);
- and repayments of previous borrowing from the Highways Maintenance Reserve.

The actual net contribution to these reserves is expected to be slightly higher at £8.5m.

- 9.16 In 2018/19 the equivalent net contribution will be £2.5m. This takes account of planned contributions to reserves in respect of Business Rates appeals. Furthermore provision is being made to create a Commonwealth Games Contingency Reserve. This will amount to £4.7m in 2018/19 rising to £40.0m by 2021/22. The City Council will use future growth in Business Rates income to fund this reserve.

### **Directorate Reserves**

- 9.17 The planned use of Directorate Reserves in 2017/18 was £14.4m. This was to help meet savings targets, meet one-off costs for specific purposes and to be set aside to meet future costs. Actual use is forecast to be £18.2m in 2017/18.
- 9.18 In 2018/19 it is estimated that £18.3m will be used for similar reasons – this includes £9.3m use of iBCF carried forward from 2017/18 into 2018/19 to contribute to the Adult Social Care and Health vision.

### **Overall impact on Reserves**

- 9.19 The summary movement in corporate reserves only (i.e. excluding Directorate reserves) is shown in table 3.2 below. This shows the movement in reserves between the planned figures for the 2017/18 and 2018/19 financial years.

<b>Table 3.2 - Movements in Corporate Reserves</b>			
	<b>2017/18*</b>	<b>2018/19</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Use of Capital Fund to fund 2017/18 Gap	(28.000)	0.000	28.000
Use of Organisational Transition Reserve	(12.533)	0.000	12.533
Use of Organisational Transition Reserve (PFS)	0.000	(3.902)	(3.902)
Use of Financial Resilience Reserve	0.000	(11.575)	(11.575)
Use of one off resources from previous years	(1.701)	(13.250)	(11.549)
Treasury Management	0.000	(1.815)	(1.815)
<b>Strategic Use of Reserves</b>	<b>(42.234)</b>	<b>(30.542)</b>	<b>11.692</b>
Contribution to Capital Fund (Revenue Reserve)	3.097	3.326	0.229
Business Rates Pilot No Detriment Contingency	3.438	0.000	(3.438)
Business Rates Appeals	0.000	9.349	9.349
Cyclical Maintenance Reserve	2.540	2.540	0.000
Commonwealth Games Contingency Reserve		4.746	4.746
<b>Other (Use of)/ Contribution to Reserves</b>	<b>9.075</b>	<b>19.961</b>	<b>10.886</b>
<b>Sub-total (Use of)/Contribution to Reserves</b>	<b>(33.159)</b>	<b>(10.581)</b>	<b>22.578</b>
<b>Net Repayments:</b>			
Borrowing from Highways PFI	1.006	0.985	(0.021)
<b>Sub-total Net Repayments</b>	<b>1.006</b>	<b>0.985</b>	<b>(0.021)</b>
<b>Repayments and Borrowing</b>	<b>1.006</b>	<b>0.985</b>	<b>(0.021)</b>
<b>Total Reserves Movement</b>	<b>(32.153)</b>	<b>(9.596)</b>	<b>22.557</b>

\* This is the original planned use of Reserves as per the Financial Plan 2017+

9.20 After taking account of planned contributions to and from reserves and balances, the position is expected as shown in Table 3.3 below

**Table 3.3 Reserves Position**

Directorate /	Description	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022
Corporate		£m	£m	£m	£m	£m
Corporate	Corporate General Fund Balance	28.9	28.9	28.9	28.9	28.9
Directorate	Directorate Carry Forward Balances	2.1	2.1	2.1	2.1	2.1
Corporate	Organisational Transition Reserve	26.1	26.1	24.4	23.9	23.9
Corporate	Organisational Transition Reserve (PFS)	11.6	7.7	4.6	2.7	1.3
Corporate	Financial Resilience Reserve	98.3	86.7	80.8	74.9	69.9
	<b>Total Un-earmarked Reserves</b>	<b>167.0</b>	<b>151.5</b>	<b>140.8</b>	<b>132.5</b>	<b>126.1</b>
Directorate	Highways PFI gross	114.2	114.1	113.4	112.1	110.3
Direct / Corp	Less Temporary borrowing	(23.1)	(25.2)	(27.1)	(28.7)	(27.1)
Direct / Corp	Highways PFI net	91.1	88.9	86.3	83.4	83.2
Direct / Corp	Reserves for budgets delegated to schools	43.1	43.7	44.3	45.4	46.0
Corporate	Treasury Management	1.8	0.0	0.0	0.0	0.0
Directorate	Insurance Fund	5.6	5.6	5.6	5.6	5.6
Corporate	Capital Fund	42.2	45.5	46.0	46.2	46.5
Corporate	One-off resources from previous years	14.8	1.5	6.7	1.5	1.5
Corporate	Cyclical Maintenance	8.5	11.0	13.6	16.1	18.7
Corporate	Business Rates Pilot No Detriment Contingency	3.4	3.4	3.4	3.4	3.4
Corporate	Business Rates Appeals	0.0	9.3	12.1	18.9	29.7
Corporate	Commonwealth Games Contingency Reserve	0.0	4.7	5.7	28.7	40.0
Corporate	Other Corporate Reserves	(2.7)	(2.7)	(2.3)	(1.9)	(1.4)
Directorate	Directorate Reserves	85.9	69.7	62.6	62.1	61.7
	<b>Total Earmarked Reserves</b>	<b>293.7</b>	<b>280.6</b>	<b>284.0</b>	<b>309.4</b>	<b>334.9</b>
	<b>Overall Total</b>	<b>460.7</b>	<b>432.1</b>	<b>424.8</b>	<b>441.9</b>	<b>461.0</b>

## 10. 2017/18 Savings Programme Delivery

10.1 The City Council has successfully delivered £642m of savings through to 2017/18. However, it is becoming harder to identify and deliver savings. There have been some deliverability issues with regard to some savings in 2017/18. Budget monitoring reports have highlighted the challenge in delivering the current savings plan. Further work has been undertaken as part of the budget process to reduce the anticipated level of savings non-delivery in the current and future years. This has reduced the budget gap which needs to be covered by new savings proposals.

10.2 The current savings programme can be considered to be in two parts:

- Directorate savings proposals; and
- Corporate savings proposals.

### *Directorate Savings*

10.3 Early monitoring reports identified that the City Council had initial concerns about the deliverability of its Directorate savings plan in 2018/19 and beyond; initially £13m was considered undeliverable in 2018/19. However, the City Council has persevered in resolving the deliverability of its savings programme and the majority of the Directorate savings plans are now considered to be deliverable; of the original plan of £26m, £5m is expected to be undeliverable in 2018/19 after mitigations.

### *Corporate Savings*

- 10.4 The City Council had intended in budget-setting for 2017/18 to make two main corporate savings – savings related to not having to pay salary increments to staff and savings related to a proposition about a new operating model for the City Council known as the Future Operating Model (FOM). The City Council reached collective agreement with the trades unions (TU) in order to agree that increments normally due as part of a standard contract would not be paid through to 2020/21. This will deliver annual savings of £15m by 2020/21. In line with the Council Collective Agreement of 2016 with TUs, discussions have been held to consider whether the City Council was in a financial position to make a performance related payment in the form of an increment or non-consolidated payment for the performance year 2017/18. Having considered its financial position the City Council is of the view that this is not practicable. Consultation has taken place with TUs on this matter and in line with the agreement there will be an annual review during the life of the Collective Agreement.
- 10.5 The FOM has not been progressed to the extent originally planned. However, savings are now planned to be delivered across support services provided to both the City Council and the Children’s Trust. Savings of nearly £10m are planned for 2018/19. Other savings have been delivered across Directorates, for example through management restructures, but these have made a contribution to Directorate savings targets rather than the corporate FOM target. However, the scale of savings originally envisaged across the whole of the City Council has not been achieved.

## **11. 2018/19 Savings and Service Changes**

- 11.1 The City Council has taken a strategic medium-term approach to the development of the savings proposals needed in order to balance the budget.
- 11.2 In order to balance the budget, savings of £52.9m are required for 2018/19, rising to £123.2m by 2021/22. The City Council has needed to identify savings while having regard to its Policy Priorities.
- 11.3 The City Council has also had to consider whether, in some instances, it can no longer afford to provide its current level of service.
- 11.4 A robust review of the savings programme approved for 2017/18 to 2020/21 has taken place. Some savings have been scaled back or re-phased and where savings are no longer considered to be deliverable they have been removed from the programme and replacement savings identified.
- 11.5 The new individual savings proposals were set out in a corporate budget consultation document, “Budget Consultation 2018+”, which was published on 12 December 2017, with consultation running until 15 January 2018. There was also a public meeting in order to allow people to find out more, and to offer their views on the proposals. There has also been the opportunity for people to respond electronically and in writing. The City Council has promoted the use of social media in order to encourage further involvement

from the citizens of Birmingham. An overview of the responses received to the consultation process can be seen in paragraphs 11.6 to 11.9. The Budget 2018+ Consultation Report is set out at Appendix 20.

11.6 The consultation process involved:

- A public meeting with 102 attendees
- A meeting aimed at the business community
- 639 responses to an online survey
- Online communications campaign including webpages, news feeds, Facebook and Twitter
- Eleven letters to 'Budgetviews' from local organisations

11.7 This corporate consultation focused on the overall allocation of savings. Directorates and services are also required to carry out consultation on the specific savings proposals with those service users affected.

11.8 Service priorities identified through consultation responses:

- Older and disabled people
- Refuse collection
- Child protection
- Mental health issues
- Families
- Improving Birmingham's economy

11.9 A full analysis of the responses to the consultation is detailed in Appendix 20.

11.10 The Budget 2018+ consultation will be complemented by directorate-based consultation with the general public and service users on individual proposals so that the requisite public sector equality duty or other statutory consultation has taken place, that decision makers have had 'due regard' to issues arising from this equality process and the necessary governance process has been completed.

11.11 The Budget Consultation 2018+ did not include those proposals that were part of a previous year's budget process and have not yet been implemented. Those 'existing' proposals will be subject to the necessary consultation, equality assessment and governance, as set out in 11.10 above, before they are implemented.

11.12 In the light of public consultation responses, including initial equality impact assessments and consideration of mitigations as appropriate, to ensure that the City Council meets its Public Sector Equality Duty, it has been proposed that the City Council reduce the level of savings on two of the proposals:

- The planned savings for increasing burial and cremation fees by 3% in Bereavement Services of £0.3m will not now go ahead.

- The planned savings in Neighbourhoods & Communities – Libraries to charge for book reservations will not now go ahead.

11.13 In addition a number of presentational changes have taken place. For example, it was felt that it is clearer to merge some pressures and savings as they were so closely linked.

11.14 The amended aggregate value of the savings proposals can be seen in Table 3.4.

<b>Table 3.4 Savings Proposals</b>				
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Savings in Existing Plans	(39.400)	(54.112)	(63.978)	(65.345)
New Proposals Subject to Consultation	(14.210)	(26.847)	(39.418)	(47.790)
<b>Total Savings in Consultation</b>	<b>(53.610)</b>	<b>(80.959)</b>	<b>(103.396)</b>	<b>(113.135)</b>
Adjustments	0.752	(7.512)	(4.274)	(3.881)
<b>Total Savings Plan</b>	<b>(52.858)</b>	<b>(88.471)</b>	<b>(107.670)</b>	<b>(117.016)</b>

## 12. Equality Analysis

12.1 The consultation is accompanied by a corporate equality analysis set out in Appendix 19.

12.2 The Equality Act 2010, the Public Sector Equality Duty requires local authorities to have due regard to:

- Eliminating discrimination, harassment, and victimisation
- Advancing equality of opportunity
- Fostering good relations

12.3 Having due regard to:

- Removing or minimising disadvantages suffered by people due to their protected characteristics
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low

12.4 The City Council-wide Equality Impact Assessment (EIA) and the individual service EIAs on budget proposals that underpin as a minimum should consider the impact on the protected characteristics in the Equality Act 2010. These are age, disability, race, marriage and civil partnership, sex, sexual orientation, religion/belief, gender reassignment, pregnancy & maternity.

12.5 Each service needs to complete an EIA for each budget saving proposal including any action to mitigate any risk. The individual EIA should be an ongoing process that develops as the budget saving proposal develops over

time. This approach will help City Council Directorates to understand the equality impact of any reductions including negative but also positive impacts of policy changes.

- 12.6 Appendix 19 highlights pertinent information arising from EIA processes to inform elected member decision. It sets out those areas where it is anticipated that further consultation and mitigations will be required prior to implementation of the budget saving.

### **13. Risk Management**

- 13.1 The implementation and delivery of savings plans will be closely monitored and mitigating actions will be required where savings are not on track.
- 13.2 £5.7m of the FRR has been utilised in 2018/19 in order to allow time for services to identify in full their efficiency plans. The budget figures have been based on achieving those savings from 2019/20. However, there is an expectation placed on Corporate Directors to develop plans to deliver efficiency savings in 2018/19 and repay the FRR.
- 13.3 Furthermore, £1.2m of the FRR has been earmarked as a contingency in 2018/19 in case there are deliverability issues with the commercialism saving.
- 13.4 It is also recognised that there have been budgetary and service issues within the Travel Assist Service. These budget issues have been addressed within the 2018/19 Budget. Consideration will be given to the release of reserves to assist the service on an “invest to save” basis in 2018/19 if an appropriate business case is put forward. This will need to demonstrate that the service improvements will repay the reserves provided and deliver future savings.
- 13.5 The FRR will provide some further contingency against any further delivery issues as outlined in paragraph 9.10.
- 13.6 The City Council’s Corporate Risk Register is updated and reported to the Audit Committee three times a year.

### **14. Policy Contingency**

- 14.1 The 2018/19 Budget includes a Policy Contingency as detailed in Table 3.5. This is a budget held centrally and not allocated to services at the start of the financial year, which provides funding to meet the costs of certain decisions which may be taken during the course of the year, together with some savings where the service affected is not yet known.



<b>Table 3.5 Policy Contingency</b>	<b>£m</b>
Loss of Income from Car Park Closures	0.252
Carbon Reduction Commitment	1.056
National Living Wage	0.101
Autoenrolment in Pension Fund	0.300
Inflation Contingency	5.275
Highways Maintenance	0.589
Apprenticeship Levy	0.869
Corporate Structures Saving	(0.600)
Commercialism Saving	(1.150)
Commonwealth Games Project Team Costs	1.000
Future Council Improvement Funding	0.682
WOC2 Implementation Costs	0.069
General Contingency	3.038
<b>Total</b>	<b>11.481</b>

14.2 The unallocated General Contingency of £3.0m provides risk cover in the overall delivery and management of the budget in 2018/19.

## **15. Capital Receipts Flexibility**

15.1 The Government has announced that for the six years 2016/17 – 2021/22 capital receipts can be used to fund the revenue costs of transformation that help to deliver savings to the public sector. The City Council has already made use of this through applying costs of redundancy and pension strain associated with generating savings, along with some implementation costs. The planned application of the City Council's flexible use of capital receipts strategy in 2017/18 (revised) and 2018/19, along with the anticipated benefits, can be seen in Appendix 7.

## **16. Levies and Contributions**

16.1 The Budget for 2018/19 includes £45.0m in respect of the WMCA Transport Levy (a 6% reduction on the £47.7m levy in 2017/18, which is contributing to the savings programme) and £0.3m (£0.3m in 2017/18) for the Environment Agency Levy.

16.2 The City Council's contribution to the WMCA will be £1.1m in 2018/19. This is an increase of £0.9m compared to the 2017/18 Budget.

## **17. Revenue Budget 2018/19 and Medium-Term Plan to 2021/22**

17.1 The legal requirement placed upon local authorities is to set a balanced budget for the forthcoming financial year i.e. 2018/19.

17.2 A summary of the expected financial position over the forthcoming four financial years is set out in Table 3.6.

<b>Table 3.6 - Medium Term Financial Plan</b>					
	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Net Budget 2017/18	821.803	821.803	821.803	821.803	821.803
Inflation		20.014	39.607	58.098	75.909
Policy Priorities & Pressures		70.675	81.609	83.998	88.764
Savings Programme		(52.858)	(88.471)	(107.670)	(117.016)
Net Movement in Reserves		22.557	35.711	51.074	48.573
Corporately Managed Budgets		13.060	(2.503)	0.847	12.429
Changes in Corporate Grants		(40.062)	(55.958)	(56.786)	(57.568)
<b>Total Net Expenditure</b>	<b>821.803</b>	<b>855.189</b>	<b>831.798</b>	<b>851.364</b>	<b>872.894</b>
Business Rates	(394.654)	(418.064)	(428.097)	(439.656)	(450.648)
Core Grants (Top Up)	(123.463)	(91.744)	(54.489)	(55.634)	(56.747)
Council Tax	(308.545)	(327.278)	(342.037)	(350.589)	(359.354)
Collection Fund (Surplus)/Deficit Business Rates	9.911	(16.116)			
Collection Fund (Surplus)/Deficit Council Tax	(5.052)	(1.987)			
<b>Total Resources</b>	<b>(821.803)</b>	<b>(855.189)</b>	<b>(824.623)</b>	<b>(845.879)</b>	<b>(866.749)</b>
	<b>0.000</b>	<b>0.000</b>	<b>7.175</b>	<b>5.485</b>	<b>6.145</b>
<b>Cumulative Changes in Spend before Savings</b>		<b>86.244</b>	<b>98.466</b>	<b>137.231</b>	<b>168.107</b>
<b>Net Cumulative Increase in Resources</b>		<b>(33.386)</b>	<b>(2.820)</b>	<b>(24.076)</b>	<b>(44.946)</b>
<b>Cumulative Savings Programme</b>		<b>52.858</b>	<b>88.471</b>	<b>107.670</b>	<b>117.016</b>
<b>Annual Increase in Savings Programme</b>		<b>52.858</b>	<b>35.613</b>	<b>19.199</b>	<b>9.346</b>

17.3 A longer-term perspective is also summarised in Appendix 2. This shows that further savings will be required over the 10 year period, but there are also likely to be:

- As yet unknown pressures
- Uncertainty relating to the Government's Fair Funding Review
- A reset of the Business Rates Retention System.

However the four year settlement agreed with the Government has provided a greater level of financial certainty until March 2020.

## 18. Statements by the Corporate Director Finance and Governance

### Assessment of Budget Estimates

18.1 Forecasts of available resources have been updated and revised where necessary. A range of financial issues, costs and projects/programmes have been identified and an appropriate level of budget has been provided. Proposals have been developed to deliver the required savings with due regard to consultation and equality assessment requirements, and management arrangements have been put in place to mitigate any residual risks as much as practically possible. Financial proposals have been developed in order to address the policy priorities of the City Council. The budget is monitored closely, and there are contingencies and reserves/balances which could be made available, if necessary, to address unexpected events. One-off resources will remain in the FRR to provide some further contingency against savings delivery difficulties.

18.2 Therefore, taking the above into account, together with the comprehensive business and financial planning process, the level of reserves and balances and the approach to risk management, the Corporate Director Finance and

Governance is satisfied that the 2018/19 Budget proposals are based on robust estimates.

### **Level of Reserves and Balances**

- 18.3 The financial challenge the City Council is facing involves making savings that are of an extremely difficult and complex nature.
- 18.4 Section 9 above sets out the details of the City Council's balances and use of reserves.
- 18.5 There are rigorous arrangements in place for the management of the City Council's finances and funds could be made available in the short-term to address any urgent financial issues, although they are expected to be needed in the long-term.
- 18.6 In the light of this, the formal view of the Corporate Director Finance and Governance is that the level of reserves and balances for 2018/19, summarised in this Council Plan and Budget, is adequate. This needs to be kept under regular review, both in the short and medium term.

### **Adult Social Care Precept**

- 18.7 The Corporate Director Finance and Governance is satisfied that the Council Tax income yield from the Social Care Precept has been fully utilised to meet adult social care costs. As set out in paragraph 3.5 the City Council has also identified additional resources in this area.

## **CHAPTER 4: HOUSING REVENUE ACCOUNT (HRA)**

### **1. Summary**

- 1.1 The HRA Self Financing Framework was introduced from April 2012 (as part of the Localism Act 2011) and this required local authorities to maintain a long-term HRA Business Plan.
- 1.2 The HRA Business Plan 2018+ 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 2018+ shows a balanced long-term financial plan and incorporates the continuation of a long-term debt reduction programme that commenced in 2015/16 (to match the expected life spans of existing properties), but at a slower rate than initially planned.
- 1.4 The national rent policy introduced from April 2015, intended to cover a 10 year period, was substantially amended for the 4 years from April 2016. The policy is now based on rent reductions of 1% per annum for 4 years, followed by annual increases at CPI+1% with rent convergence only taking place for new tenancies (full details of the rent setting policy are set out in a separate Cabinet Report considered on 13 February 2018).

### **2. Background**

- 2.1 The City Council is one of the largest providers of social housing in Europe, managing in excess of 62,000 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 of over 18,000 households and the need for an estimated 26,000 additional social rented or affordable homes by 2031.
- 2.2 The HRA is a statutorily ring-fenced account that deals with income and expenditure arising as a result of the City Council's activities as a provider of social and affordable housing. The 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 as a result of national and local policy changes and in particular the following issues are reflected in the HRA Business Plan:
  - Impact of the Welfare Reforms and the introduction of Universal Credit – research conducted by the Association of Retained Local Authorities indicated that rent arrears increased in those areas where Universal Credit has been introduced by an average of 16% in the first quarter

following implementation. With the full roll out of Universal Credit, this is likely to increase substantially. In excess of 70% of the City Council's HRA tenants are currently in receipt of housing benefit, therefore the impact of this transition in Birmingham is likely to be significant

- The impact of the revised national rent policy (rent reductions of 1% per annum between 2016/17 and 2019/20) is estimated to result in a loss of HRA income increasing to approximately £42m per annum by 2019/20
- The future impacts of the potential government policy for introducing a tariff relating to high value void dwellings (may be implemented from 2019) is not yet known, but early estimates are that this might equate to a cost to the HRA of in excess of £5m per annum if implemented.

3.2 In addition, there are statutory requirements to ensure that there is no cross-subsidy between the HRA and General Fund services (the “who benefits” principle – designed to ensure that council tenants do not pay twice for the same service, through both Council Tax and Rents), that 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 2018+ is intended to support the following key strategic and housing service objectives:

4.2 Building New Homes and Maintaining Stock

- Provision of new affordable housing to replace obsolete properties and provide a significant contribution to the Housing Growth Strategy (2,451 new council homes and 1,930 obsolete properties demolished over the next ten years with an associated investment of £446m)
- Maintaining properties in their current improved condition (to ensure that the properties are not impaired) with an investment of £586m over the next ten years. This will be achieved through the life-cycle replacement of property components (windows, heating, kitchens, bathrooms, roofs, electrical components)
- Fire protection works to high rise flats (principally the installation of sprinkler systems) at a cost of £31m over 3 years
- Discharge of statutory day to day repairs and maintenance obligations (including compliance with health and safety on annual gas inspections) with investment of £665m over the next ten years.
- Adaptations to properties to continue to promote independent living (an investment of £37m over the next ten years)

4.3 Local Housing and Estate Services

- Continued modernisation of the delivery of local housing management services (e.g. annual visits, review and more rigorous enforcement of tenancy conditions, in particular anti-social behaviour)
- An ongoing review of other estate based services that are subject to service charges (including caretaking and cleaning), with any resulting

service redesigns and revisions to service charges to be phased in over a suitable time period with appropriate consultation built into implementation plans. These service reviews are designed to ensure that the services are delivered efficiently and offer good value for money to the tenants in receipt of the services, whilst ensuring that they are not cross-subsidised by other tenants not receiving the services

- Improving performance on rent collection and empty properties
- Secure efficiencies in Business Support Services to ensure that scarce resources are not unnecessarily diverted away from front line service delivery and investment priorities

#### 4.4 Rent Policy

- To ensure that the rent policy is consistent with the revised national rent policy (rents will further reduce by 1% per annum in 2018/19 and 2019/20, followed by increases of CPI +1% for subsequent years)
- To ensure that service charges are set at a level that reflects the costs of service delivery, whilst ensuring value for money for tenants and ensuring that charges are eligible for support through housing benefit wherever possible.

#### 4.5 External Resource Generation

- Continuing to lobby for appropriate funding solutions for fire protection works in high rise flats, including the exploration of opportunities for partial funding from Central Government
- Maximising the use of retained Right to Buy (RTB) receipts and access to HCA grant funding programmes to support and increase the new build housing programme

### 5. HRA Business Plan 2018+ and Budget 2018/19

5.1 A summary of the HRA Self Financing Business Plan 2018+ is set out in Appendix 9.

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

- A balanced revenue budget over the next 10 years, achieved as a result of:
  - Substantial reductions in future rental income as a result of reductions in property numbers, together with the implementation of the national rent policy as set out above
  - A reduction in resources available to the HRA as a result of the potential introduction of the Government's high value voids policy from 2019/20, estimated to cost the HRA a total of £49m by 2027/28
  - A clear focus on maximised collection of rents from tenants, linked to the review and enforcement of tenancy conditions and

continuation of the annual visits programme, despite the increasing pressures from the full roll out of Universal Credit

- Increased prudential borrowing within the HRA debt cap to replace revenue contributions required to support planned capital expenditure, including the council housing new build programme and investment in existing housing. The financial viability of individual schemes (including the affordability of any new borrowing that may be required) will continue to be considered as a part of the Full Business Case produced for each scheme or programme
  - Rephasing of the planned debt repayment and reduction programme to ensure a balanced overall position year on year. This rephasing does however continue to deliver a reduction in total HRA debt, with the balance outstanding falling to below £500m by 2038/39 and the achieving of a debt:income ratio of below 2:1 by 2033/34. This maintains both of these key thresholds in line with the 2017+ plan
- The debt repayment strategy includes loan redemptions in all years from 2018/19 with the total forecast debt outstanding in 10 years' time falling to £906m. Total HRA debt at 31 March 2018 is forecast to amount to £1,097m
  - Average borrowing per property of £18k in 2018/19, reducing slightly to £16k over the next 10 years and to below £10k per property by 2039/40 (effectively the average mortgage on each HRA property)
  - Maintenance of adequate reserves and provisions for potential bad debts (estimated for 2018/19 at £31m including minimum balances of £5m and provisions for bad debts of £26m)

5.3 The comparison of the HRA budget for 2017/18 and the proposed budget for 2018/19 is set out in the table below:

<b>Table 4.1</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>Change £m</b>	<b>Change %</b>
Repairs	64.460	61.741	(2.719)	-4.2%
Local Housing Costs	68.360	66.360	(2.000)	-2.9%
Estate Services Costs	16.978	17.584	0.606	3.6%
Bad Debt Provision	3.425	4.149	0.724	21.1%
Debt Financing Costs	51.691	51.491	(0.200)	-0.4%
Debt Repayment	24.830	40.317	15.487	62.4%
Contbns for Capital Investment	54.014	35.605	(18.409)	-34.1%
<b>Total Expenditure</b>	<b>283.758</b>	<b>277.247</b>	<b>(6.511)</b>	<b>-2.3%</b>
Rental Income (net of Voids)	(259.040)	(252.778)	6.262	-2.4%
Other Income/Service Charges	(24.718)	(24.469)	0.249	-1.0%
<b>Total Income</b>	<b>(283.758)</b>	<b>(277.247)</b>	<b>6.511</b>	<b>-2.3%</b>

## 6. HRA Business Plan 2018+ – Short-Term and Long-Term Financial Evaluation

6.1 The revenue aspects of the HRA Business Plan 2018+ are summarised below:

<b>Table 4.2 HRA Business Plan 2018+</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>10 Year £m</b>
Repairs	61.741	62.957	64.009	65.052	665.255
Local Housing Costs	66.360	66.216	67.318	65.924	697.106
Estate Services Costs	17.584	18.032	18.492	18.970	197.607
Bad Debt Provision	4.149	4.247	4.229	4.272	43.427
High Value Voids Tariff	0.000	5.031	5.130	5.236	49.328
Debt Financing Costs	51.491	51.122	50.658	50.256	484.664
Debt Repayment	40.317	25.915	15.671	19.388	213.220
Contribns for Capital Investment	35.605	39.530	52.932	55.079	600.541
<b>Total Expenditure</b>	<b>277.247</b>	<b>273.050</b>	<b>278.439</b>	<b>284.177</b>	<b>2,951.148</b>
Rental Income (net of Voids)	(252.778)	(248.096)	(252.998)	(258.201)	(2,685.435)
Other Income/Service Charges	(24.469)	(24.954)	(25.441)	(25.976)	(265.713)
<b>Total Income</b>	<b>(277.247)</b>	<b>(273.050)</b>	<b>(278.439)</b>	<b>(284.177)</b>	<b>(2,951.148)</b>

## 7. Capital Programme

7.1 The capital expenditure plans for the council housing stock are set out in Table 4.3 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 social and affordable rented housing to meet the continuing demand and need for new homes.

<b>Table 4.3 Capital Expenditure</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>10 Year £m</b>
Housing Improvement Programme	61.602	49.289	57.149	58.451	586.052
Adaptations	3.418	3.487	3.556	3.628	37.430
New Build and Regeneration	58.950	46.963	51.732	38.334	445.766
Fire Protection / Sprinklers	7.000	12.000	12.000	0.000	31.000
<b>Total</b>	<b>130.970</b>	<b>111.739</b>	<b>124.437</b>	<b>100.413</b>	<b>1,100.248</b>
<b>Funded by:</b>					
Revenue Contributions	(35.605)	(39.530)	(52.932)	(55.079)	(600.541)
Receipts / Grants	(87.939)	(58.681)	(51.222)	(45.334)	(458.471)
Other Resources inc Reserves	(7.426)	(13.528)	(20.283)	0.000	(41.236)
<b>Total</b>	<b>(130.970)</b>	<b>(111.739)</b>	<b>(124.437)</b>	<b>(100.413)</b>	<b>(1,100.248)</b>



## CHAPTER 5: CAPITAL RESOURCES

### 1. Summary

1.1 The Capital Programme is financed predominantly from prudential borrowing, Government grants and other contributions, HRA resources, and capital receipts. Capital receipts are also used to fund Equal Pay settlements and projects under the Government's capital receipts flexibility scheme. Capital resources are spent on long-term assets – they do not fund staffing or day to day expenses such as fuel or stationery

### 2. Capital Resources

2.1 Resources of £1,250.2m have been identified to fund the City Council's 4 year Capital Programme from 2018/19 to 2021/22. These are summarised in Table 5.1 below, and can be divided into specific resources and corporate resources.

**Table 5.1 - Financing the Capital Programme**

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
<b>Specific Resources</b>					
Government Grants & Contributions	205.821	95.112	62.447	26.542	389.922
HRA Revenue Resources & Reserves	35.605	39.530	52.932	55.079	183.146
Other Specific Revenue Resources	13.853	6.789	12.359	0.000	33.001
HRA Capital Receipts	68.671	40.800	41.539	35.647	186.657
<b>Total Specific Resources</b>	<b>323.950</b>	<b>182.231</b>	<b>169.277</b>	<b>117.268</b>	<b>792.726</b>
<b>Corporate Resources</b>					
Prudential Borrowing	115.133	116.857	83.825	66.738	382.553
Capital Receipts	29.644	15.336	3.937	0.000	48.917
Corporate Resources	8.155	0.100	0.150	17.641	26.046
<b>Total Corporate Resources</b>	<b>152.932</b>	<b>132.293</b>	<b>87.912</b>	<b>84.379</b>	<b>457.516</b>
<b>Total Resources</b>	<b>476.882</b>	<b>314.524</b>	<b>257.189</b>	<b>201.647</b>	<b>1,250.242</b>

### 3. Specific Resources

3.1 Specific capital resources total an estimated £792.7m over all 4 years and represent funding which has been obtained for a particular purpose e.g.

- Specific Government grants
- Developer contributions
- HRA revenue resources
- HRA RTB capital receipts.

These projects are added to the capital programme on a rolling basis as the resources are awarded to the City Council and as HRA revenue resources and capital receipts become available.

- 3.2 The largest component of specific resources is Government grants and other capital contributions, for which the City Council is budgeting to receive £389.9m over the 4 year capital programme. The Government continues to support a number of major investment programmes in local authority assets. For the City Council this includes grants for Education Basic Needs (school places), Local Growth Fund and HRA developer contributions. These programmes will form a significant part of the capital investment undertaken by the City Council in the next few years.
- 3.3 Details of all capital grants that have been budgeted for receipt in 2018/19 to 2021/22 are detailed in Appendix 11.
- 3.4 The Government also supports capital investment in the Highways Maintenance and Management PFI through revenue grant but as the City Council does not directly incur capital expenditure, PFI is not part of the capital resources shown in table 5.1 above.
- 3.5 HRA revenue contributions of £183.1m and HRA capital receipts of £186.7m are planned to support capital investment in the HRA Business Plan, in accordance with the self-financing reform of housing introduced by the Government in 2012/13.
- 3.6 Other specific revenue resources of £33.0m are programmed to support capital investment across a number of minor schemes.

#### **4. Corporate Resources**

- 4.1 Corporate capital resources presently assumed for the programme total £457.5m over the four years. These represent resources which the City Council has more freedom to allocate to meet its own policy priorities and expenditure commitments.
- 4.2 The City Council's capital financing plans seek to use capital resources in the most efficient way to finance the City Council's needs. This is expected to include using borrowing to provide general support to the capital programme. £382.6m corporate resources assumed in this programme therefore are from prudential borrowing. The capital strategy (Chapter 6) sets out a prudent policy in relation to future borrowing.
- 4.3 Capital receipts are expected to be used to finance capital expenditure, including capitalised revenue costs under the Government's capital receipts initiative. Capital receipts are also used to fund debt redemption in accordance with the City Council's MRP Policy, and to fund Equal Pay settlements. The financial implications of the funding of Equal Pay settlements have been included in the Budget, and in the LTFP in relation to later years. This takes account of borrowing costs and loss of income or other costs arising from asset sales.

- 4.4 Capital receipts totalling £29.6m are planned to be used in 2018/19 and a further £19.3m budgeted in the period 2019/20 and 2020/21 to help fund revenue reform and redundancy costs required to deliver the City Council's savings proposals, in accordance with the capital receipts flexibility announced in the Chancellor's 2015 and 2017 Autumn Statements.
- 4.5 Other corporate capital resources of £26.0m are planned to be used during the period 2018/19 to 2021/22.
- 4.6 Final decisions on the funding of the capital programme will be taken by Cabinet in the Outturn report after the end of the financial year.

## **CHAPTER 6: CAPITAL STRATEGY AND PROGRAMME**

### **1. Summary**

- 1.1 This chapter outlines the general principles, strategy, policies and considerations which guide the City Council's capital planning, in terms of both expenditure and how it is resourced. It then sets out the City Council's capital priorities and the proposed Capital Programme 2018+. The previous chapter set out the forecast capital resources available over the next four years. This chapter sets out the proposed Capital Strategy and Programme in this context.
- 1.2 The City Council has an extensive Capital Programme which totals £1,250.2m over the next four years, of which £476.9m is budgeted in 2018/19. Given the continuing constraints on corporate capital resources, the emphasis is on achieving value for money and seeking external funding where possible for new initiatives. The City Council will work with community, business, and public sector partners across Birmingham and the region to deliver improved investment outcomes for its residents.
- 1.3 The City Council also recognises the strategic and financial value of its property assets, and it will seek to use its property to support the delivery of its service and infrastructure priorities.
- 1.4 The City Council is increasingly planning long-term investment programmes such as the Enterprise Zone (EZ) and HS2 Curzon Infrastructure, and long-term HRA housing development. The City Council will also be planning for the capital investment needs of the Commonwealth Games, in co-ordination with the Games Organising Committee. Appendix 13 summarises the ten year capital programme where proposals are in place and resources are reasonably identifiable.

### **2. General Principles for Capital Planning**

- 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 Budget 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 where this is affordable and delivers best value for money to the City Council, including a robust process for the appraisal and approval of capital projects and programmes (the 'Gateway' process)
  - Work with partners, including the community, businesses and other parts of the public and voluntary sector, whilst retaining clear lines of accountability and responsibility

- Relate capital resources and expenditure planning to asset planning.
- 2.2 The City Council will corporately prioritise all the capital resources under its control, primarily through the annual financial planning process. The capital resources under the City Council's control include all capital receipts, prudential borrowing and other resources used for capital investment whose use is largely at the discretion of the City Council to decide. This will be supported at officer level by a Capital Board including representatives of all Directorates.
- 2.3 The City Council has adopted CIPFA's Prudential Code. This seeks to ensure that capital expenditure plans are affordable; that any City Council borrowing and other long-term liabilities are affordable, prudent and sustainable; and that treasury management decisions are taken in accordance with professional good practice, including awareness and management of risks. A revised Code has just been published at the end of December 2017, which revises the prudential indicators, and recommends authorities to approve a capital strategy as part of their annual financial planning. It also highlights the need for good management of commercial activities. This Council Plan and Budget adopts the revised Prudential Code. Given the limited time since publication, some details supporting the revised Code will be further developed during 2018 mainly in relation to commercial activities, capital strategy and property strategy.
- 2.4 CIPFA intends that authorities' Capital Strategies should give a high level view of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability. It recommends the Chief Finance Officer of the authority to report explicitly on the affordability and risk associated with the Capital Strategy. Affordability and risk management issues are addressed throughout this Council Plan and Budget, including:
- Corporate Director Finance and Governance statements in Section 18 of Chapter 3
  - Risk management considerations in Section 13 of Chapter 3
  - Capital policies set out below (including for commercial activities, prudential borrowing and debt)
  - Treasury management and investment policies in Appendix 17 and 18 and the treasury strategy set out in Chapter 7 below
  - References to ongoing monitoring and risk management processes including the City Council's Risk Register, revenue, capital and treasury management monitoring.

### **3. Strategic Context and Priorities**

- 3.1 The City Council's capital programme has delivered major investment successes in recent years, including investment in additional school places, housing, and regeneration projects such as Grand Central. In turn this success generates further investment in the city by the City Council's partners

and the wider private sector. This continues in the current capital programme with investment in the EZ, Paradise development, new housing development and transport improvements, and additional school places.

- 3.2 In the current financial environment, the development of the capital programme will respond in particular to the overall need for service change and delivery in future years in the context of reducing revenue resources. In this context the City Council's capital priorities are as follows:
- A few City Council priorities including key service developments such as transforming the ICT systems of Adults' and Children's Social Care and the Commonwealth Games
  - Proposals which are funded from external resources, such as much of transportation and schools capital which are constrained in timescales or conditions which need to be met to access the capital
  - Legal obligations, including health and safety (and Equal Pay settlements, which can be funded from capital receipts)
  - Spend to save, income earning and transformational projects which can cover their own borrowing costs and show a good rate of return (such as Private Rented Sector housing through InReach, some regeneration activity, and the use of the Government's capital receipts flexibility scheme)
- 3.3 The City Council will continue to work with public sector, private sector and community partners to deliver physical investment. In particular, it will work with the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and the WMCA to deliver the investment proposals across the LEP and in the Government's devolution deal, and to seek further devolution to the region.
- 3.4 The City Council will continue to identify inward investment opportunities both for its own capital programme and for business in Birmingham.
- 3.5 Property Strategy
- 3.5.1 The City Council's land and buildings represent a valuable resource which can be used to support outcomes both strategically and locally. The City Council will seek to use its assets to the full to deliver its priority outcomes as appropriate in each case.
- 3.5.2 A new Property Strategy is currently under development, overseen by the City Council's Property and Asset Board. The strategy will include community assets, major projects and regeneration, investment properties, and operational assets.
- 3.5.3 The Property Strategy and this Capital Strategy will be closely related, and will set out a co-ordinated approach to the use of, and investment in, the City Council's assets.

### 3.6 Commercialism Strategy

- 3.6.1 During 2017, the City Council's Commercialism Board has been developing a strategy and proposals to ensure that the City Council is appropriately commercially aware in its operations and seeks to deliver an improved financial outcome by obtaining commercial returns where appropriate. This activity may require capital investment in order to generate efficiencies or new or improved revenues.
- 3.6.2 The newly revised CIPFA Prudential Code recommends that authorities ensure they have processes for due diligence in assessing commercial proposals; that they have defined their risk appetite for commercial activities; that activities are proportionate to the authority's resources; and that arrangements for advice and scrutiny are in place. A Commercial Strategy is under development, and will have a close fit with the Capital Strategy and Property Strategy. The Treasury Management Policy at Appendix 17 and the Investment Framework at Appendix 18 set out a policy framework for all City Council financial investments, including commercial and service investments.

## **4. Capital Finance Policies**

### 4.1 Asset Sales and Capital Receipts

- 4.1.1 All land and buildings which are surplus to existing use will be reviewed under Property and Assets Board arrangements, before any executive decision is made, to ensure the re-use or disposal of the asset provides best value in supporting the City Council's objectives. The City Council's general policy is that assets will be disposed of for cash at the best market value. Exceptions to this policy should be approved by Cabinet.
- 4.1.2 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 reviewed by the Property and Assets Board before proceeding for formal decision. This includes Board consideration of proposals to appropriate land for a different purpose from its existing use, and proposals to sell land less than best price, to ensure that the best value outcome for the City Council is obtained in relation to City Council key priorities.
- 4.1.3 The City Council encourages community engagement in the delivery of priority local public services using City Council property assets. In support of this the City Council may be prepared to sell City Council assets at less than best value to third sector organisations which have the capabilities to use the assets to provide agreed services, in accordance with arrangements for Community Asset Transfers (CAT) of property. It is recognised however that sales at less than best price may reduce the capital receipts available to fund other City Council needs and policies. Accordingly, proposed land sale discounts including CATs are reviewed by the Property and Assets Board before proceeding for formal decision, in order to identify those proposals which have a strong fit with the City Council's key strategic priorities, and

which have a good prospect of success. Other properties, and CAT proposals which have been unsuccessful, will proceed for sale on the open market.

- 4.1.4 Capital receipts will be used to finance capital expenditure, including capitalised revenue costs under the Government's capital receipts initiative. Capital receipts are also used to fund equal pay settlements, and for debt redemption in accordance with the City Council's MRP Policy.
- 4.1.5 The use of all capital receipts will be prioritised through the City Council's corporate financial planning progress, as set out in paragraph 2.2 above. All previous capital receipt earmarking policies are discontinued (this will not affect existing approved use of capital receipts already identified in the City Council's disposals programme or otherwise taken into account in this Council Plan and Budget).

#### 4.2 Prudential Borrowing and Debt

- 4.2.1 The City Council 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. The City Council has used the prudential borrowing freedoms actively and successfully to deliver key outcomes for the City Council, including investment in regeneration (e.g. Grand Central and the EZ), service priorities like the Library of Birmingham, new wholesale market, rationalisation of service properties, and to support Equal Pay funding.
- 4.2.2 Prudential borrowing continues to be an important way to fund the City Council's own priorities where external funding cannot be obtained. The cost of borrowing is generally recharged to the service concerned, which recognises that borrowing is not a free asset, but has a revenue cost.
- 4.2.3 The City Council sets and monitors prudential indicators (including local indicators) to manage its debt exposures. Borrowing costs (including interest and repayment charges) in 2018/19 represent 32% of the net revenue budget, or 24% of gross income including income from sales, fees, charges and rents. This reflects some growth in the City Council's borrowing in recent years, but also reflects the reduction in its income.
- 4.2.4 In order to ensure that borrowing remains at an affordable and sustainable level, the City Council will seek over the medium term to manage its new prudential borrowing for normal service delivery at a level which is close to the amount which it sets aside each year for debt repayment. This will require careful prioritisation of projects reliant on debt finance, which will be carried out as part of the capital prioritisation process outlined in paragraph 2.2 above.

#### 4.3. Debt Repayment Policy: the Annual MRP Statement

- 4.3.1 Local Authorities are required by law to make prudent provision in relation to capital debt repayment (known as "Minimum Revenue Provision" or MRP).



Government Guidance requires the full Council to approve a statement of its policy on MRP. The City Council's MRP Policy is key to managing debt liabilities and generating the potential for headroom for new borrowing if affordable and required. The City Council's proposed policy is attached at Appendix 16.

- 4.3.2 A change to the MRP policy is proposed in 2017/18. This relates to a change in MRP policy which was made in 2013/14, which changed the repayment profile on pre-2007/08 debt from 4% reducing balance to 2% fixed for 50 years. It is now proposed to apply this method consistently from 2007/08 when the current MRP system started. This brings forward the full repayment of the pre-2007/08 debt by six years to 2056/57. The effect in 2017/18 is to release £98.3m of overprovision from previous years, and increase MRP from 2018/19 by £5.9m per annum, ending in 2056/57. The revised amount of MRP in 2017/18 is £50.2m. The £98.3m will be put into a Financial Resilience Reserve as a hedge against possible future major financial risks. The impact of the £5.9m MRP increase will be mitigated in the first few years by top-slicing the reserve. Further details are provided in Appendix 16.
- 4.3.3 The revised MRP policy results in the repayment of half of the City Council's required loan debt outstanding in nineteen years, and almost all required loan debt is repaid in 39 years, based on the current capital programme and making no assumptions about any further prudential borrowing which may subsequently be agreed. The HRA revenue repayment provision has been revised in accordance with the HRA Business Plan set out in Chapter 4 above.

#### 4.4 Capital Programme governance

- 4.4.1 Projects included in the Capital Programme will not proceed to spend until there has been an executive decision which would normally include a 'Gateway' business case appraisal. This managed approval process appraises options to deliver desired outputs, sets out the rationale to support the recommended solution, and identifies capital and revenue implications and funding. Account is also taken of the outcome of consultations, equality and risk assessments, and contribution to the City Council's strategic objectives. Strategic oversight of the capital programme will be managed by the Capital Board.

### 5. **The Proposed Capital Programme**

- 5.1 Capital expenditure funded from specific grants and contributions amounts to £389.9m in this Budget (Appendix 11). Capital expenditure which is financed from specific grants and contributions has been included in the Capital Programme based on available information at the time of preparation. Additional projects are likely to be added to the budget during the year as and when resources become available. Given that the potential for further corporate funding will be limited, the main focus will be on obtaining external funding.

- 5.2 The proposed Capital Programme includes £382.6m financed from borrowing over the next four years. The interest and repayment charges relating to £314.1m of this borrowing is planned to be met from additional revenue income or savings, so that there is no net impact on the revenue budget. This includes major commitments from earlier decisions including funding for the EZ Investment Plan and the Curzon Street MasterPlan – see Appendix 12. The City Council’s forecast debt and prudential limit taking account of this borrowing is set out in Table 6.2 below.
- 5.3 The Capital and Asset Strategies for individual services (Appendix 10) seek to identify the main plans at service level for strategically aligned and affordable asset use and capital investment. These relate as appropriate to the service plans and savings proposals contained throughout this Council Plan and Budget.
- 5.4 The Capital Programme is revised by Cabinet on a quarterly basis taking account of new projects and new resources available. The additions to the Capital Programme, since last reported to Cabinet at Quarter 2 2017/18, are set out at the end of Appendix 12. The main additions relate to £39.1m for the Commonwealth Games Preliminary Costs, £46.0m for the Waste Management Strategy, a new £31m scheme within the HRA for the installation of sprinklers in tower blocks, £8.8m for Clean Air Hydrogen Buses and an additional £9.8m for Revenue Reform Projects.
- 5.5 Capital investment in IT has been reduced by £24.5m to take account of a shift away from acquiring software and on-premises systems towards ‘cloud’-based arrangements with annual licence costs.
- 5.6 The award of the 2022 Commonwealth Games to Birmingham will require significant capital investment by the City Council in sports venue improvements (especially at the Alexander Stadium), capital grants to the Organising Committee, and building an athletes’ Games Village which will be converted to residential housing after the Games. These will not be included in the capital programme until costs have been agreed with the incoming Organising Committee. However, capital and revenue budgets for initial City Council development and site preparation costs have been included in 2018/19.
- 5.7 The updated Capital Programme for the next four years is therefore as follows:

**Table 6.1 - Capital Programme by Directorate**

**Table 6.1 - Capital Programme by Directorate**

<b>Capital Expenditure</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>Total £m</b>
<b>Adult Social Care &amp; Health</b>	8.640	2.672	2.961	0.000	<b>14.273</b>
<b>Children, Young People &amp; Families Place</b>	64.005	25.887	1.424	0.000	<b>91.316</b>
Non Housing Services	20.870	46.073	0.000	0.000	<b>66.943</b>
Housing HRA	130.970	111.739	124.437	100.413	<b>467.559</b>
Housing Private Sector	62.298	37.641	22.747	22.600	<b>145.286</b>
<b>Economy</b>					
Planning & Regeneration	36.699	14.729	47.215	38.138	<b>136.781</b>
Transportation	67.866	55.962	46.110	32.921	<b>202.859</b>
Highways	2.532	1.659	1.575	1.575	<b>7.341</b>
Property Services	1.965	0.000	0.000	0.000	<b>1.965</b>
Employment & Skills	4.343	0.468	0.000	0.000	<b>4.811</b>
<b>Finance &amp; Governance</b>	33.840	16.108	9.444	0.000	<b>59.392</b>
<b>Strategic Services</b>	42.854	1.586	1.276	6.000	<b>51.716</b>
<b>Total Programme</b>	<b>476.882</b>	<b>314.524</b>	<b>257.189</b>	<b>201.647</b>	<b>1,250.242</b>

- 5.8 Appendix 12 provides a summary of the projects in the above Programme, and Appendix 10 summarises the capital and assets strategies and projects for major services.
- 5.9 Appendix 13 reports the longer term 10-year view of the capital programme (see para 1.4 above). This shows later years' plans in relation to long-term programmes such as the HRA capital programme, Housing Private Sector schemes, the EZ and Curzon Street Master Plan.
- 5.10 Much of the capital programme is delivered through partnership working, especially with the WMCA and the GBSLEP. The City Council acts as Accountable Body for the GBSLEP, and carries out significant prudential borrowing in support of the EZ. This is controlled through Financial Principles agreed by the LEP with the City Council.

## **6. Proposed Capital Programme: Debt Limit and Prudential Indicators**

- 6.1 In determining the capital budget, the CIPFA Prudential Code expects local authorities to consider and approve a number of 'prudential indicators'. These relate to the capital programme generally as well as borrowing. The Prudential Indicators at Appendix 15 take account of the above capital budget.
- 6.2 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. The City Council will seek to limit its new prudential borrowing to the amount which it sets aside each year for debt repayment (paragraph 4.3.2 above).

6.3 The Prudential Limit for Debt represents the statutory Authorised 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 2018/19 allows for:

- Borrowing to finance capital expenditure
- Other forecast cashflow movements during the year and potential day-to-day fluctuations in debt levels
- Revenue provisions to repay debt and
- Changes in other long-term debt liabilities, primarily capital expenditure under the Highways Maintenance PFI.

6.4 Taking these factors into account, the Prudential Limit for Debt has been set at £4,300m for 2018/19, reducing to £4,200m in 2019/20 and £4,200m in 2020/21. The limit is calculated as follows:

<b>Table 6.2</b>			
<b>Forecast debt and Authorised Prudential Limit based on the current capital programme</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	£m	£m	£m
Forecast opening gross loan debt	3,382.6	3,539.1	3,389.1
Capital expenditure financed from borrowing			
- Self Funded	103.2	68.1	82.1
- Requiring budget support	12.0	48.7	1.8
Other cash flows	218.6	(108.6)	9.2
Less loan debt revenue repayment provision	(177.3)	(158.2)	(138.6)
<b>Forecast closing gross loan debt</b>	<b>3,539.1</b>	<b>3,389.1</b>	<b>3,343.6</b>
Closing PFI and similar debt liabilities	449.0	432.1	415.4
<b>Forecast closing debt (loans, PFI, etc)</b>	<b>3,988.1</b>	<b>3,821.2</b>	<b>3,759.0</b>
Allowance for planned cashflows, day to day fluctuations and other potential borrowing	311.9	378.8	441.0
<b>Authorised Prudential Limit for Debt</b>	<b>4,300.0</b>	<b>4,200.0</b>	<b>4,200.0</b>

6.5 Appendix 14 analyses planned prudential borrowing between projects which are self-financed through additional income or savings, borrowing to support the financing of equal pay, and projects whose borrowing requires additional budget support. The Prudential Indicators do not make this distinction between debt which is self-financed and debt which requires net revenue support from City Council resources. The City Council's revenue budget includes provision to meet the net cost of all the above borrowing.

## **CHAPTER 7: TREASURY MANAGEMENT STRATEGY**

### **1. Summary**

- 1.1 This chapter sets out the proposed Treasury Management Strategy for 2018/19 given the interest rate outlook and the City Council's treasury needs for the year, and in accordance with the Treasury Management Policy at Appendix 17.
- 1.2 A balanced strategy is proposed which continues to maintain a significant short-term and variable rate loan debt in order to benefit from relatively low short-term interest rates, whilst taking some fixed rate borrowing to maintain an appropriate balance between the risks of fixed rate and short-term or variable rate borrowing. The balance between short- and long-term funding will be kept under review by the Corporate Director Finance and Governance, and will be maintained within the prudential limit for variable rate exposures.
- 1.3 Separate loans portfolios are maintained for the General Fund and the HRA. Separate treasury strategies are therefore set out below where relevant.<sup>1</sup>

### **2. Treasury Management Policy and Objectives**

- 2.1 The Treasury Management Policy (Appendix 17) sets the City Council's objectives and provides a management and control framework for its Treasury Management activities, in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services.
- 2.2 For the City Council, the achievement of high returns from treasury activities is of secondary importance compared with the need to limit the exposure of public funds to the risk of loss.
- 2.3 These objectives must be implemented flexibly in the light of changing market circumstances.

### **3. City Council Borrowing Requirement**

- 3.1 Table 7.1 shows the amount of new borrowing required to be obtained in each of the next four years, taking account of the proposals in this Council Plan and Budget and the amount of existing loans which are repaid and need replacement:

---

<sup>1</sup> This Strategy relates to loan debt only. Other debt liabilities relating to PFI and finance leases are not considered in this Strategy, and are managed separately. Throughout this Council Plan and Budget, debt and investments are expressed at nominal value, which may be different from the valuation basis used in the statutory accounts.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Forecast gross loan debt	3,539.1	3,389.1	3,343.6	3,291.7
Forecast treasury investments	(40.0)	(40.0)	(40.0)	(40.0)
Forecast net loan debt	<u>3,499.1</u>	<u>3,349.1</u>	<u>3,303.6</u>	<u>3,251.7</u>
of which:				
existing long term loans outstanding	2,845.2	2,765.2	2,728.4	2,703.2
Short term investments working balance	(40.0)	(40.0)	(40.0)	(40.0)
Required new/ replacement loan balance	<u>693.9</u>	<u>623.9</u>	<u>615.2</u>	<u>588.5</u>
	<u>3,499.1</u>	<u>3,349.1</u>	<u>3,303.6</u>	<u>3,251.7</u>

- 3.2 In April 2017 the City Council agreed to pay three years of pension contributions to the West Midlands Pension Fund in advance, in return for a discount in the amount which was paid. The effect of the advanced cash payment in 2017/18 followed by two years with no payment was to temporarily increase the City Council's debt outstanding in 2017/18, reducing back to the underlying debt level by 2019/20. This is reflected in Table 7.1.
- 3.3 This strategy sets out how the City Council plans to obtain the required new borrowing shown above.
- 3.4 The City Council had borrowed £166.4m 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. One matured in 2017/18, leaving a total of £162.4m. All options on the remaining loans have the potential to be exercised during the next financial year. This would increase the City Council's required loan refinancing needs, but is considered unlikely to happen in the current market environment.

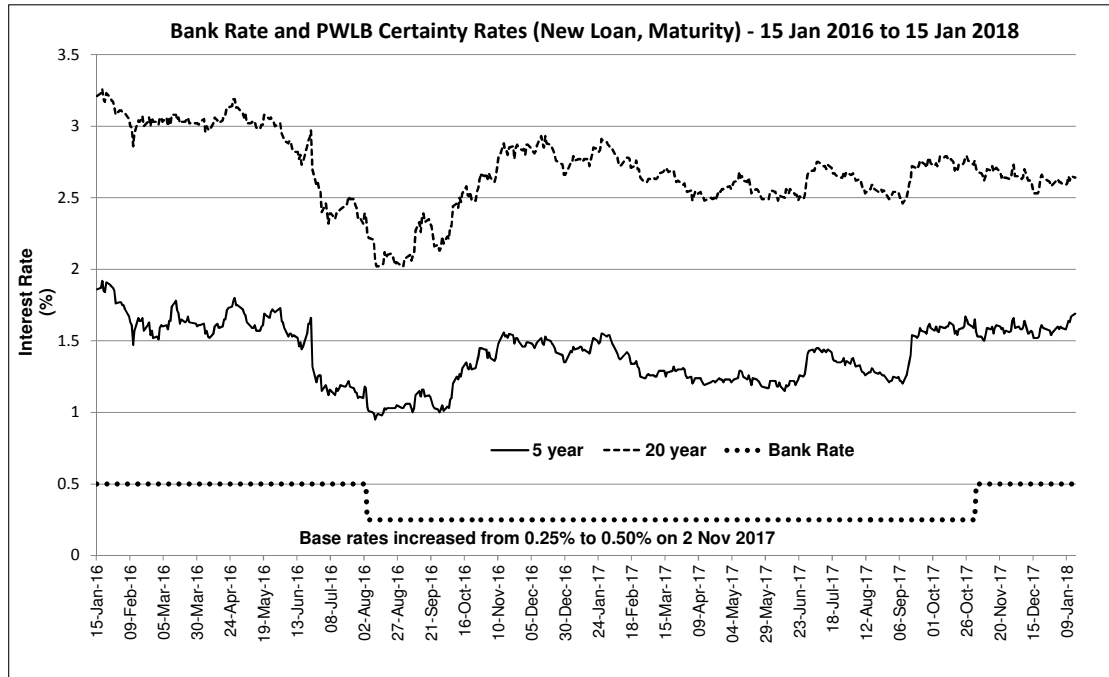
#### **4. Interest Rate Outlook**

- 4.1 There are many external influences weighing on the UK, and forecasts are heavily dependent on world economic and political developments. UK growth (Gross Domestic Product) is expected by many commentators to continue but at lower levels than in the USA and the EU generally. Inflation has risen in 2017, but this is due to factors which are not expected to persist, resulting in a fall in inflation during 2018. Considerable uncertainty exists about the final terms and impact of Brexit on the UK economy.
- 4.2 Following the 0.25% rise in base rate during 2017, many commentators expect a further 0.25% to 0.5% rise during 2018/19, and an increase of 0.5% in short-term borrowing rates has been factored into the City Council's treasury budget. Long-term rates (in particular, UK government borrowing rates or gilts) are forecast to remain close to current levels, which remain historically extremely low. World economic growth may suggest higher long-term rates, but falling inflation, lower growth and uncertainty about the

economic effect of Brexit seem likely to keep any increase in UK long-term rates relatively modest.

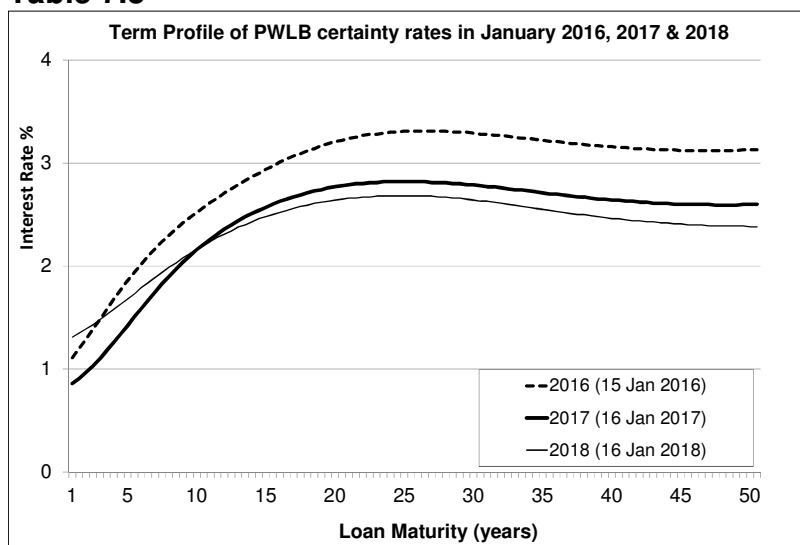
- 4.3 The main source of long-term borrowing for local authorities is from the UK Government through the Public Works Loans Board (PWLB). Table 7.2 below shows how base rates and long-term rates from the PWLB have moved since January 2016 – although past performance is, of course, not necessarily a guide to the future.

**Table 7.2**



- 4.4 Table 7.3 shows PWLB loan rates in January 2016, 2017 and 2018. The cost of fixed rate borrowing increases steeply from one year rates to ten year rates, but by January 2018 the PWLB rate at the short end have risen, resulting in less difference between shorter and longer term interest rates:

**Table 7.3**



4.5 Upside risks to UK interest rates in 2018/19 include the following:

- Higher than expected economic growth
- Higher than expected inflation rates
- Indications of a relatively close relationship with the EU post-Brexit

Downward risks to UK interest rates include:

- World and UK growth falters
- Hard Brexit
- Safe haven investment flows into the UK as a result of international political or other troubles.

## **5. Sources of Borrowing**

5.1 The City Council is able to meet all of its borrowing plans from the PWLB at its 'certainty rate' at approximately 0.8% above gilt yields.

5.2 The City Council actively reviews market developments and will seek to use and develop other funding solutions if better value may be delivered. This may include other sources of long-term borrowing if the terms are suitable, including private placements, bilateral loans from banks, local authorities or others.

5.3 Short-term borrowing is available largely from other local authorities. This may be supplemented with borrowing from other sources such as banks, or in different forms.

## **6. 2018/19 Treasury Management Strategy: HRA and General Fund**

6.1 The HRA inherited a largely long-term fixed rate debt portfolio at the start of the current HRA finance system in 2012, and its debt is capped in accordance with statutory HRA debt limits. For the next three years from 2018/19, its debt reduces slightly in line with the current HRA Business Plan. No new long-term borrowing for the HRA is therefore currently planned.

6.2 For the General Fund, it is proposed to continue a balanced strategy which maintains a significant short-term and variable rate loan debt in order to benefit from current low short-term rates. Long-term fixed rate borrowing may be taken to manage or reduce the City Council's exposure to increases in short-term and variable interest rates, given a context in which long-term borrowing costs seem likely to rise at the end of 2018/19. A short-term and variable rate debt of around £550m has been assumed for budgeting purposes, with the balance being borrowed long-term (i.e. for periods of one year or more). This results in forecast new long-term borrowing of £180m in 2018/19. However, it should be noted that a possible scenario is that short-term and long-term interest rates may rise (or are expected to rise) more strongly than currently forecast. A higher level of long-term borrowing may be taken if appropriate to protect future years' borrowing costs.



Short-term and variable rate exposures remain within the 30% prudential limit set out in Appendix 15d.

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

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
cumulative new borrowing:				
total long term loans	180.0	100.0	100.0	100.0
new short term loans	513.9	523.9	515.2	488.5
Required new/ replacement loan balance	693.9	623.9	615.2	588.5

- 6.4 The £180m new long-term borrowing forecast for 2018/19 is planned to be taken at a spread of maturities appropriate to the City Council's long-term debt liability profile.
- 6.5 The General Fund and HRA exposures to short-term and variable interest rates in accordance with the strategy are as follows:

**Table 7.5 - Forecast Variable Rate Exposure based on the proposed borrowing strategy**

<i>(taking account of debt maturities and proposed long term borrowing)</i>	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
<b>Housing Revenue Account</b>				
Year end net exposure to variable rates	85.4	85.4	85.5	84.0
Closing HRA net loan debt	1,058.1	1,045.1	1,036.2	1,016.8
Variable exposure % of debt	8.1%	8.2%	8.3%	8.3%
<b>General Fund</b>				
Year end net exposure to variable rates	548.5	435.2	414.9	414.4
Closing General Fund net loan debt	2,440.9	2,304.0	2,267.4	2,234.8
Variable exposure % of debt	22.5%	18.9%	18.3%	18.5%
Year end variable interest rate assumption provided for in the budget	1.00%	1.50%	2.00%	2.50%

Note: the variable rate figures above exclude long-term loans with less than a year to maturity, and LOBO loans, none of which are expected to be repaid in this period.

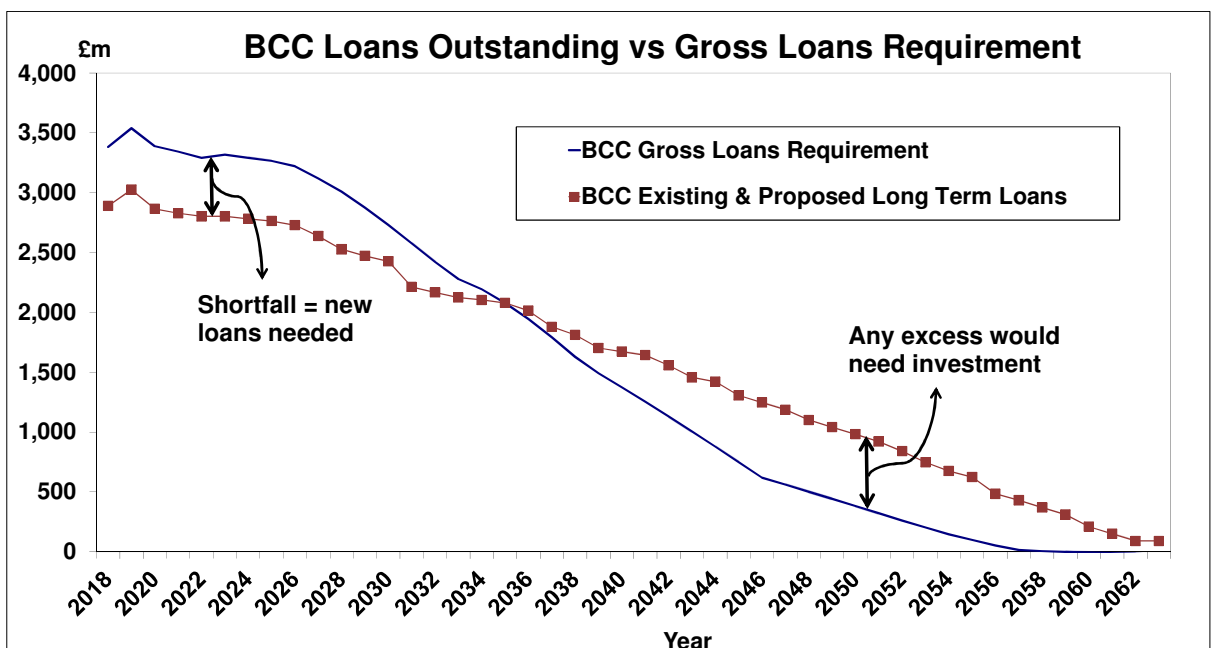
- 6.6 The variable rate exposure means that a 1% rise in variable rates at the end of 2018/19 would cost an estimated £5.5m per annum for the General Fund and £0.9m per annum for the HRA. However, the budget provides for a

potential increase in variable rates (as shown above), which is considered to be prudent in this context.

6.7 This strategy therefore acknowledges the risk that maintaining a significant short-term and variable rate loan debt may result in increasing borrowing costs in the longer term, but balances this against the savings arising from cheaper variable interest rates. The Corporate Director Finance and Governance will keep the strategy under close review during the year, in the light of the City Council's financial position and the outlook for interest rates.

6.8 The City Council's existing and proposed long-term loans outstanding, as set out in this strategy, can be compared with the required level of loan debt as follows:

**Table 7.6**



6.9 'Gross Loans Requirement' in Table 7.6 is the level of outstanding debt required in this Council Plan and Budget. It takes account of existing loans outstanding plus planned prudential borrowing, and reduces over time as a result of minimum repayment provision for debt (MRP). The difference between required loan debt and actual long-term loans outstanding represents forecast short-term borrowing or investments. The loans requirement represents a liability benchmark which guides treasury management long-term borrowing activity.

6.10 The chart shows that MRP policy (as revised from 2017/18) reduces the City Council's required loan debt to almost zero by 2058. A short-term loans portfolio of around £500m is required for the next ten years or so, in accordance with current strategy.

- 6.11 The Treasury Management Prudential Limits and Indicators consistent with the above strategy are set out in Appendix 15, including a summary loan debt maturity profile.
- 6.12 The Treasury Management Strategy must be flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Corporate Director Finance and Governance in accordance with treasury management delegations.

## 7. Treasury Management Revenue Budget

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

**Table 7.7 - Treasury Management Revenue Budget**

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Net interest costs	137.389	136.617	139.513	140.473
Revenue charge for loan debt repayment	177.317	158.217	138.559	140.189
Other charges	(4.959)	(15.016)	(1.696)	(1.800)
<b>Total</b>	<b>309.747</b>	<b>279.818</b>	<b>276.376</b>	<b>278.862</b>
met by the HRA	91.140	76.145	65.406	68.992
met by other service budgets	98.000	93.897	80.390	78.718
met by corporate treasury budget	120.607	109.776	130.580	131.152
<b>Total</b>	<b>309.747</b>	<b>279.818</b>	<b>276.376</b>	<b>278.862</b>

- 7.2 The budgeted interest costs in each year reflects a prudent view of borrowing costs and the cost of the additional borrowing in this Council Plan and Budget. Actual interest costs will be affected not only by future interest rates, but also by the City Council's cash flows, the level of its revenue reserves and provisions, and any debt restructuring.

## 8. Investments

- 8.1 The City Council has surplus cash to lend only for short periods, as part of day-to-day cashflow management and to maintain appropriate cash liquidity. Any such surplus cash is invested in high credit quality institutions and pooled investment funds. Money Market pooled funds are expected to continue to form a major part of the cash investment portfolio, as they are able to reduce credit risks in a way the City Council cannot do independently, by accessing top quality institutions and spreading the risk more widely.

- 8.2 Long-term investments of one year or more are not currently expected to be appropriate for treasury management purposes, as the City Council does not expect to have temporary surplus cash to invest for that length of time.
- 8.3 Under the European MiFID II regulations introduced in January 2018, (described in Appendix 17 paragraph 4.18) the City Council has requested the financial institutions it deals with to be treated as an elective professional status, in order to be able to continue to manage the City Council's investments appropriately. This has been agreed in all cases. This new regulatory process is further described in the Treasury Policy Section 4.18 (Appendix 17).

## **9. Other Treasury Management Exposures and Activities**

- 9.1 The City Council has guaranteed the £73m loan debt issued by NEC (Developments) plc, which since the sale of the NEC Group has been a wholly owned subsidiary of the City Council. The value of this liability is reflected in the City Council's own debt and is managed as part of treasury activity.
- 9.2 The City Council is a constituent member of the WMCA. Participating authorities share an exposure to any unfinanced revenue losses of WMCA, including debt finance costs. The City Council and other member authorities support WMCA's capital investment plans, which include substantial prudential borrowing (subject to revenue funding support). This exposure is managed through the authorities' voting rights in WMCA including approval to its annual revenue and capital budget.
- 9.3 The City Council has agreed to borrow up to £60m in order to invest in a Collective Investment Fund with the other West Midlands authorities and WMCA. When WMCA obtains its own borrowing powers for this purpose, the investments are expected to be sold to WMCA and the City Council's associated borrowing will be repaid.
- 9.4 The City Council participates in other joint ventures and companies. The Treasury Management team maintains a group Treasury Policy for group entities with significant investment balances.

## **10. Advisers**

- 10.1 Arlingclose have recently been appointed to provide treasury management advice to the City Council, including the provision of credit rating and other investment information. Advisers are a useful support in view of the size of the transactions involved and the pressures on staff time.

## **11. Prudential Indicators for Treasury Management**

- 11.1 The City Council is required under the Local Government Act 2003 and the CIPFA Treasury Management Code to set various Prudential Indicators for treasury management. These are presented in Appendix 15d.

## APPENDIX 1: CORPORATE DELIVERY PLAN

Approved in 2017

### CHILDREN



## A great city to grow up in

We want to make the best of our unique population and create a safe and secure city for our children to learn and grow in.

#### What we want to achieve:

- **An environment where our children have the best start in life**
- **Our children and young people are able to realise their full potential through great education and training**
- **Our children and young people are confident about their own sense of identity**
- **Families are more resilient and better able to provide stability, support, love and nurture for their children**
- **Our children and young people have access to all the city has to offer**

#### Key things we will do:

- Introduce a new Early Years Health and Wellbeing Service so children and families have greater opportunities to access good quality early education and health services.
- Plan new school places – in line with demand – and develop 1,770 new year 7 places by 2020.
- Make sure the needs of children and young people with Special Education Needs and Disabilities (SEND) are met in the appropriate provision.
- Prepare young people to leave school with the skills they need, so they're ready for further education, employment, further training or apprenticeships.
- Keep children safe by working with schools, health services, police and other agencies to support and protect them, ensuring that their safety is a shared responsibility.
- Develop an independent Children's Trust for Birmingham.

#### We will measure:

- The proportion of children and young people with access to good or outstanding education.
- The percentage of children making at least expected progress across each stage of their education.
- A reduction in the number of children in care.
- A higher proportion of children in need supported to live in their own family.
- The number of schools progressing a sustainable travel accreditation programme.
- Perception of safety on public transport.



# HOUSING



## A great city to live in

Provide housing in a range of types and tenures, to meet the housing needs of all of the current and future citizens of the city.

### What we want to achieve:

- **Making the best use of our existing housing stock**
- **Delivering housing through a range of partnerships to support a strong supply of new high quality homes in a mix of tenures**
- **Supporting the people of Birmingham to access good quality housing provision**
- **Working with our partners to reduce homelessness**

### Key things we will do:

- Enable citizens to find and sustain housing that meets their needs by removing barriers to renting privately – and sustaining their tenancies – across all types of rented accommodation.
- Complete reported repairs to council housing on time and carry out our annual Capital Improvements programme, including responding to emergency repairs within two hours and resolving routine repairs within 30 days.
- Continue to deliver the city's housing programme to ensure 750 affordable homes are built in the city, including affordable, market for sale and Private Rented Sector homes.
- Carry out policies we've set for economic development and regeneration through our Birmingham Development Plan, including building 51,100 new homes.
- Prevent homelessness by providing timely advice and assistance for residents to either remain in their existing home or to access safe and suitable accommodation, and provide support in times of crisis.

### We will measure:

- The new-build of 51,000 homes by 2031.
- Homelessness will be prevented or relieved.
- Minimising the number of households living in temporary accommodation per 1,000 households.
- The number of affordable homes built.
- The number of empty properties brought back into use.
- Available council housing as a percentage of stock.



# JOBS AND SKILLS



## A great city to succeed in

By 2031 Birmingham will be renowned as an enterprising, innovative and green city.

### What we want to achieve:

- **Inclusive and sustainable growth in the number of jobs and homes across Birmingham**
- **Investment in infrastructure, along with improved transport and digital connectivity**
- **Investment and growth in sectors where Birmingham has competitive strengths, such as manufacturing and digital technology**
- **Development of a modern, sustainable transport system that's fit for the future**
- **Appropriate training and upskilling for Birmingham residents, so they can take advantage of sustainable employment**

### Key things we will do:

- Carry out our Birmingham Development Plan, which sets out how we're going to grow the city's economy through economic development and regeneration, including 100,000 jobs and £4bn of infrastructure by 2031.
- Concentrate on big areas of opportunity for redevelopment like Birmingham Smithfield in the city centre, which is set to include, 3,000 new jobs, new commercial space, and improved public transport.
- Use our property assets for community development, regeneration and investment.
- Update our transport policies and improve the city's transport network through our Birmingham Connected programme. For example, by expanding the Metro through the city centre and local neighbourhoods, and more investment in cycling.
- Prepare young people to leave school with the skills they need, in particular, supporting 14-19-year-olds at risk of disengaging from education and training.

### We will measure:

- The number of young people not in education, employment, or training.
- Reduction in the unemployment gap between wards.
- The proportion of the population aged 16 to 24 qualified to at least level 1 and level 3.
- Land developed (hectares), jobs created and new floor space created as a result of investment in employment infrastructure and development activity.
- An increased number of Birmingham City Council apprenticeships directly within the council and within other organisations through our influence on contract management.
- Improved digital offer across Birmingham.



# HEALTH



## A great city to grow old in

Helping people become healthier, especially relating to physical activity and mental wellbeing.

### What we want to achieve:

- **A healthier environment for Birmingham**
- **Increased use of public spaces for physical activity**
- **Leading a real change in individual and community mental wellbeing**
- **Promoting independence of all our citizens**
- **Joining up health and social care services so that citizens have the best possible experience of care tailored to their needs**
- **Preventing, reducing and delaying dependency on the council, so that citizens – with the support of their family and local community – can stay independent for longer**

### Key things we will do:

- Promote local ‘community assets’ which provide physical and mental health benefits for everyone, such as community centres, leisure centres, parks and gardens.
- Work with health and community partners including voluntary, third sector and faith groups to focus on more personalised social care support, and make the most of individual and community assets (such as community centres and leisure centres) to help vulnerable people remain living independently in their communities for longer.
- Increase choice and control. For example, using Direct Payments (where citizens have control of their own care and support personal budgets); improving access to information and guidance; developing Link /Network workers; and promoting Shared Lives, which offers disabled people and older adults the opportunity to live in an ordinary family home.
- Ensure appropriate, well-designed housing is available for people with diverse needs to help them remain living independently, including age-specific accommodation and Extra Care Housing Schemes (for people aged 55 and over with support needs).
- Reduce delays in hospital by improving how people are discharged, making sure the right care is available when it is needed, and increasing the proportion of care that is provided in people’s own homes.
  - Improve the offer for carers so they can care for family members more effectively and nearer to home.

### We will measure:

- More people will exercise independence, choice and control over their care through the use of a Direct Payment.
- The quality of care provided in the city will improve so that more people receive a standard of care that meets or *exceeds* the quality threshold.
  - Increase in the number of our most deprived citizens who have engaged with our wellbeing services.
  - More people receive care they need in their own home.
  - Counting the number of cycle journeys by developing a method to do so.





# Cross cutting measures

## What we want to achieve:

- Reduction in the percentage of households in fuel poverty
- Reduction in the percentage of workless households overall and implement the recommendations from the **Child Poverty Commission**
- Improved cleanliness – streets and green spaces
- Increase in the percentage of total trips by public transport
- Reduction in health inequality
- Improved air quality

## Key things we will do:

- Put into practice new ways of working, with a range of agencies to reduce fuel poverty. Over the next 12-months, we're introducing proposals for an Energy Company to develop low-cost energy tariffs and support our tenants who are most affected by fuel poverty – working with them to reduce what they pay on fuel.
- Supporting parents into work and young people into training or employment.
- Have a waste strategy in place that ensures all rubbish is collected efficiently and disposed of properly; that our streets, land and roads are cleaned well; and that encourages citizens to reduce, reuse, and recycle their waste.
- We'll continue to improve public transport through our Birmingham Connected initiative, including extending the Metro to Centenary Square; redeveloping Snow Hill station; increasing bus lane enforcement; and ensuring that we make best use of the city's limited road space.
- Work with schools to promote wellbeing for children and young people and to tackle health inequalities.
- Agree and put in place – a council policy to improve the city's air quality and introduce a Clean Air Zone. We'll also be looking into more electric vehicle charging points across the city. Tyseley Energy Park – an alternative green refuelling hub for commercial vehicles like taxis and hydrogen buses – is also set to open in Autumn 2018.



## CHILDREN – A great city to grow up in

Corporate Lead: Colin Diamond

	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>An environment where our children have the best start in life</b>	Introduce a new Early Years Health and Wellbeing Service so children and families have greater opportunities to access good quality early education and health services	<ul style="list-style-type: none"> <li>• Carry out consultation and final options report</li> <li>• Go live on New Early Years Health and Wellbeing Service</li> <li>• Ensure BCHC deliver the Early Years Health and Wellbeing Outcomes required through performance on 5 year contract</li> </ul>	Sept 2017 Jan 2018 Ongoing to 2018 - 2022	Colin Diamond (Children Young People)
<b>Our children and young people are able to realise their full potential through great education and training</b>	Deliver the Education Delivery and Improvement Plan 2017 -18 to secure a good school place for children in the city: including planning new school places in line with demand	<ul style="list-style-type: none"> <li>• The proportion of children and young people with access to good or outstanding education</li> <li>• The percentage of children making at least expected progress across each stage of their education</li> <li>• Ensure that the supply of school places is planned in line with known demographic trends and pressures, developing 1770 new year 7 places</li> <li>• Work with partners to launch 4 free schools (in line with DfE policy and local needs)</li> </ul>	Ongoing 2017 - 2020 Ongoing 2017 - 2020 2020 2020	Anne Ainsworth (Children Young People)
	Make sure the needs of children and young people with Special Education Needs and Disabilities (SEND) are met in the appropriate provision	<ul style="list-style-type: none"> <li>• Complete the consultation and finalise the strategy for SEND and Inclusion</li> <li>• Cabinet Approval for Strategy</li> <li>• Develop an implementation plan for the SEND and Inclusion Strategy</li> <li>• Review and redesign of service provision to deliver the Strategy</li> <li>• Improve service outcomes as evidenced by improved performance against an agreed set of metrics</li> <li>• Reduce overall costs of delivery whilst maintaining and improving quality to ensure BCC living within the DSG High Needs Block sustainably</li> </ul>	Sept 2017 Jan 2018 April 2018 April 2019 April 2019	Jill Crosbie (Children Young People)

Key Action we will do	How progress will be tracked and measured	By when	Lead
Deliver the Education Delivery and Improvement Plan 2017 -18 to raise attainment and close the gaps for children	<ul style="list-style-type: none"> <li>• Birmingham Education Partnership to co-ordinate and broker school improvement as set out in their existing commissioned contract to ensure that vulnerable schools are supported and begin to improve</li> <li>• Continue to raise the educational outcomes of Children in Care through the work of the Virtual School and to have strong individual education plans that lead to improved results at the end of primary and secondary schooling</li> </ul>	Sept 2018  April 2019	Julie Young (Children Young People) School Improvement Partner/ Andrew Wright
Prepare young people to leave school with the skills they need for life, so they are ready for further education, employment, further training or apprenticeships	<ul style="list-style-type: none"> <li>• Secure sufficient high quality, education and training provision which provides appropriate, accessible learning pathways for all young people aged 14-19 including vulnerable groups</li> <li>• Develop a strategic approach to early identification and support for young people at risk of disengagement from 14-19 education and training, delivering the Skills Investment Plan</li> </ul>	Ongoing 2017 - 2020	Shilpi Akbar (Economy), Anne Ainsworth (C&YP), Chris Jordan (Place)
Deliver the Youth Promise Plus - Birmingham and Solihull Employment Pathway Project supported by the European Social Fund and Youth Employment Initiative.	<ul style="list-style-type: none"> <li>• Aim to support 16,610 young people aged between 15 to 29 in Birmingham &amp; Solihull who are not in education, employment or training (NEET) within four months of leaving education, employment and training</li> <li>• Community Cohesion through increased tolerance of others. % of young people using youth centres from BME backgrounds</li> </ul>	April 2018	Chris Jordan (Place)
<b>Our children and young people are confident about their own sense of identity</b>	<ul style="list-style-type: none"> <li>• Development of School Supporting Rights Award across 200 schools</li> <li>• Birmingham to become an approved rights city by Unicef</li> <li>• Engage external and internal partners in the development of Birmingham as a child friendly city</li> <li>• Work with Birmingham Education Partnership to deliver the Birmingham Enterprise Advisor Network project to ensure good quality careers advice</li> <li>• Birmingham Education Partnership to open up opportunities for arts and culture development in schools</li> </ul>	April 2019  April 2019	Julie Young (Children Young People)  Birmingham Education Partnership

	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>Families are more resilient and better able to provide stability, support, love and nurture for their children</b>	Keep children safe and develop resilience by working with schools, health services, police and other agencies to support and protect them, ensuring that their safety is a shared responsibility	<ul style="list-style-type: none"> <li>• Reduction in the number of children in care</li> <li>• A higher proportion of children in need supported to live in their own family</li> <li>• Promote early intervention and prevention, providing ongoing training and support for Early Help, provide tailored safeguarding briefings for schools and widen the use of Early Help Assessments</li> <li>• Work with families who require additional support to resolve problems around crime, ASB, school attendance and worklessness, enabling them to achieve long-term change through Birmingham Think Family Programme (National Troubled Families Programme)</li> </ul>	Ongoing 2017 - 2020	Andrew Couldrick (C.Trust)/ Julie Young (Children Young People)
	Support the development of an independent Children's Trust for Birmingham and develop the performance framework and governance arrangements to manage this contract	<ul style="list-style-type: none"> <li>• The Children's Trust is successfully launched</li> <li>• BCC has appropriate governance in place to effectively monitor and manage the contract to ensure service continues to deliver improvements, effectively safeguard and develop resilience and early help for children and young people</li> </ul>	April 2018	Colin Diamond, Sarah Sinclair (Children Young People) Andrew Couldrick (C.Trust)
<b>Our children and young people have access to all the city has to offer</b>	Enable access to all the city has to offer through effective travel and available and accessible activities	<ul style="list-style-type: none"> <li>• Schools engage with the sustainable travel accreditation programme "STARS" (Sustainable - Travel Accreditation and Recognition for Schools)</li> </ul>	Ongoing 2017 - 2020	Phil Edwards (Economy)
		<ul style="list-style-type: none"> <li>• Sport and Physical Activity Review to enabling everyone to participate regardless of income and ability by measuring children under 5yrs and 6-15yrs attendance at wellbeing centres</li> </ul>	Ongoing 2017 - 2020	Steve Hollingworth (Place)

Housing – A great city to live in

Corporate Lead: Jacqui Kennedy

	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>Making the best use of our existing housing stock</b>	Enable citizens to find, access and sustain housing that meets their needs by removing barriers to renting privately and sustaining their tenancies, across all types of rented accommodation	<ul style="list-style-type: none"> <li>• Available council housing as a percentage of stock</li> <li>• Sustaining tenancies across all rented tenures</li> <li>• Developing a Young Persons Housing Plan – responding to the particular needs of our young population</li> <li>• A Supported Housing Policy that will provide direction on the use of resources in a changing funding environment</li> </ul>	Ongoing 2017-2020	Rob James (Place)
	Ensure all council housing meets the decent homes standard and bring empty properties back into use, where relevant, by completing reported repairs to council housing on time and carry out our annual Capital Improvements programme, including responding to emergency repairs	<ul style="list-style-type: none"> <li>• Right to Repair jobs completed on time for Council Tenants</li> <li>• Respond to emergency repairs within 2 hours</li> <li>• Resolve routine repairs within 30 days</li> <li>• % of gas servicing completed against period profile</li> <li>• Capital Works completed to date by type, as a proportion of year-end target; work orders completed within timescale</li> <li>• The number of empty properties brought back into use</li> </ul>	Ongoing 2017-2020	Rob James (Place)
<b>Delivering through a range of partnerships to support a strong supply of new high quality homes in a mix of tenures.</b>	<p>Langley Sustainable Urban Extension (SUE) – 6,000 dwelling urban extension delivering new communities and associated infrastructure</p> <p>Facilitating the delivery of new homes as range of types and tenures including affordable housing along with community facilities and transport improvements</p> <p><i>(Note: this action also relates to 3 below)</i></p>	<ul style="list-style-type: none"> <li>• Production of Supplementary Planning Document (SPD) to guide future development</li> <li>• Determination of Outline Planning application and define associated masterplan</li> <li>• First reserved matters application</li> <li>• Funding secured for transport packages</li> </ul>	2017-2020	Ian MacLeod (Economy)

	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>Supporting the people of Birmingham to access good quality housing provision</b>	Continue to deliver the city's housing programme to ensure 750 affordable homes are built in the city, across a range of tenures, including affordable, market for sale and Private Rented Sector including through InReach and BMHT development programmes	<ul style="list-style-type: none"> <li>• 500 homes per annum through BMHT</li> <li>• 50 homes per year through InReach</li> <li>• Number of affordable homes built - 750 affordable homes built by all providers</li> </ul>	2017-2020	Clive Skidmore (Economy), Rob James (Place)
	Carry out policies we've set for economic development and regeneration through our Birmingham Development Plan. <i>(Note: this action also relates to 1 &amp; 2)</i>	<ul style="list-style-type: none"> <li>• Delivery of 51,100 new homes, 1m sq.m of commercial, 100,000 jobs and £4bn of infrastructure to 2031</li> <li>• Keep the plan under review</li> </ul>	Ongoing 2017-2020; delivery by 2031	Ian MacLeod (Economy)
	Selective Licensing to improve private rental stock by licensing private landlords with reference to improve the living conditions for people in their accommodation, especially in priority/high demand areas	<ul style="list-style-type: none"> <li>• Implement selective licensing based on the results from the Stockland Green and Soho wards consultation</li> <li>• Further indicators to be agreed after implementation</li> </ul>	March 2018	Rob James (Place)
<b>Working with our partners to reduce homelessness</b>	Homelessness Strategy - Delivery of stable and sustainable housing, preventing homelessness by providing timely advice and assistance for residents to either remain in their existing home or to access new suitable accommodation and facilitating access to support services in a time of crisis Working with our partners to reduce homelessness;	<ul style="list-style-type: none"> <li>• Minimise the number of households living in temporary accommodation per 1,000 household</li> <li>• Increase in the number of cases where homelessness is prevented or relieved</li> <li>• Reduction of council tenants who become homeless</li> <li>• Discretionary Housing Payments to reduce homelessness</li> <li>• Implement the Trailblazer programme and enhance homeless prevention services for all households at risk of homelessness</li> </ul>	Ongoing 2017-2020	Rob James (Place) Tim Savill, Chris Gibbs (Strategic Services)

## Jobs and Skills – A great city to succeed in

Corporate Lead: Waheed Nazir

	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>Creating the conditions for inclusive and sustainable growth that delivers and sustains jobs and homes across Birmingham</b>	Carry out our Birmingham Development Plan – which sets out how we're going to grow the city's economy through economic development and regeneration. <i>(Note: this action also relates to 2, 3, 5 below)</i>	<ul style="list-style-type: none"> <li>• Delivery of 51,100 new homes, 1m sq.m of commercial, 100,000 jobs and £4bn of infrastructure to 2031</li> <li>• Ongoing keeping the plan under review</li> <li>• Housing completions</li> </ul>	Ongoing review 2017-2020; delivery by 2031.	Ian Macleod (Economy)
	Urban Centres Framework - linked to the policies of the Birmingham Development Plan, the framework will support Birmingham's network of over 70 local centres to become successful, multifunctional places that deliver inclusive growth	<ul style="list-style-type: none"> <li>• Draft framework and Consultation</li> <li>• Adoption of Framework</li> </ul>	July 2018 Dec 2018	Richard Cowell (Economy)
	Birmingham Smithfield – delivery of major Council led city centre redevelopment over 300,000 sq.m. commercial space, 2,000 homes, create 3,000 jobs and deliver improved public transport and public realm/spaces <i>(Note: this action also relates to 2, 3, 4, 5 below)</i>	<ul style="list-style-type: none"> <li>• Commence procurement of development / investment partner</li> <li>• Reach preferred bidder stage finalising masterplan, business plan, financial model and heads of terms</li> <li>• Forming Contractual Joint Venture</li> <li>• Submission of outline planning application</li> <li>• Land developed (hectares), jobs created and new floor space created as a result of investment</li> </ul>	Ongoing 2017-2020	Richard Cowell (Economy)
	Birmingham Design Guide - Setting out policy and guidance to inform decisions on all future development to create high quality, inclusive and sustainable places	<ul style="list-style-type: none"> <li>• Produce vision document and consult in late 2017</li> <li>• Publish Supplementary Planning Document (SPD) in Spring 2018</li> <li>• Adopt SPD in late 2018</li> </ul>	Ongoing 2017-2020	Richard Cowell (Economy)
	Property Strategy – Use our property assets of 5830 buildings and land holdings generating income of approximately £32m per annum efficiently and effectively for community development, regeneration and investment	<ul style="list-style-type: none"> <li>• Produce draft property strategy Autumn 2017</li> <li>• Adopt strategy in Spring 2018</li> <li>• Set up governance arrangements and produce asset management and delivery plan</li> </ul>	Ongoing 2017-2020	Kathryn James (Economy)

	Key Action we will do	How progress will be tracked and measured	By when	Lead
	<p>Planning Performance – maintaining performance against local “stretch targets” of 72% major within 13 weeks, 75% minor and 85 % other within 8 weeks. The planning management service is crucial in providing confidence to investors, businesses and developers that schemes which require planning permission are dealt with in a timely and efficient way with certainty about outcomes</p>	<ul style="list-style-type: none"> <li>• Undertake end to end service review of processes, practices and procedures focused on evolution to maintain/enhance performance</li> <li>• Maintain performance exceeding national standards</li> </ul>	<p>Ongoing 2017-2020</p>	<p>Ian Macleod (Economy)</p>
<p><b>Investment in infrastructure and improved connectivity</b></p>	<p>City Centre Enterprise Zone – continued implementation of the £1bn investment plan to accelerate development by delivering support for site enabling, gap funding, public transport infrastructure and public realm improvements</p>	<ul style="list-style-type: none"> <li>• Facilitating 40,000 jobs, 1m sq.m. commercial floor space and 4,000 new homes across the City Centre in the period to 2038</li> <li>• Publication of consolidated EZ Investment Plan</li> <li>• HS2 Public Realm Environment and Connectivity Projects reach Full Business Case</li> <li>• Paradise redevelopment Joint Venture and infrastructure investment</li> </ul>	<p>Ongoing 2017-2020</p>	<p>Richard Cowell (Economy)</p>
	<p>AMEY PFI - to continue ongoing management of the contract driving efficiencies and delivering improvements to road safety of 2,500km of road network</p>	<p>Targets for period 2017-2020:</p> <ul style="list-style-type: none"> <li>• Dangerous Defects made safe within 1 hour</li> <li>• Dangerous defects - temporary repairs within 24 hours</li> <li>• Dangerous defects - streets fully repaired within 28 days</li> <li>• Repair any street light not in light within 1 month</li> <li>• Repair any red traffic light signal fault within 2 hours</li> </ul>	<p>Ongoing 2017-2020</p>	<p>Kevin Hicks (Economy)</p>



	Key Action we will do	How progress will be tracked and measured	By when	Lead
	Birmingham Connected – implementation of priority projects as part of the Birmingham Connected programme, facilitate and support the delivery of range of projects to create sustainable transport system <i>Note: this action also applies to outcome 4 below</i>	Implement the following: <ul style="list-style-type: none"> <li>• SPRINT &amp; Local Growth Fund Programme</li> <li>• Birmingham Cycle Revolution</li> <li>• Parking Schemes</li> <li>• Public Realm</li> <li>• Green Travel Districts</li> <li>• Streetworks Permit Scheme</li> </ul>	Ongoing 2017-2020	Phil Edwards (Economy)
<b>Growth of sectors / clusters of activity where Birmingham has competitive strengths</b>	Business Enterprise and Innovation Programmes - delivery of investment programmes focused on growth and development of businesses <i>Note: This action also relates to outcome 1</i>	<ul style="list-style-type: none"> <li>• The delivery of the £33m programme to facilitate business development - 1000 Jobs created, £15M Private Sector Investment</li> <li>• Improved digital offer across Birmingham</li> </ul>	Ongoing 2017-2020	Richard Cowell (Economy)
<b>The development of a modern sustainable transport system that promotes and prioritises sustainable journeys</b>	Transport Policy Statement – update our transport policies and improve the city's network through our Birmingham Connected programme. For example, by expanding the Metro through the city centre and local neighbourhoods, and investing more in cycling.	<ul style="list-style-type: none"> <li>• Draft policy statement early 2018</li> <li>• Consultation in Spring 2018</li> <li>• Adoption in Winter 2018 of a concise policy statement to direct future investment in transport infrastructure</li> </ul>	Ongoing 2017-2020	Phil Edwards (Economy)
<b>Birmingham residents will be trained and upskilled appropriately to enable them to take advantage of sustainable employment</b>	Deliver our Education Delivery and Improvement Plan 2017-18 to prepare young people to leave school with the skills they need for life by developing a strategic approach to early identification and support for young people at risk of disengagement from 14-19 education and training	<ul style="list-style-type: none"> <li>• The number of young people not in education, employment, or training (NEET)</li> <li>• Reduction in the unemployment gap between Wards</li> <li>• The proportion of the population aged 16 to 24 qualified to at least Level 1 and Level 3</li> <li>• Internal NEET action group in place to bring together partners from across the council to formulate strategic policy</li> <li>• Ensure effective tracking is in place of young people at risk of becoming NEET and work with partners to deliver appropriately targeted interventions</li> </ul>	Ongoing 2017- 2018	Anne Ainsworth (Children Young People), Shilpi Akbar (Economy)

Key Action we will do	How progress will be tracked and measured	By when	Lead
<p>Develop an effective corporate approach to Graduate Schemes, Apprenticeships and work experience which includes: National Graduate Development for Local Government (ngdp); Public Health Apprentice Programme and Work Experience, <i>This also relates to priority outcome 1</i></p>	<ul style="list-style-type: none"> <li>Align YEI/ESF funding (directed and delivered by Economy) to deliver improved outcomes for young people who are NEET</li> <li>Task orientated and measurable placements created</li> <li>Apprenticeship Quality Assurance Framework to be in place for September 2018</li> <li>An increased number of Birmingham City Council apprenticeships directly within the council and within other organisations through our influence on contract management</li> </ul>	<p>Ongoing 2017- 2019</p>	<p>Dawn Hewins (Strategic Services) / Safina Mistry (Public Health); Economy; Place</p>
<p>Deliver against the Birmingham Adult Education Service 5-year strategic plan. Birmingham Adult Education Service is committed to inclusive growth for all. To contribute to this aspiration it understands the two biggest challenges that constrain people’s life chances are low skills and high unemployment. Deliver recommendations of the Birmingham Skills Investment Plan working alongside local partners, LEP, WMCA, major employers and SME's</p>	<p>Increased participation in employability skills related learning for targeted priority groups and priority localities:</p> <ul style="list-style-type: none"> <li>Improve progression rates to further learning and/or work for adults with no and low qualification levels</li> <li>Develop Pre-Employment Training programmes and maintain 40% plus progression into sustained employment</li> <li>Increase engagement and progression towards employment outcomes for under-represented groups in growth sectors</li> <li>Link employers to City's adult learning provision. Evolve the Step Forward campaign and lead development of Skills for Growth Hub</li> </ul>	<p>Ongoing 2017- 2020</p>	<p>Shilpi Akbar (Economy)/Principal of Birmingham Adult Education Service</p>
<p>Youth Promise Plus - Birmingham and Solihull Employment Pathway Project supported by the European Social Fund and Youth Employment Initiative, support participants towards education, employment or training through tailored mentoring and specialist coaching and pathway training</p>	<ul style="list-style-type: none"> <li>Support 16,610 young people aged between 15 to 29 in Birmingham &amp; Solihull not in education, employment or training (NEET)</li> </ul>	<p>Ongoing 2017- 2020</p>	<p>Shilpi Akbar (Economy)</p>

Health – A great city to grow old in		Corporate Lead: Graeme Betts		
	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>Creating a healthier environment for Birmingham</b>	Promote local community assets which provide physical and mental health benefits for everyone, such as community centre, leisure centres, parks and gardens.	<ul style="list-style-type: none"> <li>• Social work teams organised in a constituency model enabling networking, partnership working and building knowledge of community assets</li> <li>• Support communities and community based organisations to develop community assets that support diversion from social care services, showing a reduced demand for adult social care services</li> </ul>	March 2018  December 2018	Tapshum Pattni (Adults)
	Delivery of Public Health initiatives to: 1) engage with communities who may be at higher risk of ill health including faith groups through collaboration with Public Health England; 2) to create a fair and equitable trading environment	<ul style="list-style-type: none"> <li>• Creation of toolkit for faith organisations to assess health needs</li> <li>• Increasing Public Health Awareness to a wide demographic of the general public through various media and social media platforms measured by social media analytics, audience figures and live calls</li> <li>• Number of enforcement actions for trading including licensing removed, number of traders reported for prosecution, number of complaints where a refund or other redress was obtained for the consumer, number of enforcement visits / inspections conducted</li> </ul>	Ongoing 2017 - 2020  Ongoing 2017 -2020	Safina Mistry (Public Health)  Alison Harwood (Place)
	Waste Strategy 2017-2040 - development of a financially and environmentally sustainable waste strategy for the city. Collection and sustainable disposal of waste from residential and other properties within the city and street cleansing on operational matters.	<ul style="list-style-type: none"> <li>• Increasing recycling, reuse and green waste</li> <li>• Reduce residual household waste per household</li> <li>• Missed collections per 100k collections made</li> <li>• Percentage of land and highways with unacceptable levels of litter; graffiti; Detritus; Fly-posting</li> </ul>	Ongoing 2017 -2020	Darren Share (Place)

	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>Increased use of public spaces for physical activity: more people walking and cycling; greater choice of healthy places to eat in Birmingham</b>	Sport and Physical Activity Review - Wellbeing Service /Active Parks to continue to tackle inequality by enabling everyone to participate, regardless of income and ability and removes cost and social distance as a barrier to participation.	<ul style="list-style-type: none"> <li>• Miles travelled on free bicycles provided by the council</li> <li>• Number of sessions in the Be Active scheme (i.e. 610 sessions delivered by the Ranger Service = 1,321 hours of activity in 2016/17)</li> <li>• Ranger published events and number of people attending</li> <li>• Number of community events held in Parks</li> <li>• Number of people across all age groups and backgrounds participating in Wellbeing programmes</li> </ul>	Ongoing 2017 -2020	Steve Hollingworth (Place)
	Public Health led initiatives to improve greater choice for healthy places to eat in Birmingham	<p>Ensure effective food standards and prosecution; including encouraging quality fast food providers:</p> <ul style="list-style-type: none"> <li>• % Delivery of food inspections completed</li> <li>• Percentage of food businesses that score 3 or above on the Food Hygiene Ratings</li> <li>• Improving the quality of food outlets (including care homes)</li> <li>• Development of community based smoking/quit services - developing new approaches to smoking/quit services</li> <li>• Develop alcohol tool to support licencing decisions to discharge the duties of Public Health as responsible authority with regards to the licencing act</li> <li>• Take new approaches to reducing illegal shisha bars</li> </ul>	Ongoing 2017 -2020	Alison Harwood (Place)
<b>Leading a real change in individual and community mental wellbeing</b>	Promote local community services which provide mental health benefits for everyone, such as community centres, promoting learning, training, and interests.	<ul style="list-style-type: none"> <li>• Ensure alternative measure to support young people with mental health needs and people with learning disabilities into employment</li> <li>• Birmingham Adult Education Service to provide and further develop learning opportunities linked to improving the health and well-being and digital capability of residents and in particular older residents, those with mental health issues and those with learning and other disabilities</li> </ul>	Ongoing 2017 -2020	Shilpi Akbar (Economy), Principal of Birmingham Adult Education Service (Place)

	Key Action we will do	How progress will be tracked and measured	By when	Lead
	Work with health and community partners including voluntary, third sector and faith groups to make the most of individual and community assets (such as community centres and leisure centres).	<ul style="list-style-type: none"> <li>• Community Libraries + Community centres to work with Adult Social Care to develop an offer that supports diversity and avoidance from social care services</li> <li>• Support communities and community based organisations to develop community assets that support diversion from social care services, showing a reduced demand for adult social care services</li> <li>• Social work teams organised in a constituency model enabling networking, partnership working and building knowledge of community assets</li> </ul>	December 2018  December 2018  March 2018	Louise Collett / Tapshum Pattni (Adults)
<b>Promoting independence of all our citizens</b>	Increase choice and control through delivering the Adult Social Care Vision for improving health and wellbeing, developing a more citizen centred approach which promotes independence for all our citizens by taking a community asset based approach and enabling citizen's to have an increase in their choice and control to access mainstream and community provision to achieve their desired goals	<ul style="list-style-type: none"> <li>• Improve first point of contact and access to high quality information, advice and guidance, promoting access to range of services available.</li> <li>• Social work teams organised in a constituency model enabling networking, partnership working and building knowledge of community assets</li> <li>• Support communities and community based organisations to develop community assets that support diversion from social care services, showing a reduced demand for adult social care services</li> <li>• Develop a prevention strategy and reconfigure enablement service and align care pathways for both community and out of hospital care to enable retaining independence, ideally within their own community</li> <li>• Improving the uptake of Direct Payments to 25% of those eligible which allows citizens to exercise control over how their care is provided and therefore retain independence</li> <li>• Increase the number of people with a learning disability who are in employment from baseline of 0.8% by agreeing a target</li> </ul>	Dec 2018  March 2018  Dec 2018  Dec 2018  March 2018  March 2019	Louise Collett / Melanie Brooks / Tapshum Pattni (Adults)

	Key Action we will do	How progress will be tracked and measured	By when	Lead
	Ensure appropriate, well-designed housing is available for people with diverse needs to help them remain living independently, including age-specific accommodation and Extra Care Housing Schemes (for people aged 55 and over with support needs).	<ul style="list-style-type: none"> <li>• Number of older tenants who live independently in their tenancies through support plans</li> <li>• Percentage of support plans completed in 4 weeks</li> <li>• Number of connections for Telecare</li> <li>• Improving physical condition of housing and adaptations</li> <li>• Number of housing hospital discharge schemes implemented to enable council housing tenants to live independently in their tenancy</li> </ul>	Ongoing 2017 -2020	Rob James (Place)
<b>Joining up health and social care services so that citizens have the best possible experience of care tailored to their needs</b>	Reduce delays in hospital by producing and delivering an effective Better Care Fund Plan with all partners across the health and social care system, which will include improving how people are discharged, making sure the right care is available, including in people's own homes.	<ul style="list-style-type: none"> <li>• Commission an independent system diagnostic of the Health and Social Care system to analyse flow through the system and to develop a shared improvement plan to ensure effective solutions</li> <li>• Place social workers and OTs at the 'front door' of acute settings to support diversion from hospital; contributing to a reduction in the level of emergency admissions to hospital</li> <li>• Work with the voluntary and community sector to support patients to be discharged home from hospital</li> <li>• Develop and implement a permanent integrated 7-day social work, brokerage and Emergency Duty Team (EDT)</li> <li>• Commission additional nursing care/interim beds to respond to the immediate issue of supply-side delays</li> <li>• Commission night-time care sitters</li> <li>• Reduce delayed transfers of care that are attributable to Social Care to a rate of 4.7 delayed days per day per 100k population</li> <li>• Maintain delayed transfers of care that are jointly attributable to Social Care and Health to the agreed national rate</li> </ul>	Nov 2017  Dec 2018  Nov 2017  March 2018  Nov 2017  Nov 2017  Ongoing 2017 - 2020	Louise Collett/ Tapshum Pattni (Adults)

	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>Preventing, reducing and delaying dependency and maximising the reliance and independence of citizens; their families and the community</b>	Deliver on the Adults Social Care Vision for improving health and wellbeing which develops a more citizen centred approach to social work which develops the community model, builds resilience and alleviates some of the pressure in the health economy	<ul style="list-style-type: none"> <li>• Improve first point of contact and access to high quality information, advice and guidance, promoting access to range of services available.</li> <li>• Support communities and community based organisations to develop community assets that support diversion from social care services, showing a reduced demand for adult social care services</li> <li>• Develop a prevention strategy (as in outcome 4 above)</li> <li>• Build a method of utilising feedback and data to improve performance and improved well-being, independence and choice</li> <li>• Community Libraries and Community centres to work with Adult Social Care to develop an offer that supports diversity and avoidance from social care services</li> </ul>	Dec 2018  Dec 2018  Dec 2018  Dec 2018	Louise Collett/ Tapshum Pattni/ Melanie Brookes (Adults)     Chris Jordan (Place)
	Improve the offer for carers so they can care for family members more effectively and nearer to home.	<ul style="list-style-type: none"> <li>• Develop a strategy/offer for carers</li> <li>• Move to the Carers Hub undertaking Carers Assessments</li> <li>• Establish and formalise a direct payment approach to support carers</li> </ul>	May 2018 February 2018 May 2018	Tapshum Pattni

Cross Cutting Measures		Corporate Lead: Angela Probert		
	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>Reduction in the percentage of households in fuel poverty</b>	Put into practice new ways of working, with a range of agencies to reduce fuel poverty supporting the delivery of Financial Inclusion Strategy	<ul style="list-style-type: none"> <li>• Work with Western Power Distribution to develop a network of services that offer prevention, survive and recover interventions</li> <li>• Financial Capability week – focus on Birmingham residents in fuel and food crisis</li> <li>• Discussions to develop a digital platform for IAG on fuel and food poverty and their wider determinants</li> <li>• Catalyst (CIC) commissioned and are delivering targeted IAG intervention in St Georges</li> <li>• Indexing of priority areas and groups to allow for a targeted approach</li> <li>• Service roll out to all council tenants to offer crisis support in relation to fuel and/or food poverty</li> </ul>	2017 - 2018	Kyle Stott (Public Health Financial Inclusion Partnership - Fuel Poverty Strand Rob James (Place)
	Energy Company - introducing proposals for an Energy Company to develop low-cost energy tariffs and support our tenants who are most affected by fuel poverty - working with them to reduce what they pay on fuel.	<ul style="list-style-type: none"> <li>• Cabinet decision on future options</li> </ul>	July 2018	Phil Edwards (Economy)
	Risk based verification policy - full review by allowing evidence to be tailored to the risk profile, thus enhancing the customer journey	<ul style="list-style-type: none"> <li>• Introduce facility to upload documents electronically in support of claims</li> <li>• Benefit to claimants by speeding up the award of Housing Benefit.</li> </ul>		Chris Gibbs (Strategic Services)
	Working with our Housing Maintenance and Investment contractors to lever funding to develop thermal efficiency and energy reduction projects for council dwellings	<ul style="list-style-type: none"> <li>• Complete retro fit of our worst performing tower blocks that are non-traditional construction and have electric storage heating (LPS). Measures include external wall insulation, replacement roofs, double glazing, heating system upgrades to modern standards</li> </ul>	Ongoing 2017 - 2020	Rob James (Place)



Key Action we will do	How progress will be tracked and measured	By when	Lead	
	<ul style="list-style-type: none"> <li>• Investing in a low rise flats retro fit programme, to our social housing stock to bring up to modern standards</li> <li>• Delivering loft and cavity wall insulation to properties where measures are identified.</li> <li>• Setting a minimum energy efficiency standard for social housing so that no property falls outside the EPC rating of D</li> <li>• Investigating and investing in new technology for renewable energy such as ground source heat pumps, air source heat pumps, solar panels linked in to battery storage</li> <li>• Maximising external funding from Central Government such as the Energy company obligation and proposed Clean Growth plan</li> <li>• Working with external partners who are able to provide funding for energy efficiency measures</li> <li>• Asset Management are working together with Contractors to try and reduce the incidence of damp, mould and condensation within Council Homes</li> </ul>			
<b>Reduction in the percentage of workless households overall and implement the recommendations from the Child</b>	Financial Inclusion Partnership/Strategy - Three year plan to tackle financial hardship working in collaboration with the child poverty commission and in line with their recommendations, including supporting parents into work and young people into training or employment.	Delivery of key objectives of the financial inclusion strategy and the recommendations from the child poverty commission report in relation to children and young people such as: <ul style="list-style-type: none"> <li>• Supporting parents into work and young people into training or employment.</li> <li>• Targeted IAG intervention in St Georges</li> <li>• Delivering actions set by the Child Poverty Action Forum</li> </ul>	Ongoing 2017 - 2020	Rob James (Place); Dennis Wilkes (Public Health)

	<b>Key Action we will do</b>	<b>How progress will be tracked and measured</b>	<b>By when</b>	<b>Lead</b>
<b>Poverty Commission</b>	Deliver against the Birmingham Adult Education Service 5-year strategic plan, which is committed to inclusive growth for all and addressing the challenges that constrain people's life chances are low skills and high unemployment.	<ul style="list-style-type: none"> <li>• Further develop the participation and impact of family learning work</li> <li>• Continue to engage and further develop targeted work with Children's Centres and schools to engage parents/carers of disadvantaged families in family learning to both improve children's attainment and readiness for schools and to start a lifelong learning habit for the parents/carers</li> </ul>	Ongoing 2017 - 2020	Principal of Birmingham Adult Education Service (Place)
<b>Improved cleanliness – streets and green spaces</b>	Waste Strategy 2017-2040 - - Have a waste strategy in place that ensures all rubbish is collected efficiently and disposed of properly; that our streets, land and roads are cleaned well; and that encourages citizens to reduce, reuse, and recycle their waste.	<ul style="list-style-type: none"> <li>• Increasing Recycling, Increasing Reuse and Increasing Green Waste</li> <li>• Reduce residual household waste per household</li> <li>• Missed collections per 100k collections made</li> <li>• The percentage of land and highways with unacceptable levels of litter; graffiti; Detritus; fly-posting</li> </ul>	Ongoing 2017 - 2020	Darren Share (Place)
<b>Increase in the percentage of total trips by public transport</b>	We'll continue to improve public transport through our Birmingham Connected initiative.	<ul style="list-style-type: none"> <li>• Extending the Metro to Centenary Square</li> <li>• Redeveloping Snow Hill station</li> <li>• Increasing bus lane enforcement</li> <li>• Ensuring that we make best use of the city's limited road space</li> </ul>	Ongoing 2017 - 2020	Phil Edwards (Economy)
<b>Reduction in health inequality</b>	Work with schools to promote wellbeing for children and young people and to tackle health inequalities.	<ul style="list-style-type: none"> <li>• A targeted approach to additional early help demonstrable in the Birmingham United Maternity Project (2018-2019), Children and Young People Sustainability &amp; Transformation Partnership workstream (2018-2020), Early Years System (2018-2020) and School Health Advisory Service (2018-2019)</li> </ul>	Ongoing 2017 - 2020	Dennis Wilkes (Public Health)
	Sport and Physical Activity Review- Wellbeing Service - the service enables everyone to participate, regardless of income and ability and removes cost and social distance as a barrier to participation.	<ul style="list-style-type: none"> <li>• To ensure we continue to tackle inequality increase in the number of our most deprived citizens who have engaged with our wellbeing service</li> <li>• Miles travelled on free bicycles provided by the council</li> </ul>	Ongoing 2017 - 2020	Steve Hollingsworth (Place)

	Key Action we will do	How progress will be tracked and measured	By when	Lead
<b>Improved air quality</b>	Agree and put in place a council policy to improve the city's air quality and introduce a Clean Air Zone. This will include looking into more electric vehicle charging points across the city. Tyseley Energy Park is also set to open in Autumn 2018 and will provide an alternative green refuelling hub for commercial vehicles like taxis and hydrogen buses	<ul style="list-style-type: none"> <li>• Public health data analysis, evidence reviews, support to Corporate Air Quality programme</li> <li>• Liaison with Public Health England to drive evidence base</li> <li>• Development and approval of Air Quality policy</li> <li>• Establishment of Brum Breathes Air Quality programme</li> <li>• Changes to taxi licencing policy</li> <li>• Development of schools-based air pollution monitoring project; increasing data collection and availability, and building an army of engaged citizens</li> <li>• Implementation of measures to reduce NOx emissions as required by government (e.g. Clean Air Zone)</li> <li>• Roll out of electric charging points</li> <li>• Roll out of hydrogen bus fleet</li> <li>• Business support to audit fleet compositions</li> </ul>	Ongoing 2017 - 2020	Adrian Phillips (Public Health) / Phil Edwards (Economy)

Strategic Services and Finance and Governance: Enabling and supporting our organisation to deliver on our key priorities through robust and effective Legal, Finance, IT, HR, Procurement, Communications, Insight and Performance/Project Management Advice, Support and Activity

## APPENDIX 2: LONG-TERM FINANCIAL PLAN 2018/19 – 2027/28

Long-Term Financial Plan 2018/19 - 2027/28										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Base Budget 2017/18	821.803	821.803	821.803	821.803	821.803	821.803	821.803	821.803	821.803	821.803
Pay & Price Inflation	20.014	39.607	58.098	75.909	94.309	113.316	132.964	153.252	174.196	195.820
Meeting Budget Issues and Policy Choices	70.675	81.609	83.998	88.764	97.369	106.274	115.500	124.531	133.968	143.481
Savings Plans	(52.858)	(88.471)	(107.670)	(117.016)	(118.047)	(118.434)	(118.066)	(118.093)	(118.113)	(118.113)
Corporate Adjustments:										
Net Repayment to Corporate Reserves	22.557	35.711	51.074	48.573	35.146	39.112	41.172	43.447	45.138	45.872
Corporately Managed Budgets	13.060	(2.503)	0.847	12.429	12.222	12.298	13.321	10.704	2.440	1.615
Changes in Corporate Government Grants	(40.062)	(55.958)	(56.786)	(57.568)	(59.358)	(60.164)	(60.989)	(61.838)	(62.707)	(64.583)
<b>Total Net Expenditure</b>	<b>855.189</b>	<b>831.798</b>	<b>851.364</b>	<b>872.894</b>	<b>883.444</b>	<b>914.205</b>	<b>945.705</b>	<b>973.806</b>	<b>996.725</b>	<b>1,025.895</b>
Business Rates	(418.064)	(428.097)	(439.656)	(450.648)	(461.914)	(473.462)	(485.299)	(497.431)	(509.867)	(522.613)
Top Up Grant	(91.744)	(54.489)	(55.634)	(56.747)	(57.881)	(59.039)	(60.220)	(61.425)	(62.652)	(63.904)
Council Tax	(327.278)	(342.037)	(350.589)	(359.354)	(368.337)	(377.544)	(386.983)	(396.658)	(406.574)	(416.737)
Collection Fund (Surplus)/Deficit Business Rates	(16.116)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Collection Fund (Surplus)/Deficit Council Tax	(1.987)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Resources</b>	<b>(855.189)</b>	<b>(824.623)</b>	<b>(845.879)</b>	<b>(866.749)</b>	<b>(888.132)</b>	<b>(910.045)</b>	<b>(932.502)</b>	<b>(955.514)</b>	<b>(979.093)</b>	<b>(1,003.254)</b>
<b>Gap</b>	<b>0.000</b>	<b>7.175</b>	<b>5.485</b>	<b>6.145</b>	<b>(4.688)</b>	<b>4.160</b>	<b>13.203</b>	<b>18.292</b>	<b>17.632</b>	<b>22.641</b>

## APPENDIX 3: BIRMINGHAM CITY COUNCIL REVENUE GRANTS

Grant	2017/18 Original Budget £m	2018/19 Budget £m	Variation £m	2019/20 Budget £m
<b>Top Up Grant</b>	123.463	91.744	(31.719)	54.489
<b>Subtotal Core Grants</b>	123.463	91.744	(31.719)	54.489
Improved Better Care Fund <sup>1</sup>	6.728	47.328	40.600	60.321
Small Business Rate Relief Compensation <sup>2</sup>	22.509	26.959	4.450	32.406
Other Section 31 Grant Relating to Business Rates <sup>2</sup>	7.853	10.578	2.725	12.457
New Homes Bonus	12.827	8.049	(4.778)	7.126
New Homes Bonus Topslice: Returned Funding	0.810	0.000	(0.810)	0.000
Adult Social Care Support Grant	5.625	3.500	(2.125)	0.000
<b>Subtotal Corporate Grants</b>	56.352	96.414	40.062	112.310
<b>Directorate Grants</b>				
Public Health Grant	93.215	90.818	(2.397)	88.420
The Private Finance Initiative (PFI) - Highways	50.311	50.311	0.000	50.311
Better Care Fund	27.557	32.969	5.412	32.963
The Private Finance Initiative (PFI) - Education	18.232	18.232	0.000	18.232
Youth Employment Initiative	10.963	11.831	0.868	0.000
Birmingham Adult Education Services from Skills And Education Funding Agencies	10.533	10.533	0.000	10.533
Housing Benefit Administration Subsidy and Localising Council Tax Support Grant	7.451	6.878	(0.573)	6.877
Independent Living Fund	4.274	4.274	0.000	4.084
Troubled Families Grants <sup>3</sup>	4.009	4.009	0.000	4.009
Flexible Homeless Support Grant	0.000	4.156	4.156	0.000
MAST/PE Teacher Release Funding	2.207	3.851	1.644	3.851
Illegal Money Lending Team	3.098	3.605	0.507	3.605
Asylum Seekers <sup>3</sup>	1.654	3.328	1.674	3.328
Business Growth Programme	3.434	3.306	(0.128)	0.000
Youth Justice Board Grant <sup>3</sup>	1.908	1.916	0.008	1.916
Home Office Grant-Syrian Refugees	0.308	1.586	1.278	1.586
Universal Credit Funding	0.613	0.854	0.241	0.854
Home Office Prevent Programme	0.629	0.838	0.209	0.838
Wholesale Markets - Witton	0.000	0.781	0.781	0.781
Local Reform and Community Voices	0.766	0.777	0.011	0.777
New Homes Bonus Affordable Homes Element	1.363	0.714	(0.649)	0.714
Homelessness Trail Blazers	0.700	0.700	0.000	0.700
Special Educational Needs & Disabilities Implementation	1.002	0.621	(0.381)	0.621
European Capital of Running	0.529	0.529	0.000	0.529
New Burdens - Homelessness Reduction Act	0.000	0.503	0.503	0.000
LEP Funding - Snow Hill Station	0.000	0.500	0.500	0.000
Staying Put Grant <sup>3</sup>	0.450	0.463	0.013	0.463
New Burdens - Benefits Cap	0.000	0.433	0.433	0.433
Remand Framework Allocation <sup>3</sup>	0.491	0.408	(0.083)	0.408
School Improvement & Brokering	0.479	0.400	(0.079)	0.400
Bikeability Grant	0.373	0.383	0.010	0.383
Big Data Corridor	0.360	0.360	0.000	0.159
Scam Busters	0.265	0.335	0.070	0.335
Right Benefit Initiative (Formerly known as Fraud & Error Reduction Incentive Scheme)	0.158	0.330	0.172	0.330
New Burdens - Discretionary Housing Payments Administration	0.000	0.250	0.250	0.250

Grant	2017/18 Original Budget £m	2018/19 Budget £m	Variation £m	2019/20 Budget £m
West Midlands Strategic Migration Partnership	0.168	0.228	0.060	0.228
Social Care in Prisons Grant	0.201	0.204	0.003	0.204
Homelessness Rough Sleepers	0.200	0.200	0.000	0.200
Direct Salaries Grant	0.186	0.186	0.000	0.186
War Pensions Disregard	0.000	0.117	0.117	0.117
Extended Rights to Free Travel	0.114	0.095	(0.019)	0.095
Natural England Grant for Higher Level Stewardship in Sutton Park	0.095	0.095	0.000	0.095
ERDF - Property Investment Programme	0.000	0.091	0.091	0.051
Additional New Burdens	0.000	0.085	0.085	0.085
New Burdens - Real Time Information	0.000	0.075	0.075	0.075
Magistrates Grant	0.074	0.072	(0.002)	0.072
Police and Crime Panel	0.066	0.066	0.000	0.000
Participatory Urban Living for Sustainable Environments - Horizon 2020	0.062	0.061	(0.001)	0.036
Optimum	0.063	0.050	(0.013)	0.000
Pure Cosmos	0.046	0.046	0.000	0.046
Transition Towards Industrial Symbiosis	0.060	0.050	(0.010)	0.035
Heritage Lottery Fund	0.000	0.046	0.046	0.000
Local Lead Flood Authority Grant	0.041	0.044	0.003	0.047
Moderation & Phonics Grant	0.000	0.031	0.031	0.031
Unlocking Stalled Housing Sites	0.000	0.030	0.030	0.000
New Burdens - Employee Support Allowance Work Related Activity Component Removal Payments	0.000	0.025	0.025	0.025
Natural England Grant for Higher Level Stewardship Grasslands	0.025	0.025	0.000	0.025
Single Fraud Investigation Service	0.024	0.024	0.000	0.024
SETA - Horizon 2020	0.000	0.020	0.020	0.000
Urban Vital Cities	0.029	0.019	(0.010)	0.000
Transparency Code	0.013	0.013	0.000	0.013
Welfare Reforms - Reduce Temporary Absence Outside GB	0.012	0.012	0.000	0.012
Welfare Reforms - Migrants Access to Benefits	0.012	0.012	0.000	0.012
Natural England Grant for Higher Level Stewardship Lickey Hills	0.009	0.009	0.000	0.009
NHS Supply Chain - Healthy Start & Vitamins	0.000	0.008	0.008	0.008
Youth Music Programme <sup>3</sup>	0.050	0.008	(0.042)	0.000
Welfare Reforms - Removal of Assessed Income Period	0.007	0.007	0.000	0.007
Data Sharing Grant - IT	0.007	0.007	0.000	0.007
New Burdens - Local Authority Data Share	0.000	0.002	0.002	0.002
Children's Trust Transition Funding	3.754	0.000	(3.754)	0.000
Education Services Grant	3.254	0.000	(3.254)	0.000
Community Safety Fund	1.873	0.000	(1.873)	0.000
Green Fleet Task Group	0.067	0.000	(0.067)	0.000
New Burdens Department for Work & Pensions Welfare Reform Grant	0.393	0.000	(0.393)	0.000
Individual Electoral Registration	0.370	0.000	(0.370)	0.000
Wider Hospital & University Masterplan	0.322	0.000	(0.322)	0.000
Supplier Excellence (European Social Fund)	0.131	0.000	(0.131)	0.000
City 4 Age	0.130	0.000	(0.130)	0.000
Heat Network Delivery Unit	0.090	0.000	(0.090)	0.000
Smart Routing	0.062	0.000	(0.062)	0.000
Climate Change KIC	0.050	0.000	(0.050)	0.000
Climate Change KIC - Energising Cities	0.045	0.000	(0.045)	0.000
Climate Change - Coordinated Energy Pro-innovation Procurement Initiative	0.030	0.000	(0.030)	0.000
Arts Council England - Aston & Newtown Programme	0.025	0.000	(0.025)	0.000

Grant	2017/18 Original Budget £m	2018/19 Budget £m	Variation £m	2019/20 Budget £m
Local Sustainable Transport Fund - Birmingham Cycle Revolution Promotion	0.019	0.000	(0.019)	0.000
Climate Change - Location Based Services & Augmented Reality Assistive System for Utilities Infrastructure Management	0.015	0.000	(0.015)	0.000
Data Sharing Grant	0.012	0.000	(0.012)	0.000
Local Sustainable Transport Fund - Birmingham Cycle Revolution Education & Skills	0.012	0.000	(0.012)	0.000
Local Sustainable Transport Fund - Birmingham Cycle Revolution Business & Employment	0.012	0.000	(0.012)	0.000
Climate Change - Electrification of Public Transport in Cities	0.009	0.000	(0.009)	0.000
<b>Subtotal Directorate Grants</b>	<b>259.571</b>	<b>263.845</b>	<b>4.274</b>	<b>240.437</b>
<b>Expenditure Reimbursement Grants</b>				
Mandatory Rent Allowances: Subsidy	345.849	313.079	(32.770)	313.079
Rent Rebates Granted to HRA Tenants: Subsidy	201.250	164.913	(36.337)	164.913
Discretionary Housing Payments (DHPs)	3.052	4.784	1.732	4.784
Higher Education Funding Council (HEFC)	0.736	0.677	(0.059)	0.677
<b>Subtotal Expenditure Reimbursement Grants</b>	<b>550.887</b>	<b>483.453</b>	<b>(67.434)</b>	<b>483.453</b>
<b>Direct Schools Funding Grants</b>				
Dedicated Schools Grant (DSG)	633.723	665.638	31.915	665.638
Pupil Premium Grant	52.500	47.618	(4.882)	47.618
Sixth Form Funding from Education Funding Agency	16.402	14.190	(2.212)	14.190
Universal Infant Free School Meals	10.088	9.363	(0.725)	9.363
<b>Subtotal Direct Schools Funding Grants</b>	<b>712.713</b>	<b>736.809</b>	<b>24.096</b>	<b>736.809</b>
<b>Total Grants</b>	<b>1,702.986</b>	<b>1,672.265</b>	<b>(30.721)</b>	<b>1,627.498</b>

1. The 2017/18 value is inline with the original budget. An additional £27.1m was announced in the Government's March 2017 Budget

2. Excludes grants payable to the Enterprise Zone

3. Some of these grants may be payable directly to the Children's Trust in the future

## Further Information on Revenue Grants over £5m

Whilst the Core and Corporate grants are considered in more detail within Chapter 2 further details of all the other revenue grants that exceed £5m are given below.

### Public Health Grant - £90.8m

Since 1 April 2013 the City Council has been responsible for providing a range of public health services including sexual health, smoking cessation, drugs and alcohol abuse and promoting healthy lifestyles. On 1 October 2015, the Government also transferred the responsibility for commissioning 0-5 year old children's public health services from NHS England to local government. Funding is received by the City Council as a ring-fenced grant and is overseen by the Health and Wellbeing Board. Most of the funding is spent on services commissioned from NHS Trusts, Primary Care contractors, the third sector and the City Council.

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

The Department of Health confirmed the Public Health grant allocations for 2018/19 on 21 December 2017. The amounts provided to Birmingham for the provision of Public Health services will be £90.8m in 2018/19, an overall reduction of £2.4m on the grant received in 2017/18. This decrease is in line with the general reduction in Public Health funding announced by the Government in June 2015 and the Spending Review in November 2015 and subsequent announcements. The Department of Health Circular also included indicative figures for 2019/20 which show a further reduction in Birmingham's grant to £88.4m.

The provisional 2018-19 local government finance settlement, announced in December, restated the Government's intention for the Public Health grant to be funded through retained Business Rates, and that the Government will implement this change in 2020-21. Until it is clearer how this will be implemented, this change has not been reflected in the corporate grants received by the City Council in 2020/21.

### Better Care Fund - £33.0m

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

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

Funding will continue into 2018/19, and it is estimated that £33.0m will be available to the City Council in that year. This is an increase of £5.4m compared to 2017/18 budgetary assumptions.



### **Improved Better Care Fund (iBCF) - £47.3m**

As set out in Chapter 2, in the Spending Review 2015 the Government announced that it will be making additional funding available to local authorities through the Improved Better Care Fund; this became available in 2017/18. A further statement in the spring Budget in 2017 increased the amounts available for Adult Social Care via the iBCF. For Birmingham, £47.3m is available in 2018/19, rising to £60.3m in 2019/20. The City Council's financial plans include significant additional resources for Adult Social Care to meet the growing level of demand for such services and further savings arising from the continued drive to provide these services in the most efficient way. Therefore, this has been used to help address additional funding of care services, to part mitigate budgetary pressures in relation to demography and assist in the delivery of the Adult Social Care savings programme. In addition to this there is also a programme of change which has been agreed with health partners and approved via the Health & Wellbeing Board, to work in a more integrated way, to support the reductions in delayed transfers of care from hospitals and to protect and support the care provider market. iBCF of £16.1m in 2018/19 will be used to support the delivery of this programme.

### **Youth Employment Initiative - £11.8m**

The Youth Employment Initiative is an EU funded multi-partnership project, led by the City Council. The project aims to support 16,610 Birmingham & Solihull young people (15-29 years) who are either NEET (Not Engaged in Employment Education or Training) or unemployed and claiming Job Seekers' Allowance, Universal Credit or other work related benefits. The aims are to upskill and create integrated and supported pathways to sustainable employment, and the project targets supporting at least 7,309 (44%) of its beneficiaries into further education, training and/or employment by the end of the delivery period. All beneficiaries (including those who don't progress to a positive destination) will be tracked and supported for at least six months.

### **Birmingham Adult Education Services from the Skills and Education Funding Agencies – £10.5m**

The City Council will receive a grant of £10.5m in 2018/19 to continue to provide Adult Life Long Learning Services, which includes the provision of an Adult Skills Programme and a Community Learning Programme for a diverse range of local people from the age of 18 years.

### **Housing Benefit and Council Tax Benefit Subsidy Administration Grant - £6.9m**

The City Council will receive a base allocation from the Government of £6.9m in 2018/19. This is a reduction of £0.6m from the grant received in 2017/18. The cost of the service will be managed within this reduced resource envelope.

### **Private Finance Initiative Grants - £68.5m – no change**

The City Council will continue to receive funding for Private Finance Initiative (PFI) projects of £68.5m being £50.3m for Highways and £18.2m for schools. Whilst this funding is unringfenced, it is needed to meet contractually committed payments and

is not available to meet City Council expenditure generally, other than on a temporary basis and requiring repayment.

## Other Directorate Revenue Grants

In addition to the main grant funding streams, smaller specific grants continue to be received from Government. Services will need to manage within the level of grant that they receive. A full breakdown of all grants the City Council expects to receive in 2018/19 can be seen in the table at the start of this Appendix.

## Schools Funding

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

- Dedicated Schools Grant - £665.6m
- Pupil Premium - £47.6m
- Education Funding Agency (EFA) - £14.2m
- Universal Infant Free School Meals - £9.4m

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

	DSG	Pupil Premium	EFA- Post 16	Universal Infant FSM	Total
	£m	£m	£m	£m	£m
Schools Delegated	430.8	44.7	14.2	9.4	499.1
Early Years (includes central budgets)	92.4				92.4
High Needs (includes central budgets) <sup>1</sup>	124.6				124.6
Central School services	17.8	2.9			20.7
<b>Sub Total - City Council</b>	<b>665.6</b>	<b>47.6</b>	<b>14.2</b>	<b>9.4</b>	<b>736.8</b>
Academies & Other Recoupment	505.9	44.3		5.3	555.5
<b>Total</b>	<b>1,171.5</b>	<b>91.9</b>	<b>14.2</b>	<b>14.7</b>	<b>1,292.3</b>

1. High Needs budgets include central budgets as decisions have not been finalised and consultations with Schools Forum have not taken place to date.

## Dedicated Schools Grant (DSG) - £665.6m

From 2018/19 DSG will be allocated to local authorities in four blocks instead of the current three – the addition is the 'Central School Services block' which will now hold the centrally managed budgets previously accounted for in the School block. Local authorities are allowed to vire between the blocks to address any specific needs or pressures but there are new restrictions on the amount that can be vired from the School block including seeking Schools Forum approval. The indicative amount announced for Birmingham is £1,171.5m. However, this includes funding for academies that will be recouped by the EFA. The indicative estimate for recoupment is £505.9m which leaves the City Council with £665.6m grant for its maintained schools and eligible centrally managed commitments. Further academisation during 2018/19, over and above that estimated, will result in further recoupment and reduction in the grant paid to the City Council.

The 4 blocks through which DSG is allocated consists of:

- Schools block (covering provision in mainstream schools from Reception to Year 11). The 2018/19 notified allocation is £908.6m before recoupment and £430.8m after estimated recoupment.
- Early Years block (covering nursery schools, nursery classes and Private, Voluntary and Independent sector providers of early years provision (PVI's). The 2018/19 indicative allocation is £92.4m (no recoupment applies).
- High Needs block (covering pupils with high needs – defined by the DfE as those requiring provision costing in excess of a given threshold. The 2018/19 indicative allocation is £152.8m before recoupment and £124.6m after estimated recoupment.
- Central School Services block – this is new for 2018/19 and covers commitments previously held under the School block such as Admissions and certain prescribed statutory and regulatory duties. The notified allocation is £17.8m.

Given the national timelines underpinning DSG, the City Council will have finalised all its block allocations and budgets to schools and providers by 31<sup>st</sup> March 2018. Given the nature and different methodologies underpinning calculation of the DSG grant blocks as well as the impact of academisation, it is not possible to accurately estimate the value of DSG beyond 2018/19 which is why the value for future years has currently been left at the 2018/19 level.

The DfE is planning to implement a National Funding Formula (NFF) from 2020/21. Please see Section 11 of Chapter 2 for further details of how this will affect Birmingham.

### **Pupil Premium Grant - £47.6m**

Pupil Premium is allocated to provide additional funding for pupils in receipt of free school meals. It will apply to all pupils aged from 4 to 15 (year groups Reception to 11) who are:

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

As Pupil premium allocations for 2018/19 have not yet been published by the EFA the budget has been based on the 2017/18 allocation.

For groups 1, 3 & 4 allocations will be calculated on the basis of the January 2018 pupil census. Group 2 allocations will be calculated on the basis of the Children in Need census carried out on 31 March 2018. Academies receive their pupil premium allocations directly from the EFA.

**Education Funding Agency - £14.2m**

It is estimated that the City Council will receive £14.2m in 2018/19 from the EFA to fund education and training of 16-19 year olds in sixth forms within schools.

**Universal Free School Meal Grant - £9.4m**

This grant was introduced for the 2014/15 academic year and is paid to schools to enable them to provide free school meals for pupils in Reception to Year 2. The City Council is currently assuming that the grant will continue into the 2018/19 academic year. The £14.7m breaks down between £5.3m to Academies and £9.4m to the City Council.

**Grants to Reimburse Expenditure - £483.5m**

The City Council receives a number of grants to reimburse costs incurred, mainly in paying benefit claimants. Whilst these form part of the gross budget of the City Council, the level of expenditure is determined by claimant demand and eligibility. Payments made to claimants are closely matched by any grant received. The grants to fund benefit expenditure expected to be received by the City Council in 2018/19 can be seen in the table at the start of this Appendix. The figures for 2018/19 have been updated following a comprehensive review and reflect the actual estimated value of benefits payments expected to be made.

## APPENDIX 4: COUNCIL TAX 2018/19

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

	City Council	Fire and Rescue Authority	West Midlands Police & Crime Commissioner	New Frankley in Birmingham Parish Precept	Royal Sutton Coldfield Town Precept
	£m	£m	£m	£m	£m
City Council Net Budget	855.189				
Less: Business Rates and Top-Up Grant	525.924				
<b>Equals: amount required from Collection Fund</b>	<b>329.265</b>				
Less: estimated surplus in Collection Fund	1.987				
<b>Equals: amount required from council tax payers</b>	<b>327.278</b>	<b>14.642</b>	<b>31.989</b>	<b>0.046</b>	<b>1.851</b>
Divided by taxbase (Band D equivalent properties)	248,838	248,838	248,838	1,339	37,047
<b>Equals: Band D Council Tax</b>	<b>1,315.22</b>	<b>58.84</b>	<b>128.55</b>	<b>34.00</b>	<b>49.96</b>
Percentage Change in each element of Council Tax	3.99%	2.99%	10.30%	-2.10%	0.00%
<b>Total Band D Council Tax</b>			<b>£1,502.61</b>	<b>£1,536.61</b>	<b>£1,552.57</b>

\*The council tax attributable to the City Council includes a 1% precept to fund adult social care.

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

Band	City Council	Fire and Rescue Authority	West Midlands Police & Crime Commissioner	Total excl. Parish Precept	New Frankley in Birmingham		Royal Sutton Coldfield	
					Parish Precept	Parish Total	Town Precept	Town Total
	£	£	£	£	£	£	£	£
A	876.81	39.23	85.70	1,001.74	22.67	1,024.41	33.31	1,035.05
B	1,022.95	45.77	99.98	1,168.70	26.44	1,195.14	38.86	1,207.56
C	1,169.08	52.30	114.27	1,335.65	30.23	1,365.88	44.41	1,380.06
<b>D</b>	<b>1,315.22</b>	<b>58.84</b>	<b>128.55</b>	<b>1,502.61</b>	<b>34.00</b>	<b>1,536.61</b>	<b>49.96</b>	<b>1,552.57</b>
E	1,607.49	71.92	157.12	1,836.53	41.56	1,878.09	61.06	1,897.59
F	1,899.76	84.99	185.68	2,170.43	49.11	2,219.54	72.17	2,242.60
G	2,192.03	98.07	214.25	2,504.35	56.67	2,561.02	83.27	2,587.62
H	2,630.44	117.68	257.10	3,005.22	68.00	3,073.22	99.92	3,105.14

## APPENDIX 5: INVESTMENT IN POLICY PRIORITIES AND PRESSURES SCHEDULE

Description	Type	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>Strategic Services Directorate</b>					
Information and Communication Technology	Existing	(0.020)	(1.360)	(2.067)	(3.728)
WOC1 - Workforce proposals requiring changes to terms and conditions	Savings not fully achieved	0.281	0.281	0.281	0.281
WOC2 - Improving Efficiencies in workforce related costs	Savings not fully achieved	1.780	1.780	1.780	1.780
E20d.9 Corporate Strategy	Savings not fully achieved	0.039	0.039	0.000	0.000
Repayment of Directorate Reserves used in 2017/18 relating to the review of Council Tax Single Person Discount	New	1.000	0.000	0.000	0.000
Invest to Save Funding to identify additional Business Rates income	New	0.650	0.150	0.150	0.150
Commercialism Board Funding	New	0.150	0.150	0.150	0.150
The team to support ICT & D plans	New	1.993	1.603	0.567	0.000
<b>Sub-total Strategic Services Directorate</b>		<b>5.873</b>	<b>2.643</b>	<b>0.861</b>	<b>(1.367)</b>
<b>Finance &amp; Governance Directorate</b>					
Business Transformation Costs and Repayments	Existing	(0.111)	(0.307)	(0.447)	(0.474)
Legal Services undeliverable income target	New	1.935	1.935	1.935	1.935
Reduction in external audit fees	New	(0.150)	(0.150)	(0.150)	(0.150)
<b>Sub-total Finance &amp; Governance Directorate</b>		<b>1.674</b>	<b>1.478</b>	<b>1.338</b>	<b>1.311</b>
<b>Economy Directorate</b>					
Delay in the implementation of SN35 - Expansion of City Centre On-Street Parking	Savings not fully achieved	0.116	0.000	0.000	0.000
<b>Sub-total Economy Directorate</b>		<b>0.116</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Adult Social Care &amp; Health Directorate</b>					
Adult Social Care Packages - Demography	Existing	8.500	17.000	25.500	34.000
Business Charter for Social Responsibility/Care Wage	Existing	6.500	9.285	9.285	9.285
Fall out of one-off resources used to deliver MIA14 - Introduce charges for Telecare and reducing spend on joint equipment contracts	Existing	(0.400)	(0.400)	(0.400)	(0.400)
HW5 - Better Care at Home	Savings not fully achieved	1.700	1.280	1.280	1.280
MYR1 - Integrated Community Social Work	Savings not fully achieved	4.500	4.020	0.000	0.000
HW1 - Supporting People	Savings not fully achieved	1.898	0.000	0.000	0.000
HW9 - Residential Care	Savings not fully achieved	0.188	0.000	0.000	0.000
HW10/MYR6 - Adult Social Care High Cost Provision	Savings not fully achieved	0.730	0.000	0.000	0.000
Use of Directorate Reserves mainly to offset the non-delivery of savings	New	(9.300)	(2.000)	0.000	0.000
Pooled funding with the NHS to improve joint working and deliver financial benefits for the NHS & BCC. Funded from announcements made by the Government in March 2017.	New	16.060	7.932	7.932	7.932
<b>Sub-total Adult Social Care &amp; Health Directorate</b>		<b>30.376</b>	<b>37.117</b>	<b>43.597</b>	<b>52.097</b>
<b>Children &amp; Young People Directorate</b>					
Corporate Support for reduction in Education Services Grant	Existing	3.254	3.254	3.254	3.254
Travel Assist	Existing, New & Savings not fully achieved	2.028	2.028	2.028	2.028
Increase in contract payment due to pressures relating to the Children's Trust	Existing & New	1.565	1.565	1.565	1.565
<b>Sub-total Children &amp; Young People Directorate</b>		<b>6.847</b>	<b>6.847</b>	<b>6.847</b>	<b>6.847</b>

Description	Type	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>Place Directorate</b>					
Sports & Leisure Service - Fall out of temporary corporate support	Existing	(0.738)	(1.498)	(1.873)	(1.955)
Wholesale Markets Business Case	Existing	(0.040)	(0.064)	(0.353)	(0.350)
Waste Management Services to recognise the current operational costs of the service	Existing	0.279	0.279	0.279	0.279
Demography Impacts on Waste Management services	Existing	0.500	1.000	1.000	1.000
Reduction in Corporate Support for Young Active Travel	Existing	(0.200)	(0.300)	(0.300)	(0.300)
Badminton Events	Existing	0.200	0.200	0.000	0.000
Reduction in Corporate Support to allow delivery of saving SN20 - Redesign Street Cleansing	Existing	(0.500)	(1.000)	(1.500)	(1.500)
EGJ7 Business Support Commercial Model	Savings not fully achieved	0.032	0.032	0.032	0.032
SN26 Discontinuation of subsidies Non Framework Contracts at Health & Wellbeing Centres	Savings not fully achieved	0.316	0.316	0.316	0.316
PL26 Markets	Savings not fully achieved	0.300	0.300	0.300	0.300
Waste Disposal Infrastructure	New	0.000	0.000	2.700	2.700
Unachievement of pest control income	New	0.300	0.300	0.300	0.300
Coroners - increase in level of service required	New	0.500	0.500	0.500	0.500
Green Waste - reduction in income expected as a result of discounts offered in 2018/19	New	0.662	0.000	0.000	0.000
Reduction in the Affordable Homes element of New Homes Bonus Grant	New	0.649	0.649	0.649	0.649
Alexander Stadium - delay the letting of the contract to run Alexander Stadium until a business case is developed for running the new facility	New	1.100	1.100	1.100	1.100
Removal of fees for child burials & cremations	New	0.175	0.175	0.175	0.175
Moseley Road Baths - running expenses	New	0.100	0.000	0.000	0.000
Introduction of pilot to address non-highways fly posting and fly tipping	New	0.155	0.000	0.000	0.000
<b>Sub-total Place Directorate</b>		<b>3.790</b>	<b>1.989</b>	<b>3.325</b>	<b>3.246</b>
<b>Corporate</b>					
Highways Infrastructure Maintenance	Existing	0.250	0.500	0.750	1.000
National Living Wage	Existing	0.101	0.365	0.365	0.365
Reduction in General Policy Contingency	Existing & New	0.000	(0.500)	(0.500)	(0.500)
Apprenticeship Levy	Existing	(0.133)	(0.279)	(0.269)	(0.259)
Pension Fund Costs	Existing & New	7.981	12.687	13.422	13.962
Carbon Reduction Commitment	Existing	0.022	(1.034)	(1.034)	(1.034)
Change in Revenue Cost of Redundancy	Existing	(0.424)	6.276	1.776	(0.424)
Reduction in Improvement Expenditure	Existing	(8.740)	(8.740)	(8.740)	(8.740)
Fall out of Capital Receipts Flexibility	Existing	8.740	8.740	8.740	8.740
Reduction of one-off resources to deliver saving CC22 - Pay suppliers faster in exchange for discounts	Existing	(0.090)	(0.090)	(0.090)	(0.090)
Commonwealth Games Project Team	New	1.000	1.000	1.000	1.000
Future Council Improvement Funding	New	0.682	0.000	0.000	0.000
Fall out of funding for Birmingham Jobs Fund	New	(2.000)	(2.000)	(2.000)	(2.000)
Future Operating Model/Improving efficiencies	Savings not fully achieved	14.610	14.610	14.610	14.610
<b>Sub-total Corporate</b>		<b>21.999</b>	<b>31.535</b>	<b>28.030</b>	<b>26.630</b>
<b>Total Policy Priorities and Pressures</b>		<b>70.675</b>	<b>81.609</b>	<b>83.998</b>	<b>88.764</b>

## APPENDIX 6: SAVINGS PROPOSALS

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>STRATEGIC SERVICES DIRECTORATE</b>					
<p><b>CC1 17+ / CC23 16+ / E23 16+ Implementation of ICT &amp; D strategy to reduce spend on core IT infrastructure and development projects.</b></p> <p>Through the implementation of the City Council's new Information Technology and Digital (ICT &amp; D) strategy it is expecting to realise savings in a number of areas. These will be achieved through tighter control and governance of its IT projects, an increase in partnership working with external organisations and by strategic investment in technologies that deliver savings to the City Council. In addition, there will be ongoing savings in respect of lower debt servicing costs due to a reduction in capital expenditure.</p>	Existing	0.630	(1.130)	(1.940)	(1.940)
<p><b>CC3 17+ Bringing Revenues and Benefits service contract back in house</b></p> <p>The City Council implemented a decision in November 2016 to bring its Revenues Service back in house. This is delivering efficiency savings to the City Council and ensures that it meets deadlines and budget expectations around the collection of Council Tax and Business Rates.</p> <p>This is a fall out of time limited savings delivered in 2017/18.</p>	Existing	0.300	0.500	0.500	0.500
<p><b>CC4 17+ Increase advertising income from pavement advertising</b></p> <p>The City Council is seeking to generate new and incremental revenue from its existing outdoor advertising contract. It will achieve this by increasing the number of sites and types of assets included in the contract.</p>	Existing	(0.500)	(0.500)	(0.500)	(0.500)
<p><b>CC5 17+ Surpluses expected to be generated on the Housing Benefit Subsidy grant</b></p> <p>Temporary surpluses resulting from the delayed introduction of Universal Credit. They are expected to fall out from 2019/20.</p>	Existing	0.000	0.500	0.500	0.500
<p><b>CC13 16+ Targeted net improvement in the housing benefit subsidy</b></p> <p>Adjustment to reflect phased implementation of reclaiming Housing Benefit overpayments which were front-loaded in 2016/17.</p>	Existing	0.500	1.500	1.500	1.500



Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>CC17 16+ Reduction in expenditure and subsidy loss for exempt accommodation cases by assisting these providers to become registered social landlords</b></p> <p>The change to this service will be to encourage some of the private sector landlords to become regulated providers. This change will then allow the City Council to claim more subsidy from central government which will achieve the savings.</p>	Existing	(0.400)	(0.400)	(0.400)	(0.400)
<p><b>WOC1 Allocation of workforce savings *</b></p> <p>These are further savings arising from amending the terms and conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Birmingham Living Wage City commitment. This was after consulting with staff and Trades Unions. There are changes that impact on pay and the saving also relates to a fall out of a one-off consolidated payment in 2017/18.</p>	Existing	(1.043)	(1.457)	(1.784)	(1.784)
<p><b>WOC1 Allocation of workforce savings – fall out of use of reserves*</b></p> <p>This represents the fall out of the use of reserves from 2017/18.</p>	Existing	0.500	0.500	0.500	0.500
<p><b>Corporate Funding of Pension Fund Strain</b></p> <p>Resources released as a result of pension fund strain being funded corporately.</p>	Existing	(0.254)	0.000	0.000	0.000
<p><b>SS001A Business Improvement</b></p> <p>Following the consolidation of support services in October 2017, a full service review and redesign will ensure a consistent approach to be adopted across the Council. This is to streamline not stop activity and will therefore require reprioritisation and focus on delivery of key areas enabling support services to support frontline services. Over time, this will see a reduction of 67.5 posts.</p>	Existing	(2.720)	(2.720)	(2.720)	(2.720)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>SS002 Corporate Procurement Services</b></p> <p>This saving will be delivered by undertaking the following:</p> <ul style="list-style-type: none"> <li>• Corporate Procurement Service will manage the Construction West Midlands Access Fee rebates instead of Acivico which will result in an increase in income</li> <li>• Deleting 1 FTE grade 4 vacancy in the contract management team</li> <li>• Reducing the training budget – permitting only professional CIPS training and training which is freely available</li> <li>• Refreshing the charging model to incorporate activity for the whole life cycle of the commissioning process</li> </ul>	Existing	(0.085)	(0.085)	(0.085)	(0.085)
<p><b>SS003 Human Resources</b></p> <p>Human Resources is currently undergoing a redesign and restructure. The saving shown here would be made by a further reduction of an additional four posts over and above those in the current restructure proposals.</p>	Existing	(0.200)	(0.200)	(0.200)	(0.200)
<p><b>SS006 IT &amp; Digital Services</b></p> <p>This saving would be delivered through a reorganisation of Information, Technology and Digital Services together with reprioritising resources to focus on priority digital strategy and savings plans. This will reduce capacity by 10 posts.</p>	Existing	(0.413)	(0.413)	(0.413)	(0.413)
<p><b>SS008 Customer Services Team</b></p> <p>This saving would be delivered through a reduction in support staff in Customer Services and supported by improved ways of working to protect the delivery of services to citizens. There would be improved online services to citizens through the implementation of a new online account that will allow people and businesses to access their personal information, request services or see information about the services they receive. This should improve the delivery of services via the website for citizens and will result in a reduction in telephone volumes without negatively impacting on citizens' experience.</p>	Existing	0.000	(0.285)	(0.373)	(0.647)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>SS009 Communications</b></p> <p>The proposal is to reduce the marketing campaign budget and remove posts from the team structure. The delivery of these savings will be made possible through an increased adoption of digital channels and the use of templates and other 'self-service' solutions as a way of encouraging people to do more for themselves to a set corporate standard. At the same time the team will focus its resources around a smaller programme of activity which is focused on supporting the delivery of the City Council's priorities.</p>	Existing	(0.251)	(0.251)	(0.251)	(0.251)
<p><b>FG004 Shared Services</b></p> <p>The proposal is to integrate transaction processing into the Finance Service and transfer the Corporate Digital Mail Centre to Strategic Services. This will help to reduce service areas' printing and postage costs. We also propose to reduce senior management posts. There will be a move towards services transacting online uploading data with employees and managers resolving their queries through self-service. Proactive work will be undertaken with suppliers to reduce the number of queries to the City Council.</p>	Existing	(0.075)	(0.075)	(0.075)	(0.075)
<p><b>CC002 Efficiency Target *</b></p> <p>Services will be required to adopt a range of efficiency measures in order to deliver services at a reduced cost.</p>	New	0.000	(0.379)	(0.379)	(0.379)
<p><b>SS002A Commissioning and Procurement - Business and Commercial Development Team</b></p> <p>This service generates income from contract management and advertising on City Council land and property. The proposal is to generate more income through re-negotiation and/or re procurement of existing contracts and reduce headcount through voluntary redundancy.</p>	New	(0.328)	(1.028)	(1.165)	(1.245)
<p><b>SS005B Benefits</b></p> <p>The City Council's Benefit Service administers the Local Welfare Provision payments that enable the City Council to provide financial support for vulnerable people in the city who find themselves in financial crisis.</p> <p>The proposal is to reduce local welfare provision in community support grants as it is currently within this area of Local Welfare provision that 90% of the available funds are utilised. This will leave crisis support untouched.</p>	New	(0.500)	(0.500)	(0.500)	(0.500)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>SS010 Customer Services Citizens' Voice</b> The Citizens' Voice Team have transferred to Customer Service in the recent transfer of support staff into Strategic Services. The team consists of 14 staff (13 FTE). Following the corporate redundancy trawl five staff (4.75 FTE) successfully applied for voluntary redundancy. All had a final day of 31 October 2017. The engagement activities undertaken by the team are under review with Adult Social Care to ensure they best meet the needs of Citizens and Adult Social Care service users with changes to be implemented during 2018.	New	(0.268)	(0.268)	(0.268)	(0.268)
<b>New proposals</b>		<b>(1.096)</b>	<b>(2.175)</b>	<b>(2.312)</b>	<b>(2.392)</b>
<b>Existing Plans</b>		<b>(4.011)</b>	<b>(4.516)</b>	<b>(5.741)</b>	<b>(6.015)</b>
<b>Total Strategic Services Directorate Savings</b>		<b>(5.107)</b>	<b>(6.691)</b>	<b>(8.053)</b>	<b>(8.407)</b>

<b>FINANCE &amp; GOVERNANCE DIRECTORATE</b>					
<b>CC13 17+ Impact of reduced numbers of councillors</b> As a result of expected boundary changes in 2018 we expect the number of councillors to reduce. This will result in reduced costs.	Existing	(0.300)	(0.300)	(0.300)	(0.300)
<b>WOC1 Allocation of workforce savings *</b> These are further savings arising from amending the terms and conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Birmingham Living Wage City commitment. This was after consulting with staff and Trades Unions. There are changes that impact on pay and the saving also relates to a fall out of a one-off consolidated payment in 2017/18.	Existing	(0.438)	(0.610)	(0.767)	(0.767)
<b>CC23 16+ Implementation of ICT &amp; D strategy to reduce spend on core IT infrastructure and development projects.</b> Reduction in debt repayment costs relating to the SAP investment plan	Existing	(0.050)	(0.120)	(0.170)	(0.170)
<b>Corporate Funding of Pension Fund Strain</b> Resources released as a result of pension fund strain being funded corporately.	Existing	(0.106)	(0.063)	0.000	0.000

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>FG001 City Finance</b></p> <p>There are 3 key elements to this saving:</p> <ul style="list-style-type: none"> <li>• Streamlining and reducing support to existing financial governance processes and procedures, eliminating any unnecessary duplication. This will also require service managers to be more self-sufficient on tasks;</li> <li>• Streamlining senior management, consolidating services and creating Business Partner roles to support services; and</li> <li>• Streamlining financial administration, reduce internal charging where possible and focus on key financial risks.</li> </ul>	Existing	(1.250)	(1.250)	(1.280)	(1.360)
<p><b>FG002 Birmingham Audit</b></p> <p>There are three elements to this saving:</p> <ul style="list-style-type: none"> <li>• A reduction in audit coverage by up to 1300 days, to be achieved by increasing the risk level for the inclusion of work in the audit plan, reducing compliance based work around major systems, focusing on higher value fraud and placing greater reliance on other sources of assurance</li> <li>• A refocusing of the approach to schools audits following the conclusion of the programme of schools visits. A risk based schools audit programme to be re-established and embedded into the audit function.</li> <li>• Efficiencies in service and cost recovery maximised to help offset the potential reduction in staff and audit coverage.</li> </ul>	Existing	(0.248)	(0.351)	(0.351)	(0.351)
<p><b>FG004 Shared Services</b></p> <p>The proposal is to integrate transaction processing into the Finance Service and transfer the Corporate Digital Mail Centre to Strategic Services. This will help to reduce service areas' printing and postage costs. We also propose to reduce senior management posts. There will be a move towards services transacting online uploading data with employees and managers resolving their queries through self-service. Proactive work will be undertaken with suppliers to reduce the number of queries to the City Council.</p>	Existing	(0.125)	(0.185)	(0.245)	(0.305)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>FG010 Legal &amp; Governance</b> There are 3 key elements to this saving: <ul style="list-style-type: none"> <li>• Increase efficiency, streamline process and conduct lean reviews to eliminate waste;</li> <li>• Refocus on matters of highest risk and strategic importance; and</li> <li>• Realign work to focus on core services which will require managers to be more self-sufficient and avoid calling on Legal services for low risk work.</li> </ul>	Existing	(1.915)	(2.208)	(2.208)	(2.208)
<b>CC002 Efficiency Target *</b> Services will be required to adopt a range of efficiency measures in order to deliver services at a reduced cost.	New	0.000	(0.244)	(0.244)	(0.244)
<b>New proposals</b>		<b>0.000</b>	<b>(0.244)</b>	<b>(0.244)</b>	<b>(0.244)</b>
<b>Existing Plans</b>		<b>(4.432)</b>	<b>(5.087)</b>	<b>(5.321)</b>	<b>(5.461)</b>
<b>Total Finance &amp; Governance Directorate Savings</b>		<b>(4.432)</b>	<b>(5.331)</b>	<b>(5.565)</b>	<b>(5.705)</b>

<b>ECONOMY DIRECTORATE</b>					
<b>CC6 17+ European &amp; International Affairs - fund full cost from external / other sources</b> It is proposed to cover the full salary costs of the City Council's European and International Affairs team. In 2017/18, salary costs were partially covered but a full cost recovery model is planned from April 2018. This saving represents the implementation of full salary cost recovery. This represents a step-up in the saving included in the 2017+ Financial Plan.	Existing	(0.376)	(0.376)	(0.376)	(0.376)
<b>CC7 17+ Brussels Office - fund full cost from external / other sources</b> The City Council is seeking to deliver savings in this area through generating income through partner organisations e.g. Service Level Agreements, sub-letting arrangements and reducing expenditure. This represents a step-up in the saving included in the 2017+ Financial Plan.	Existing	(0.060)	(0.060)	(0.060)	(0.060)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>EGJ10 16+ Self-financing of the Employment and Skills Service (ESS)</b></p> <p>We propose to reduce activities and consolidate the budget of the ESS and Economic Research &amp; Policy teams and increase income from external funding sources. This saving will be delivered in conjunction with saving proposal JS3 (Economy FOM). This represents a step-up in the saving included in the 2017+ Financial Plan.</p>	Existing	(0.100)	(0.100)	(0.100)	(0.100)
<p><b>JS2 17+ / E17 16+ / EGJ9 16+ Marketing Birmingham</b></p> <p>It is proposed to reduce the cost to the City Council of the contract with the West Midlands Growth Company through broadening the income base to include contributions from other organisations. This represents a step-up in the saving included in the 2017+ Financial Plan.</p>	Existing	(0.250)	(0.550)	(0.550)	(0.550)
<p><b>EC009 West Midlands Growth Company [Marketing Birmingham]</b></p> <p>The WMGC has a contractual relationship with the City Council for the period 2017/18 to deliver services in respect of promoting the city's visitor economy and supporting the city's economy and occupier offer by attracting additional businesses to relocate to the city.</p> <p>The proposal is as follows:</p> <ul style="list-style-type: none"> <li>• Either end financial support for visitor economy or occupier attraction services from 2018/19;</li> <li>• Continue financial match support for WMGC's European Regional Development Fund (ERDF) Investing in Greater Birmingham project up until 2018/19</li> <li>• Continue financial support for developing / delivering tourist information services at the Library of Birmingham;</li> <li>• Continue funding the annual contribution for pre-existing pension fund liabilities.</li> </ul>	New	(0.227)	(0.576)	(0.576)	(0.576)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>JS3 17+ Economy Future Operating Model</b></p> <p>A new Future Operating Model has been implemented which provides a framework to enable the Directorate to respond to current and emerging challenges within given resources while continuing to focus its activity on supporting the core priority of 'inclusive economic growth and future prosperity'. This saving will be delivered in conjunction with saving proposal EGJ10 Employment and Skills Service.</p> <p>This represents a step-up in the saving included in the 2017+ Financial Plan.</p>	Existing	(0.500)	(0.500)	(0.500)	(0.500)
<p><b>JS4a&amp;b 17+ Reduce West Midlands Combined Authority Transport Levy</b></p> <p>Currently Birmingham City Council contributes £48m to the West Midlands Combined Authority's (WMCA) transport arm, Transport for West Midlands, (TfWM). This contribution funds a range of front line and back office functions related to public transport provision including dedicated services for mobility impaired and concessionary travel to our older citizens and children as well as some subsidised services.</p> <p>This saving (as agreed with WMCA) represents a reduction in the Transport Levy paid to the WMCA which is partially offset by an increase in the City Council's contribution to the WMCA operational budget.</p>	Existing	(1.635)	(1.861)	(1.860)	(1.467)
<p><b>JS6 17+ Parking Tariff Increase - city centre car parks</b></p> <p>The level of parking tariffs and charges on-street and in city car parks is used as a method of encouraging use of public transport and alternative forms of transport within the city centre and is therefore aligned to the transport objectives of the City Council. In order to continue achieving this, parking tariffs within the city centre should be changed each year to ensure they are being used as one method of reducing car trips (demand) and the associated emissions those trips produce.</p> <p>This represents a step-up in the saving included in the 2017+ Financial Plan.</p>	Existing	(0.500)	(0.500)	(0.500)	(0.500)
<p><b>PL32 16+ Highways Maintenance</b></p> <p>This represents a step-down in the saving included in the 2017+ Financial Plan.</p>	Existing	1.050	1.850	1.850	1.850



Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>SN1 16+ Sharing of highways maintenance database with statutory undertakers</b></p> <p>We are introducing a permit system for organisations wanting to carry out street works, to improve the quality of information we have about current and planned work. This will improve the information available to us which will help us to plan works and manage potential traffic disruption. We will charge organisations in order to recover the cost of managing the permits, and this includes the cost of any staff which are required as a result of implementing and running the scheme.</p>	Existing	0.000	(0.050)	(0.050)	(0.050)
<p><b>SN2 16+ The City Council will design and develop a modern transport network for the city in order to help develop attractive shopping areas, promote greener forms of transport and improve the environment.</b></p> <p>We propose to reduce the reliance on car trips and improve air quality. These will be underpinned by a 'nudge' communications campaign to change travel behaviour and switch trips to other modes of transport.</p> <p>The values attributed to each year do not represent savings but reflect the fall out of the original funding allocated between 2016/17 and 2017/18 to support the development of this proposal.</p>	Existing	(1.022)	(1.022)	(1.022)	(1.022)
<p><b>MYR 4 16+ / HN11 17+ Extension of the InReach housing programme (up to 200 homes)</b></p> <p>The proposal is to increase the number of market rent homes. This represents a step-up in the saving included in the 2017+ Financial Plan. There are two elements:</p> <p>MYR4: The development of further market rented homes at a number of specific sites that were approved by Cabinet in October 2016</p> <p>HN11: The sale of vacant Council properties to InReach to rent at market rent or by buying back former council homes that were purchased under Right to Buy legislation when they become available, (up to 200 homes per annum, subject to Secretary of State approval).</p>	Existing	(0.721)	(1.326)	(1.670)	(1.670)
<p><b>SN9 16+ Introduce a GIS mapping system to enable more efficient reporting of street scene issues</b></p> <p>We propose to introduce a GIS mapping system to combine our data with geographic information and make it quicker and easier to report and identify faults and issues.</p>	Existing	0.000	0.000	(0.010)	(0.010)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>SN35 16+ Expansion of City Centre on-street parking, concessions and restrictions</b></p> <p>Digbeth is one of the largest areas of the city centre without controlled parking measures. This represents a step-up in the saving included in the 2017+ Financial Plan.</p>	Existing	(0.347)	(0.347)	(0.347)	(0.347)
<p><b>CC26 16+ City Council administrative buildings reduction</b></p> <p>The future demand for office space for the City Council is expected to drop as the City Council redesigns its services.</p>	Existing	(2.400)	(2.400)	(2.400)	(2.400)
<p><b>EGJ2 16+ Charging more costs to capital projects</b></p> <p>As we deliver more capital projects some of our costs can be charged to their delivery.</p>	Existing	(0.100)	(0.100)	(0.100)	(0.100)
<p><b>SN37 16+ Transport joint data team</b></p> <p>In retendering the contract in 2018/19 we expect to generate efficiencies which will result in a saving.</p>	Existing	(0.055)	(0.055)	(0.055)	(0.055)
<p><b>WOC1 Allocation of workforce savings *</b></p> <p>These are further savings arising from amending the terms and conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Birmingham Living Wage City commitment. This was after consulting with staff and Trades Unions. There are changes that impact on pay and the saving also relates to a fall out of a one-off consolidated payment in 2017/18.</p>	Existing	(0.481)	(0.658)	(0.828)	(0.828)
<p><b>CC002 Efficiency Target *</b></p> <p>Services will be required to adopt a range of efficiency measures in order to deliver services at a reduced cost.</p>	New	0.000	(0.739)	(0.739)	(0.739)
<p><b>EC004 Birmingham Property Services</b></p> <p>Manages the City Council's operational property portfolio. This proposal is to reshape and reduce staff capacity by approximately 10%. This will mean reducing some areas of current activity - including the management of operational buildings and support the team provides in ensuring vacant possession of assets is obtained prior to disposal.</p>	New	(0.173)	(0.231)	(0.231)	(0.231)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>EC005 Employment Services</b></p> <p>Employment Services deliver the following:</p> <ul style="list-style-type: none"> <li>• Employment Access - supports businesses to recruit unemployed job seekers from deprived parts of the city. This function also brokers the support provided by employers for young people in respect of Youth Promise Plus activities;</li> <li>• Youth Employment - reduces the number of young people Not in Employment Education and Training (NEETs) including delivery of 'Youth Promise Plus' - a European funded project;</li> <li>• This proposal intends to make a saving by removing vacant posts from the staffing and delivering the remaining balance by recharging permitted delivery costs to externally-funded projects.</li> </ul> <p>This would:</p> <ul style="list-style-type: none"> <li>• Retain the necessary resources to manage and deliver the current Youth Promise Plus project;</li> <li>• Maintain the necessary staffing levels to draw together a further £23m to deliver employment schemes for low skilled adults and young people not in employment, education and training.</li> </ul>	New	(0.114)	(0.114)	(0.114)	(0.114)
<p><b>EC007 Housing Investment &amp; Development</b></p> <p>The proposal is to reduce the level of support to monitoring of housing association development activity.</p>	New	(0.005)	(0.005)	(0.005)	(0.005)
<p><b>EC008 Business Enterprise &amp; Innovation</b></p> <p>Business Development and Innovation's (BDI) delivery model competes on a national and regional basis for grant funding for the region which requires City Council revenue match funding as a minimum. As the Accountable Body it uses the staff salary match funding to generate - on average - 50% of its income.</p> <p>A reduction in revenue budget for match-funding will reduce the ability to generate an equivalent sum in match-funding to deliver new programmes. The reduction is equivalent to two existing Grade 5 vacant posts which will be designated as 'self-funding' in the organisational structure and only recruited to in the event of new funding being identified.</p>	New	(0.105)	(0.105)	(0.105)	(0.105)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>EC010 Planning &amp; Development</b></p> <p>The service involves the following:</p> <ul style="list-style-type: none"> <li>• Planning Management – determination of planning applications; planning appeals; enforcement; city design and conservation;</li> <li>• Development Planning – development and delivery of planning frameworks; compulsory purchase orders;</li> <li>• Policy and Programmes – production and monitoring of planning, transport and economic policy; programme management and bids for transport funding;</li> <li>• Corporate Director and Graduate &amp; Apprenticeships programme.</li> </ul> <p>The Proposal is to cut 20% of the budget but to minimise impact on performance and delivery (especially around the priority areas of housing and jobs) with savings delivered by reducing headcount at senior management level (deletion of the Head of Planning Management and Householder Planning Manager roles), and reducing structure funding for a defined number of vacancies.</p>	New	(0.333)	(0.333)	(0.333)	(0.333)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>EC011 Transportation &amp; Connectivity</b></p> <p>The service includes:</p> <ul style="list-style-type: none"> <li>• Infrastructure Delivery: Design, procurement and on-site delivery of the Transportation Capital Programme; Department for Transport Major Projects (£110m); Local Growth Fund (£35m), High Speed 2 (HS2) Connectivity Package (£1.2bn); Cycling (£20m); Public Realm (£20m); Management of private developments S278/S38 (£5m);</li> <li>• Project Delivery: Major regeneration projects and programme management office (e.g. Battery Park, Smithfield, Snow Hill);</li> <li>• Travel and Behaviour Change: Road safety education; safer routes to schools; sustainable transport; Birmingham Connected messaging around major developments and network disruption to influence people to change travel methods;</li> <li>• Traffic Management: Development control; compliance with Traffic Management Act and network management duties; managing works on the highway; traffic regulation orders, street works coordination, permit scheme and HS2 construction;</li> <li>• Statutory Information: maintenance of statutory planning and highways registers, street addressing; and</li> <li>• The Council's contribution to the WMCA Transport Levy totalled £47.667m in 2017/18.</li> </ul> <p>We will class Traffic Management Approvals as a fundamental part of delivering the projects and as such we will include the associated costs within the overall project cost, subsequently funding them from capital as a part of the project implementation cost.</p> <p>An increased recharge target for the Head of Traffic Management will be applied along with an increased rechargeable target for the Assistant Director. In addition, activities in the Travel and Behaviour Change team relating to broader community engagement, schools, road safety and sustainable energy promotion would be scaled down.</p>	New	(0.213)	(0.300)	(0.300)	(0.300)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>EC016 Property Strategy</b> The proposal is to provide additional income from the City Council's commercial property portfolio.	New	0.000	(0.500)	(1.000)	(1.000)
<b>New proposals</b>		<b>(1.170)</b>	<b>(2.903)</b>	<b>(3.403)</b>	<b>(3.403)</b>
<b>Existing Plans</b>		<b>(7.497)</b>	<b>(8.055)</b>	<b>(8.578)</b>	<b>(8.185)</b>
<b>Total Economy Directorate Savings</b>		<b>(8.667)</b>	<b>(10.958)</b>	<b>(11.981)</b>	<b>(11.588)</b>

### CHILDREN & YOUNG PEOPLE DIRECTORATE

<b>CH4 17+ / MIA3 16+ Education travel</b> The Travel Assist Service arranges transport between home and school for eligible children who may have a special educational need and/or a disability. In addition this service supports looked after children and children who are considered vulnerable.  The service provides transport for over 4,000 pupils across the city. The allocation of support is following an assessment of needs and includes a range of transport provision as appropriate including minibuses, pupil guides and bus passes. One of the key principles of the service is to encourage greater independence and life skills through appropriate travel support and training according to the needs of the individual.  A comprehensive review of the service identified the need to change service delivery processes and manage increasing demand. Working with key partners including schools and services that support children and families with Special Educational Needs and Disabilities, we are taking a collaborative approach to this transformation with a focus on improving service delivery.	Existing	(1.300)	(1.754)	(1.974)	(1.974)
--	----------	---------	---------	---------	---------

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>CH5 17+ Early Help - commissioning and brokerage</b></p> <p>The Children's Commissioning and Brokerage team purchase services to support two priority groups in the city. The team purchase services to support these children and families as part of the Early Help provision. These families may be struggling with issues such as substance misuse, domestic violence or childhood sexual abuse. The Early Help support is designed to assist these families in addressing these issues in advance of them needing more complex support from the City Council.</p> <p>The other priority area is the supply of short breaks to children with disabilities. This service enables families to get a short break from their full time caring responsibility and supports families to stay living together in the family's residence.</p> <p>The way that the services are purchased to support both of these areas is proposed to be changed to reduce duplication and create a more joined up approach for providing these services.</p> <p>Savings are proposed to be achieved by developing a more efficient model of service delivery which reduces overhead costs whilst maintaining investment in direct service delivery to the children and families who benefit from the support.</p>	Existing	(0.500)	(0.500)	(0.500)	(0.500)
<p><b>CH6 17+ Educational Psychologists</b></p> <p>The Educational Psychology Service provide a range of traded services to schools ranging from programmes of work with individual children, whole school interventions and staff training. They also provide a full programme of courses for teachers, assistants, parents and carers. This proposal is to slightly reduce the funding for the service, through operational efficiencies and potential demand management.</p>	Existing	(0.050)	(0.100)	(0.100)	(0.100)
<p><b>P22 16+ Early Years</b></p> <p>The savings will be delivered through a new model for delivering a more joined up Early Years offer to support parents and young children which was agreed by Cabinet on 28 June 2016. The new service was implemented in January 2018.</p>	Existing	(0.270)	(0.150)	(1.131)	(1.950)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>WOC1 Allocation of workforce savings *</b></p> <p>These are further savings arising from amending the terms and conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Birmingham Living Wage City commitment. This was after consulting with staff and Trades Unions. There are changes that impact on pay and the saving also relates to a fall out of a one-off consolidated payment in 2017/18.</p>	Existing	(0.571)	(0.846)	(1.058)	(1.058)
<p><b>Reduction in Children's Trust contract payment due to savings being made by the trust</b></p> <p>Savings proposals agreed with the Children's Trust lead to a reduction in the contract payment to be made by the City Council.</p>	Existing	(5.046)	(9.073)	(10.618)	(10.618)
<p><b>CC002 Efficiency Target *</b></p> <p>Services will be required to adopt a range of efficiency measures in order to deliver services at a reduced cost.</p>	New	0.000	(0.664)	(0.664)	(0.664)
<p><b>CY001A Education Psychology</b></p> <p>This proposal involves the removal of the joint head of service post across the Access to Education and Education Psychology teams, plus an additional post from the Educational Psychologists team. In addition the service is working to develop a more commercial model of service to sell to other organisations and work is beginning to identify areas where investment may be needed to grow the business further to increase revenue.</p>	New	(0.100)	(0.100)	(0.100)	(0.100)
<p><b>CY003 Cityserve</b></p> <p>There are three components to Cityserve. These are Catering, Cleaning and Caretaking. Catering is the only service that is profitable. The proposal is to:</p> <ul style="list-style-type: none"> <li>• Expand the education catering business beyond Birmingham borders, as well as working up a trading model (Cityserve select) that supports clients who choose to provide school meals 'in-house'.</li> <li>• Stop the caretaking business and the cleaning business.</li> </ul>	New	(0.050)	(0.237)	(0.437)	(0.437)



Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>CY010 CY013 School Setting / Improvements</b></p> <p>This service delivers school improvement support as well as oversight of school governance; and safeguarding. It also covers a range of activity involving support to Head Teachers; data intelligence; legal compliance and Post 16 Provision.</p> <p>This proposal involves reducing expenditure on areas such as: IT, data and performance management, HR support and some commissioned contracts. Safeguarding and governance have been protected.</p>	New	(0.246)	(0.246)	(0.246)	(0.246)
<p><b>CY012 School &amp; Governor Support</b></p> <p>School and Governor Support (S&amp;GS) is a traded service that provides professional support and advice to schools and academies. The service also carries out statutory duties on behalf of Birmingham City Council.</p> <p>This proposal involves reviewing the current subscription model for the service.</p>	New	(0.020)	(0.020)	(0.020)	(0.020)
<p><b>CY016 Schools Financial Services</b></p> <p>The service aims to reduce financial risk to Birmingham City Council by undertaking a monitoring role to ensure that financial probity, governance and accountability for the use of public funds in maintained schools is being properly managed.</p> <p>As a traded service, it generates income to meet annual targets through the offer of financial support services to maintained schools and academies.</p> <p>The proposal is to reduce staffing of the service by one member of staff.</p>	New	(0.035)	(0.035)	(0.035)	(0.035)
<b>New proposals</b>		<b>(0.451)</b>	<b>(1.302)</b>	<b>(1.502)</b>	<b>(1.502)</b>
<b>Existing Plans</b>		<b>(7.737)</b>	<b>(12.423)</b>	<b>(15.381)</b>	<b>(16.200)</b>
<b>Total Children &amp; Young People Directorate Savings</b>		<b>(8.188)</b>	<b>(13.725)</b>	<b>(16.883)</b>	<b>(17.702)</b>

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>ADULT SOCIAL CARE &amp; HEALTH DIRECTORATE</b>					
<p><b>HW1 17+ / MIA7 16+ Prevention and Early Intervention</b></p> <p>Savings of £3.2m in 2017/18 rising to £5.0m in 2018/19 were included in the Financial Plan 2017+. The City Council undertook to develop a methodology in partnership with providers to determine the best approach in realising these savings. Cabinet approved this approach on 14 November 2017.</p> <p>Supporting People and Third Sector commissioned services now form part of a new prevention approach to meet the needs of a range of vulnerable people. In future these services will apply a different pathway methodology for more structured prevention services. The pathway model has been developed by Birmingham in partnership with the housing and homelessness sector providers and national partner agencies.</p> <p>The approach will ensure that community assets and local networks are the natural first point of contact when citizens or carers need support</p> <p>As part of moving to a new approach, Value for Money, performance and strategic relevance reviews of all contracted and grant services will continue to be carried out. This may result in the variations to some services and in some instances possible decommissioning.</p> <p>Services also include day opportunities, advice, information and support.</p>	Existing	(2.046)	(2.051)	(2.063)	(2.063)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>HW3 17+ Enablement efficiencies</b></p> <p>The Enablement service provides a community-based service to adult service users in their own homes for an estimated period of up to 6 weeks. They are made up of enablement teams who are tasked with assisting adults in recovering life skills and confidence following a life changing event. The service is made up of the occupational therapists service and the in-house domiciliary care service.</p> <p>The proposal is based on clearly defined outcomes for greater personal enablement.</p> <p>A fit for purpose enablement service will assist with ensuring that people are able to live more independently at home for longer and will not require residential or nursing care. It will also assist people to leave hospital quickly and safely and where possible may assist in prevention of hospital admission.</p>	Existing	(2.461)	(2.461)	(2.000)	(2.000)
<p><b>HW4 17+ / HW11 17+ Integrated community social work organisations</b></p> <p>This proposal includes a restructure of the Social Work Assessment and Care Management Service which will increase the number of people reporting to individual managers (spans of control), further the moves to an asset-based assessment approach for citizens (focusing on what the citizen can do for themselves) and further the development of the community offer by working more closely with the third sector.</p> <p>The new approach will enable and empower people to develop and receive services in their own community by working closely with local GPs, communities and the Voluntary Sector. It is envisaged that a restructure will include increasing the span of control for the managers of the service and remodelling other services. The remodelling of the service will also include moving the specialist provision of Learning Disabilities and Mental Health into the Community Teams.</p>	Existing	(2.036)	(2.036)	(1.750)	(1.750)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>HW8 17+ External day care centres</b></p> <p>The City Council funds external funded day care services to adults from across Birmingham. This proposal has two parts. The first proposal seeks to review the payments made to externally funded day service providers to check that the City Council is being charged correctly for eligible service users. This work is expected to result in savings. Existing eligible service users will not be reviewed as part of this activity and as such the City Council will not consult further on this first proposed activity.</p> <p>The second part of the activity relates to the development of a future model for day opportunities to ensure that any users with eligible needs, in receipt of the future provision, will have appropriate day opportunities that promote independence, choice and control. The new approach to provision of day opportunities will be subject to public consultation before being implemented.</p>	Existing	(1.000)	(1.000)	(1.000)	(1.000)
<p><b>HW10 17+ / MYR6 16+ / MYR1 16+ Integrated community social work</b></p> <p>This proposal aims to:</p> <ul style="list-style-type: none"> <li>• Enable vulnerable people, such as those with learning disabilities or mental health problems, to access services in the community, e.g. homecare/day care, rather than being in residential care. It aims to meet needs locally, providing support close to home rather than out of area.</li> <li>• Help older people by working more effectively with the NHS, to avoid admissions to hospital in the future. This work coupled with the intention to move to Community focussed Social Care teams and investment in the community will improve older people's resilience and move to a 'last resort' scenario for residential services. The motto will be 'Home First'.</li> </ul> <p>In 2018/19, this saving will be funded through use of the Improved Better Care Fund.</p>	Existing	0.000	(0.750)	(1.750)	(1.750)
<p><b>HW7 17+ Public Health</b></p> <p>As a result of a Government announcement in 2016 in relation to the future provision of the Public Health grant, grant funding of a number of services has been reduced or stopped.</p> <p>The saving shown here represents the fall out of time-limited savings in recognition of a reduction in the expenditure that can be charged to the Public Health grant.</p>	Existing	2.050	2.800	2.800	2.800

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>HW13 17+ Carers grant</b></p> <p>The introduction of new arrangements which allow the use of the City Council's remaining funds to be linked to carers' assessments carried out by the Carers' Hub so that specific outcomes for the carer can be identified.</p> <p>The remaining funding will part of a holistic approach with a single provider to provide an improved experience for carers through bringing assessments together with grants, so that accessing the grants is both in line with what carers have asked for. This will be a simpler and easier process requiring carers to work with only one organisation</p>	Existing	(0.222)	(0.222)	(0.222)	(0.222)
<p><b>MIA20 16+ Internal Care Review - Older Adult Day Care</b></p> <p>The City Council closed eight internal day centres in 2017. This saving is the fall out of one-off costs involved in delivering the saving in 2017/18.</p>	Existing	(0.165)	(0.165)	(0.165)	(0.165)
<p><b>Corporate Funding of Pension Fund Strain</b></p> <p>Resources released as a result of pension fund strain being funded corporately.</p>	Existing	(0.722)	(0.406)	0.000	0.000
<p><b>Adults rescheduling of Business Transformation repayment</b></p> <p>This saving represents an increase in the amount repayable to corporately managed budgets for historic Business Transformation borrowing.</p>	Existing	0.000	(0.017)	(0.050)	(0.050)
<p><b>WOC1 Allocation of workforce savings *</b></p> <p>These are further savings arising from amending the terms and conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Birmingham Living Wage City commitment. This was after consulting with staff and Trades Unions. There are changes that impact on pay and the saving also relates to a fall out of a one-off consolidated payment in 2017/18.</p>	Existing	(2.185)	(2.859)	(3.962)	(3.962)
<p><b>CC002 Efficiency Target *</b></p> <p>Services will be required to adopt a range of efficiency measures in order to deliver services at a reduced cost.</p>	New	0.000	(2.391)	(2.391)	(2.391)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>AD001 Adult Packages of Care</b></p> <p>This proposal aims to:</p> <ul style="list-style-type: none"> <li>• Enable vulnerable people, such as those with learning disabilities or mental health problems, to access services in the community, e.g. homecare/day care, rather than being in residential care. It aims to meet needs locally, providing support close to home rather than out of area.</li> <li>• Help older people by working more effectively with the NHS, to avoid admissions to hospital in the future. This work coupled with the intention to move to Community focussed Social Care teams and investment in the community will improve older people's resilience and move to a 'last resort' scenario for residential services. The motto will be 'Home First'.</li> <li>• Increase income from charges to clients by reviewing our existing charging policy to consider introducing a range of new charges on services, some examples of the areas that could be considered are: <ul style="list-style-type: none"> <li>• Charge individuals for care who 'overstay' in Enhanced Assessment Beds or the Enablement Service</li> <li>• Explore the possibility for charging for elements of care within packages for those service users who are subject to a Mental Health Aftercare orders but whose care package does not relate to their aftercare needs.</li> <li>• Maximise the full cost payers and extend the offer to Self-Funders, so that we maximise citizens own resources to allow them financial independence for as long as possible</li> </ul> </li> </ul>	New	0.000	(5.500)	(13.000)	(20.500)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>AD002 Social Work Assessment &amp; Care Management</b></p> <p>This proposal includes a restructure of the Social Work Assessment and Care Management Service which will increase the number of people reporting to individual managers (spans of control), further the moves to an asset-based assessment approach for citizens (focusing on what the citizen can do for themselves) and further the development of the community offer by working more closely with the third sector.</p> <p>The new approach will enable and empower people to develop and receive services in their own community by working closely with local GPs, communities and the Voluntary Sector. It is envisaged that a restructure will include increasing the span of control for the managers of the service and remodelling other services.</p> <p>The remodelling of the service will also include moving the specialist provision of Learning Disabilities and Mental Health into the Community Teams.</p>	New	(0.500)	(1.493)	(2.600)	(3.893)
<p><b>AD005 Corporate Director</b></p> <p>The financial circumstances of Service Users eligible to receive care from the City Council is assessed in line with Government Regulations, to work out what contribution they should make to the cost of their care.</p> <p>The City Council raises bills to the Service Users to collect these contributions but some of these are not paid immediately. The City Council uses a variety of means to collect these debts taking account of the circumstances of the Service Users. The City Council will review the processes and methods used to ensure that the maximum amount of outstanding debt is collected.</p>	New	(0.350)	(0.350)	(0.420)	(0.420)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>AD006 Public Health</b></p> <p>It is proposed to re-direct discretionary aspects of the Public Health allocation into prevention and early intervention. This is in addition to the reductions of £4.78m planned for 2019/20 and beyond, which are due to forecast grant reduction.</p> <p>We are proposing the following changes to achieve this:</p> <ul style="list-style-type: none"> <li>• Changing the school nursing service from a universal to targeted service (in 2018/19)</li> <li>• Further staffing redesign (2018/19), changes to the Young Persons substance misuse service (2019/20)</li> <li>• Stopping support to the financial advice service and the Young Persons homeless hub (2020/21)</li> <li>• Reducing the expenditure on the smoking/quit service and stopping the substance misuse homeless service (both from 2020/21).</li> </ul>	New	(1.600)	(2.360)	(3.860)	(2.850)



Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>AD007 Specialist Care Services</b></p> <p>The proposal is to move away from institution based care to local community based activities.</p> <p>The City Council will continue to provide and develop services that reduce the dependency on social care including Enablement (rehabilitation), Equipment, Home Adaptations and Occupational Therapy services. Through partnership, it will develop opportunities to reduce cost and improve effectiveness through integration with health.</p> <p>As the Day Opportunity strategy and model is developed with service users, we expect this to reduce the reliance on building based care to reflect the changing needs of people. This may include further consolidation of younger adults day care as demand for this provision reduces. Support and access to meaningful activities such as employment will continue. Carers respite will continue and a greater range of options will be developed.</p> <p>We will review the use and cost effectiveness of our Care Centres and bed-based services in partnership with Health and the independent sector to ensure these services deliver best value. We will continue to develop alternatives to bed-based care and invest in Shared Lives and Homeshare to deliver alternative living arrangements that promote staying in the community and independence and have a lower average cost than Residential Care Placements.</p>	New	(1.058)	(3.176)	(4.233)	(4.233)
<b>New proposals</b>		<b>(3.508)</b>	<b>(15.270)</b>	<b>(26.504)</b>	<b>(34.287)</b>
<b>Existing Plans</b>		<b>(8.787)</b>	<b>(9.167)</b>	<b>(10.162)</b>	<b>(10.162)</b>
<b>Total Adult Social Care &amp; Health Directorate Savings</b>		<b>(12.295)</b>	<b>(24.437)</b>	<b>(36.666)</b>	<b>(44.449)</b>

<b>PLACE DIRECTORATE</b>					
<p><b>CC12 17+ Equalities</b></p> <p>Implementation of new service structure in Aug 2017 (focusing on statutory obligations of City Council) will deliver full year savings</p>	Existing	(0.142)	(0.142)	(0.142)	(0.142)
<p><b>CC28 17+ Reductions in Operational Costs</b></p> <p>Fall out of one-off savings made in 2017/18 from operational running costs in the Directorate</p>	Existing	0.050	0.050	0.050	0.050

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>CC27 16+ New Operating Model for Community Libraries</b></p> <p>The full year savings following the implementation of the new Community Library Service - the current service is based on a tiered structure including the use of new self-service technology</p>	Existing	(0.545)	(0.388)	(0.388)	(0.388)
<p><b>E30 16+ Major Events</b></p> <p>Discontinuation of financial subsidies provided for Major Events (future commitments will be funded from prior year reserves and on a self-financing basis)</p>	Existing	(1.471)	(1.471)	(1.471)	(1.471)
<p><b>EGJ8 16+ Create a West Midlands-wide trading standards service</b></p> <p>West Midlands local authorities and the West Midlands Combined Authority Public Service Reform group have been approached and there is no appetite for this proposal. Alternative savings in operational and management costs have been made.</p>	Existing	(0.050)	(0.050)	(0.050)	(0.050)
<p><b>HN1 17+ Parks - reduction to service</b></p> <p>The continued implementation of previous savings agreed from the following services:</p> <ol style="list-style-type: none"> <li>1. Reduction in the amount of highway maintenance</li> <li>2. Reduction in the amount of grass cutting in parks and public spaces</li> <li>3. Reduction in the number of shrubs and flower beds in parks and on the highway</li> <li>4. Stop planters and baskets in centres and on the highway</li> </ol>	Existing	(0.727)	(0.600)	(0.600)	(0.600)
<p><b>SN45 16+ Disposal of unwanted/underutilised parks land (8 acres per year)</b></p> <p>The disposal of a limited number of underutilised park spaces (estimated at 8 acres per year or equivalent to 0.1% of the total parks and open spaces) . This land will be transferred to our Housing service for them to build more new homes (subject to governance and statutory processes).</p>	Existing	(0.200)	(0.400)	(0.400)	(0.400)
<p><b>HN3 17+ Waste Management Contracts - Charging for traders to access Household Recycling Centres</b></p> <p>A reduction in the income that is expected from charges to businesses for the disposal of commercial waste at the Household Recycling Centres.</p>	Existing	0.075	0.300	0.300	0.300

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>SN6 16+ Waste Disposal Contract</b></p> <p>The savings that are estimated from the new Waste Disposal Contract from January 2019, and are also part of the development of the new Waste Strategy for the City Council. The savings are mainly a result from the end of the mortgage payments on the existing incinerator and the actual savings will be dependent on the tenders received for the new contract.</p>	Existing	(1.750)	(10.500)	(10.500)	(10.500)
<p><b>HN4 17+ Selective licensing</b></p> <p>This saving is the full year effect of the proposal in the 2017+ Financial Plan to charge landlords to regulate and ensure that standards of housing and anti-social behaviour matters are managed in the private rented housing sector.</p>	Existing	(0.250)	(0.250)	(0.250)	(0.250)
<p><b>HN6 17+ Increase commercial income on activities</b></p> <p>The generation of additional income by improving our services and the use of assets (these relate to Bereavement Services, Library of Birmingham and Markets)</p>	Existing	(0.100)	(0.200)	(0.200)	(0.200)
<p><b>SN24 16+ Provide above ground mausoleums and vaults in cemeteries that are closed for new burials</b></p> <p>Additional income from the provision of new Bereavement Services (mainly above ground mausoleums and vaults in cemeteries).</p>	Existing	(0.209)	(0.209)	(0.209)	(0.209)
<p><b>HN7 17+ Asset and property disposal programme</b></p> <p>The disposal of surplus and under-utilised assets in the delivery of services - estimated at £8 million per year or 0.3% of the total assets of the Directorate. This will include operational administration buildings and service outlets e.g. community centres, neighbourhood offices. The receipts will be used to repay debt and this will result in savings on our interest and debt repayments.</p>	Existing	(0.700)	(1.100)	(1.100)	(1.100)
<p><b>HW2 17+ Review future options for wellbeing centres and community hubs</b></p> <p>The saving will be delivered by the transfer of the delivery of health and wellbeing services to a newly established Community Benefit Society (approved by Cabinet in December 2017)</p>	Existing	(0.700)	(1.300)	(1.300)	(1.300)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>SN26 16+ Discontinue Non Framework Contract at Health and Wellbeing Centres</b></p> <p>The continued implementation of the Sport and Physical Strategy that was approved by Cabinet in December 2013 (this focussed on the provision of a number of Community Leisure Centres through an external provider and the discontinuation of services in underutilised and costly local community leisure centres).</p>	Existing	(0.560)	(0.750)	(0.750)	(0.750)
<p><b>SN43 16+ Community leisure centres</b></p> <p>Additional management fee income will be achieved through our externalised leisure centre framework contract arrangements (established from April 2015).</p>	Existing	(0.059)	(0.059)	(0.059)	(0.059)
<p><b>E29/E38 16+ Support to the Arts and Borrowing from Reserves - Arts</b></p> <p>The saving will be achieved from the resources that were previously set aside for the repayment of prior year programmes.</p>	Existing	(1.000)	(1.000)	(1.000)	(1.000)
<p><b>SN21 16+ Removal of Universal Superloos</b></p> <p>The saving will be achieved from the gradual expiry of the current external contracts for the provision of public conveniences in some specific locations in the City.</p>	Existing	(0.101)	(0.101)	(0.101)	(0.235)
<p><b>Corporate Funding of Pension Fund Strain</b></p> <p>Resources released as a result of pension fund strain being funded corporately.</p>	Existing	(0.365)	(0.034)	0.000	0.000
<p><b>WOC1 Allocation of workforce savings *</b></p> <p>These are further savings arising from amending the terms and conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Birmingham Living Wage City commitment. This was after consulting with staff and Trades Unions. There are changes that impact on pay and the saving also relates to a fall out of a one-off consolidated payment in 2017/18.</p>	Existing	(2.487)	(3.644)	(4.371)	(4.371)
<p><b>CC002 Efficiency Target *</b></p> <p>Services will be required to adopt a range of efficiency measures in order to deliver services at a reduced cost.</p>	New	0.000	(1.248)	(1.248)	(1.248)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>PL001 Sport &amp; Events</b></p> <p>1. Cease contributions to the cyclical maintenance reserve for Harborne Pool. Places for People who operate Harborne Pool on behalf of the City Council have an obligation under their full repairing lease to carry out cyclical maintenance therefore this contribution by the City Council is no longer required.</p> <p>2. The Harborne pool operating model has recently been granted 80% business rate relief. This will therefore release monies set aside under the City Council's premises budget to cover rates.</p>	New	(0.170)	(0.170)	(0.170)	(0.170)
<p><b>PL003 Parks and Nature Conservation</b></p> <p>It is proposed to accelerate the commercialisation of parks and look at a wide range of options which could include (for example) land trains, adventure golf, high ropes, and car parking charges.</p>	New	(0.200)	(0.400)	(0.400)	(0.400)
<p><b>PL004 Bereavement Services</b></p> <p>1. Stop providing contracted services for organists. Families will need to book an organist through a funeral director.</p> <p>2. Implement transfer fee for re-opens.</p> <p>3. Re- negotiate medical referees fee.</p>	New	(0.121)	(0.121)	(0.121)	(0.121)
<p><b>PL008 Engineering &amp; Resilience Services</b></p> <p>1. Delete a (vacant) post in the Resilience Team.</p> <p>2. Charge external third parties for use of our CCTV service, to bring in additional income to the control centre.</p> <p>3. Stop the use of consultants, and recruit a permanent post for the statutory role related to planning applications in the flood risk management team. Government grant is provided for this.</p>	New	(0.098)	(0.098)	(0.098)	(0.098)
<p><b>PL011 Register Office</b></p> <p>Increase fees that are not set by law. This includes enhanced wedding/civil partnership ceremonies in the ceremony rooms; and weddings at approved premises where two registrars must attend.</p>	New	(0.172)	(0.172)	(0.172)	(0.172)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<p><b>PL014 Waste Prevention</b></p> <p>It is proposed to combine the current waste prevention team with the redesigned waste prevention service within waste management. This allows for a whole place approach and delivers economies of scale by moving the current waste prevention team back into Waste Management to work alongside the new roles. This will enable taskforce activity alongside the daily work/activity of the Waste and Recycling Collection Officers in the new role to maximise the outcomes required, increase recycling and reduce domestic waste.</p>	New	(0.110)	(0.165)	(0.165)	(0.165)
<p><b>PL016D Neighbourhoods &amp; Communities - Youth Service</b></p> <p>The proposal is as follows:</p> <ul style="list-style-type: none"> <li>• Retain current Youth Centres</li> <li>• Retain match funding for city wide European Social Fund (ESF) bid supporting young people</li> <li>• Deliver the £630k pressure through: <ul style="list-style-type: none"> <li>o £450k an increased contribution from ESF bid</li> <li>o £150k if pilot work on 'Return Home Interviews' is successful and the Youth Service secures this work going forward</li> <li>o £30k other income streams such as the Youth Participation/Your Voice funding</li> </ul> </li> </ul> <p>To deliver the above ultimately requires positive decisions from within the City Council:</p> <ul style="list-style-type: none"> <li>• Seeking to increase the allocation of work to the youth service from the ESF bid from £300k to £450k (Economy)</li> <li>• The Youth Service pilot being successful and then being Commissioned by Children's to carry out the work when the current contract ceases</li> <li>• That Commissioning/Public Health continue funding the Youth Participation work in 2018/19</li> </ul> <p>In addition to meeting the £630k pressure a further £100k general efficiency is delivered by the service.</p>	New	(0.100)	(0.100)	(0.100)	(0.100)
<p><b>PL016E Neighbourhoods &amp; Communities - Community</b></p> <p>Progress the closure and disposal of Newtown Community Centre and retain the revenue saving arising from the generation of the capital receipt; transfer responsibility for the Friends Institute Trust for which BCC is Custodian Trustee to a third party; and let Coronation Play Centre to an external not-for profit organisation.</p>	New	(0.040)	(0.120)	(0.120)	(0.120)

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>PL020 City Centre Management</b> Charge businesses for a licence to display A Boards (outdoor advertising boards) on the city centre public highway.	New	(0.030)	(0.030)	(0.030)	(0.030)
<b>PL021 Housing Options</b> Stop using Bed & Breakfasts to provide Temporary Accommodation for households. Instead, use other (less costly) options, such as properties leased from private sector landlords and City Council-owned properties.	New	0.000	0.000	(0.500)	(1.009)
<b>PL022 Shelforce</b> Shelforce manufacture PVCu windows and doors, and supply these to the construction companies contracted to replace windows and doors for the City Council's social housing. Our employment model is to support people furthest from the employment market while having a totally integrated work force, and currently 75% of Shelforce's workforce have disabilities.  The proposal is to increase its trading activity to generate more income. This includes providing windows and doors to existing social housing and new housing built through the Birmingham Municipal Housing Trust.	New	0.000	(0.050)	(0.050)	(0.050)
<b>New proposals</b>		<b>(1.041)</b>	<b>(2.674)</b>	<b>(3.174)</b>	<b>(3.683)</b>
<b>Existing Plans</b>		<b>(11.291)</b>	<b>(21.848)</b>	<b>(22.541)</b>	<b>(22.675)</b>
<b>Total Place Directorate Savings</b>		<b>(12.332)</b>	<b>(24.522)</b>	<b>(25.715)</b>	<b>(26.358)</b>

<b>CORPORATE</b>					
<b>CC001 Review of senior structures</b> This is a target being worked to, to be determined and driven by the incoming Chief Executive.	Existing	(0.600)	(0.600)	(0.600)	(0.600)
<b>WOC2 16+ Workforce Costs</b> This is the fall out of time limited resources provided corporately.	Existing	(0.137)	(0.137)	(0.137)	(0.137)
<b>CC19 16+ Revenue Services Transformation Programme to reduce Revenues Contract price further with ICT and Digital Solutions</b> Phased implementation of savings in respect of the collection of BIDS income.	Existing	0.060	0.080	0.080	0.080

Description	New or Existing Saving	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>CC23 16+ Implementation of ICT &amp; D strategy to reduce spend on core IT infrastructure and development projects.</b>  Reduction in capital balances leading to lower debt charges	Existing	(0.010)	0.000	0.000	0.000
<b>SS012 Commercialisation</b>  Developing a more commercial mind-set in the City Council's approach to services.	New	(1.150)	(2.150)	(2.150)	(2.150)
<b>New proposals</b>		<b>(1.150)</b>	<b>(2.150)</b>	<b>(2.150)</b>	<b>(2.150)</b>
<b>Existing Plans</b>		<b>(0.687)</b>	<b>(0.657)</b>	<b>(0.657)</b>	<b>(0.657)</b>
<b>Total Corporate Savings</b>		<b>(1.837)</b>	<b>(2.807)</b>	<b>(2.807)</b>	<b>(2.807)</b>
<b>Total New Proposals</b>		<b>(8.416)</b>	<b>(26.718)</b>	<b>(39.289)</b>	<b>(47.661)</b>
<b>Total Existing Plans</b>		<b>(44.442)</b>	<b>(61.753)</b>	<b>(68.381)</b>	<b>(69.355)</b>
<b>Total Savings</b>		<b>(52.858)</b>	<b>(88.471)</b>	<b>(107.670)</b>	<b>(117.016)</b>

\* Some of these savings may need to be reallocated due to restructuring



## APPENDIX 7: FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

	Original Investment Expenditure 2017/18 £m	Revised Investment Expenditure 2017/18 £m	Investment expenditure 2018/19 £m	Planned savings generated 2017/18 £m	Additional savings generated in comparison to 2017/18				Justification for Use of Capital Receipts Flexibility
					2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	
Connected Birmingham	0.674	1.289	0.000	0.828	0.000	0.000	0.000	0.000	The City Council will design and develop a modern transport network for the city to help develop attractive shopping areas, promote greener forms of transport and improve the environment. We propose to change travel behaviour, reducing the reliance on car trips by a switch to alternative modes of transport and improving air quality. It is envisaged that this will benefit the Council in a number of ways including: <ul style="list-style-type: none"> <li>• The Council has been designated as a 'Clean Air Zone' area. In order to avoid potential fines it must begin to look at ways of addressing the issue and this programme is one of the elements of that process;</li> <li>• By reducing road trips this will have an impact on wear and tear and potential Highways R&amp;M costs;</li> <li>• Incidental surplus income for re-investment in specific priorities in line with regulation.</li> </ul>
New approach to Special Educational Needs and Disabilities	0.115	0.022	0.093	0.000	0.000	0.000	0.000	0.000	The funding is to support a Transitions Project Group that will be responsible for the co-production of a delivery plan to align and integrate support for young adults moving through transition and into adulthood. This will be developed based on the principles of a move towards a 'whole life' disability approach in Birmingham. The main focus is on the 14 to 25 age group, however, this will be set within a context of 0 to 25 year old support as per the SEND guidance. The development of the delivery plan will focus on 3 key areas: <ul style="list-style-type: none"> <li>• The sharing of transition data and financial activity across children's, adults, education and health</li> <li>• The development of an integrated transition team</li> <li>• The review of current support available to this cohort of young people</li> </ul> The ambition is that the development of a whole life disability approach will not only lead to improved outcomes for young adults but also financial and non financial efficiencies and synergies
Reduce, Reuse, Recycle	0.890	0.500	0.390	(0.300)	(1.750)	(10.500)	(10.500)	(10.500)	The Waste Service is under-going a programme of major restructuring to ensure that the service can be delivered within the approved cash limits (the Waste Strategy was approved by Cabinet in July 2017 and a new operating model for the collection service was approved by Cabinet in November 2017). A re-procurement of the waste treatment service from January 2019 is in progress and these resources will be used to ensure a successful transition to the new services and to ensure that the existing planned savings (almost £10.5m in a full year from 2019/20 relating to SN6 ) are fully delivered.
Commercialism	0.075	0.126	0.000	0.000	(1.150)	(1.150)	(1.150)	(1.150)	Commercialism seed funding provides a catalyst for commercial change, providing support to services in the achievement of financial benefits from commercial success.

	Original Investment Expenditure 2017/18 £m	Revised Investment Expenditure 2017/18 £m	Investment expenditure 2018/19 £m	Planned savings generated 2017/18 £m	Additional savings generated in comparison to 2017/18					Justification for Use of Capital Receipts Flexibility
					2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m		
Capacity to implement savings	2.005	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
ICT contract renegotiations	2.000	2.000	0.000	(10.920)	0.570	(1.250)	(2.110)	(2.110)		This spending is being incurred to deliver ICT savings within LTFP 2017+ amounting to over £50m across the period 2017/18 to 2021/22. £2m of the investment covers contract negotiations with Capita which have led to the sale of the Council's stake in Service Birmingham, agreed by Cabinet in November 2017, and the development of a programme for transitioning services back to BCC in the lead up to the end of the current ICT contract in March 2021. The expenditure has been incurred on a range of professional support services including project management and technical, legal and financial support. The proposed £11.142m investment in core ICT proposals is an integral part of this programme of transitioning services back into the Council. The projects that these monies will be invested in will change the way the Council's core ICT systems are delivered and enable significant reductions in the running costs of these systems. This investment involves the repurposing of resources originally agreed by Cabinet in October 2016 as part of the ICT Technical Refresh and Investment Programme. Many of these projects were originally anticipated to involve capital investment but as the Council moves towards cloud based solutions will instead require up front revenue investment.
Core ICT Savings Proposals	0.000	2.136	9.006							
Commissioning strategy for construction related and facilities management services	0.900	0.550	0.350	0.000	0.000	0.000	0.000	0.000	Upfront costs to recommission Design, Construction and Facilities Management Services to deliver an outsourcing option which will produce a financial benefit.	
Energy Company	0.140	0.140	0.000	0.000	0.000	0.000	0.000	0.000	Consideration has been given to the potential benefits of entering into the energy market to improve outcomes for local residents and businesses through the establishment of a fully licenced energy supply company.	
<b>Sub Total Savings to the Council</b>	<b>6.799</b>	<b>6.763</b>	<b>9.839</b>	<b>(10.392)</b>	<b>(2.330)</b>	<b>(12.900)</b>	<b>(13.760)</b>	<b>(13.760)</b>		
Adult Social Care Improvement	0.941	0.941	0.000	(13.700)	(7.500)	(7.500)	(7.500)	(7.500)	Planning savings across the health and care system in line with the Vision for Adult Social Care and Health approved by Cabinet on 3 <sup>rd</sup> October 2017.	
Health and Social Care Integration	1.000	0.000	0.000							
<b>Sub Total Improvement Expenditure</b>	<b>1.941</b>	<b>0.941</b>	<b>0.000</b>	<b>(13.700)</b>	<b>(7.500)</b>	<b>(7.500)</b>	<b>(7.500)</b>	<b>(7.500)</b>		
Redundancy	27.000	7.800	11.500						Costs of change associated with delivering the savings programme of the City Council	
Pension Fund Strain	2.500	1.900	4.600							
<b>Total Flexible Use of Capital Receipts</b>	<b>38.240</b>	<b>17.404</b>	<b>25.939</b>	<b>(24.092)</b>	<b>(9.830)</b>	<b>(20.400)</b>	<b>(21.260)</b>	<b>(21.260)</b>		

**APPENDIX 8: REVENUE BUDGET FOR CITY COUNCIL SERVICES****Appendix 8a****Gross Expenditure**

	<b>2017/18 Adjusted Budget £m</b>	<b>2018/19 Budget £m</b>
<b>Directorate</b>		
Chief Executive & Assistant Chief Executive	3.224	3.219
Strategic Services	622.400	570.327
Finance & Governance	35.005	33.285
Economy	233.505	225.935
Children & Young People	1,047.668	1,064.250
Adult Social Care & Health	498.603	538.635
Place (excluding Housing Revenue Account)	228.485	237.786
<b>Total Directorate Expenditure</b>	<b>2,668.890</b>	<b>2,673.437</b>
Corporately Managed Budgets	75.412	89.130
Contingencies	(1.980)	12.581
<b>Total Expenditure on Services</b>	<b>2,742.322</b>	<b>2,775.148</b>
Corporate Contribution to Reserves	9.075	19.961
Corporate Repayment of Borrowing from Reserves	1.006	0.985
Contribution to General Balances	0	0
<b>Total General Fund Expenditure</b>	<b>2,752.403</b>	<b>2,796.094</b>
Housing Revenue Account	283.758	277.247
<b>Total Gross Expenditure</b>	<b>3,036.161</b>	<b>3,073.341</b>

**Appendix 8b****Gross Income**

	<b>2017/18 Adjusted Budget £m</b>	<b>2018/19 Budget £m</b>
<b>Directorate</b>		
Chief Executive & Assistant Chief Executive	0	(0.045)
Strategic Services	(593.456)	(533.552)
Finance & Governance	(8.301)	(6.184)
Economy	(131.814)	(132.865)
Children & Young People	(815.085)	(831.631)
Adult Social Care & Health	(188.012)	(202.403)
Place (excluding Housing Revenue Account)	(87.808)	(101.925)
<b>Total Directorate Income</b>	<b>(1,824.476)</b>	<b>(1,808.605)</b>
Corporately Managed Budgets	(7.538)	(4.244)
Contingencies	0	(1.100)
Corporate Grants	(56.352)	(96.414)
<b>Total Income from Services</b>	<b>(1,888.366)</b>	<b>(1,910.363)</b>
Corporate Use of Reserves	(42.234)	(30.542)
Corporate Borrowing from Reserves	0	0
<b>Total General Fund Income</b>	<b>(1,930.600)</b>	<b>(1,940.905)</b>
Housing Revenue Account	(283.758)	(277.247)
<b>Total Gross Income</b>	<b>(2,214.358)</b>	<b>(2,218.152)</b>

**Appendix 8c****Net Expenditure**

	<b>2017/18 Adjusted Budget £m</b>	<b>2018/19 Budget £m</b>
<b>Directorate</b>		
Chief Executive & Assistant Chief Executive	3.224	3.174
Strategic Services	28.944	36.775
Finance & Governance	26.704	27.101
Economy	101.691	93.070
Children & Young People	232.583	232.619
Adult Social Care & Health	310.591	336.232
Place (excluding Housing Revenue Account)	140.677	135.861
<b>Total Directorate Net Expenditure</b>	<b>844.414</b>	<b>864.832</b>
Corporately Managed Budgets	67.874	84.886
Contingencies	(1.980)	11.481
Corporate Grants	(56.352)	(96.414)
<b>Total Net Expenditure on Services</b>	<b>853.956</b>	<b>864.785</b>
Corporate Use of Reserves	(33.159)	(10.581)
Corporate Net Borrowing from Reserves	1.006	0.985
Contribution to General Balances	0	0
<b>Total General Fund Budget</b>	<b>821.803</b>	<b>855.189</b>
Housing Revenue Account	0	0
<b>City Council Budget</b>	<b>821.803</b>	<b>855.189</b>

## Appendix 8d

## Key Components of Changes in Budgets

	Adjusted 2017/18 Budget £m	Pay & Price Inflation £m	Budget Pressures & Policy Choices £m	Savings £m	Other items, incl. adjustments between Directorates £m	Base Budget 2018/19 £m
Chief Exec & Assistant Chief Exec	3.224	0.054	0.045		(0.149)	3.174
Strategic Services	28.944	2.716	6.800	(5.107)	3.422	36.775
Finance & Governance	26.704	1.122	2.170	(4.432)	1.537	27.101
Economy	101.691	1.741	0.635	(8.667)	(2.330)	93.070
Children & Young People	232.583	4.486	3.248	(8.188)	0.490	232.619
Adult Social Care & Health	310.591	6.539	31.814	(12.295)	(0.417)	336.232
Place (excluding HRA)	140.677	1.312	5.561	(12.332)	0.643	135.861
<b>Total Directorate Net Expenditure</b>	<b>844.414</b>	<b>17.970</b>	<b>50.273</b>	<b>(51.021)</b>	<b>3.196</b>	<b>864.832</b>
Corporately Managed Budgets	67.874		5.579	(0.010)	11.443	84.886
Contingencies	(1.980)	2.044	14.823	(1.827)	(1.579)	11.481
Corporate Grants	(56.352)				(40.062)	(96.414)
<b>Total Net Expenditure on Services</b>	<b>853.956</b>	<b>20.014</b>	<b>70.675</b>	<b>(52.858)</b>	<b>(27.002)</b>	<b>864.785</b>
Corporate Use of Reserves	(33.159)				22.578	(10.581)
Corporate Net Borrowing from Reserves	1.006				(0.021)	0.985
Contribution to General Balances						
<b>Total General Fund Budget</b>	<b>821.803</b>	<b>20.014</b>	<b>70.675</b>	<b>(52.858)</b>	<b>(4.445)</b>	<b>855.189</b>

Made up of:	
Corporately Managed Budgets	13.060
Corporate Use of Reserves	22.557
Corporate Grants	(40.062)
Total	<u>(4.445)</u>

## APPENDIX 9: HOUSING REVENUE ACCOUNT

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1 to 10	.....	Year 30	Year 1 to 30
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total		2047/48	Total
HOUSING REVENUE ACCOUNT	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	£000
<b>Income</b>														
Rental Income	(256.887)	(251.558)	(256.525)	(261.798)	(267.663)	(273.796)	(279.807)	(285.765)	(291.644)	(297.917)	(2,723.360)		(478.574)	(10,442.174)
Voids	4.109	3.462	3.527	3.597	3.674	3.753	3.833	3.911	3.988	4.071	37.925		6.295	141.722
<b>Net Rental Income</b>	<b>(252.778)</b>	<b>(248.096)</b>	<b>(252.998)</b>	<b>(258.201)</b>	<b>(263.989)</b>	<b>(270.043)</b>	<b>(275.974)</b>	<b>(281.854)</b>	<b>(287.656)</b>	<b>(293.846)</b>	<b>(2,685.435)</b>		<b>(472.279)</b>	<b>(10,300.452)</b>
Service Charges / Other Income	(24.469)	(24.954)	(25.441)	(25.976)	(26.306)	(26.755)	(27.333)	(27.741)	(28.157)	(28.581)	(265.713)		(36.967)	(919.453)
<b>Total Revenue Income</b>	<b>(277.247)</b>	<b>(273.050)</b>	<b>(278.439)</b>	<b>(284.177)</b>	<b>(290.295)</b>	<b>(296.798)</b>	<b>(303.307)</b>	<b>(309.595)</b>	<b>(315.813)</b>	<b>(322.427)</b>	<b>(2,951.148)</b>		<b>(509.246)</b>	<b>(11,219.905)</b>
<b>Expenditure</b>														
Repairs	61.741	62.957	64.009	65.052	65.941	66.975	68.002	69.075	70.188	71.315	665.255		98.380	2,360.810
Management	66.360	66.216	67.318	65.924	67.558	69.242	70.963	72.740	74.550	76.235	697.106		119.215	2,641.161
Bad Debt Provision	4.149	4.247	4.229	4.272	4.330	4.377	4.404	4.435	4.464	4.520	43.427		5.702	145.929
Estate Costs	17.584	18.032	18.492	18.970	19.458	19.964	20.479	21.014	21.559	22.055	197.607		34.770	762.518
Other Costs	0.000	5.031	5.130	5.236	5.353	5.476	5.596	5.715	5.833	5.958	49.328		9.571	203.706
Capital Financing - Loan Redemption	40.317	25.915	15.671	19.388	13.206	14.478	17.952	21.232	27.777	17.284	213.220		5.966	673.387
Capital Financing - Interest and Other Costs	51.491	51.122	50.658	50.256	49.377	48.501	47.839	46.496	45.016	43.908	484.664		21.069	1,052.260
Contribution to Capital	35.605	39.530	52.932	55.079	65.072	67.785	68.072	68.888	66.426	81.152	600.541		214.573	3,380.134
<b>Total Revenue Expenditure</b>	<b>277.247</b>	<b>273.050</b>	<b>278.439</b>	<b>284.177</b>	<b>290.295</b>	<b>296.798</b>	<b>303.307</b>	<b>309.595</b>	<b>315.813</b>	<b>322.427</b>	<b>2,951.148</b>		<b>509.246</b>	<b>11,219.905</b>
<b>Net (Surplus) / Deficit</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>		<b>0.000</b>	<b>0.000</b>

Appendix 9

	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
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total		2047/48	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	£000
<b>CAPITAL ACCOUNT</b>														
<b>Investment</b>														
Housing Improvement Programme	61.602	49.289	57.149	58.451	58.335	59.006	59.648	60.255	60.833	61.484	586.052		79.910	2,002.689
Adaptations	3.418	3.487	3.556	3.628	3.700	3.774	3.850	3.927	4.005	4.085	37.430		6.070	138.673
Redevelopment / Clearance	58.950	46.963	51.732	38.334	45.241	46.918	43.390	42.354	39.705	32.179	445.766		47.818	1,243.290
Sprinklers	7.000	12.000	12.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	31.000		0.000	31.000
Other Investment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		101.129	773.760
<b>Total Investment</b>	<b>130.970</b>	<b>111.739</b>	<b>124.437</b>	<b>100.413</b>	<b>107.276</b>	<b>109.698</b>	<b>106.888</b>	<b>106.536</b>	<b>104.543</b>	<b>97.748</b>	<b>1,100.248</b>		<b>234.927</b>	<b>4,189.412</b>
<b>Financing</b>														
Receipts / Grants / Other	(95.365)	(72.209)	(71.505)	(45.334)	(42.204)	(41.913)	(38.816)	(37.648)	(38.117)	(16.596)	(499.707)		(20.354)	(809.278)
Contribution from Revenue	(35.605)	(39.530)	(52.932)	(55.079)	(65.072)	(67.785)	(68.072)	(68.888)	(66.426)	(81.152)	(600.541)		(214.573)	(3,380.134)
<b>Total Expenditure</b>	<b>(130.970)</b>	<b>(111.739)</b>	<b>(124.437)</b>	<b>(100.413)</b>	<b>(107.276)</b>	<b>(109.698)</b>	<b>(106.888)</b>	<b>(106.536)</b>	<b>(104.543)</b>	<b>(97.748)</b>	<b>(1,100.248)</b>		<b>(234.927)</b>	<b>(4,189.412)</b>
<b>Net (Surplus) / Deficit</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>		<b>0.000</b>	<b>0.000</b>
<b>Borrowing headroom @ 31st March</b>	90.771	103.844	112.692	132.080	145.286	159.764	177.716	198.948	226.725	244.009			704.176	



## **APPENDIX 10: MAJOR SERVICE ASSET AND CAPITAL STRATEGIES**

### **1. ADULT SOCIAL CARE & HEALTH**

- 1.1 The Directorate's Capital Strategy supports goals set out in the Vision and Strategy approved by Cabinet in October 2017 that adult and older people should be resilient, living independently whenever possible and exercising choice and control so that they can live good quality lives and enjoy good health and wellbeing. In particular it will support citizens to have access to fully integrated health and social care services that help maintain independence and provide care to those who need it.
- 1.2 The City Council will work with its partners and citizens to make sure the changes being proposed in this strategy and the wider Council Plan and Budget are the right ones and the transition to new ways of working is carried out properly. More integrated services and support should be designed around the city's people to help Birmingham citizens and their families look after themselves - not have to rely on formal care.
- 1.3 The Government's BCF which started on 1 April 2015 is delivering a plan developed with health partners for closer joint working around the care of Older People. Capital resources are included in the overall BCF funding and the City Council and partners will continue to identify investment opportunities through the joint governance arrangements. This will particularly assist in transfers from hospital and end of life care.
- 1.4 The City Council will also work with partners, providers and citizens to invest in opportunities to provide alternatives to residential care such as use of assistive technology, Shared Lives, and supported living.
- 1.5 The City Council continues to review directly provided services to ensure that they are the most appropriate way of meeting citizens' needs and are as effective as possible. Improvements to Learning Disability Day Centres will continue and the Directorate will invest in ensuring that facilities comply with care and health and safety regulations.
- 1.6 The City Council currently invests in four care centres which provide health and social care services, both long- and short-term and a range of facilities for the local community. Through 2018/19 the use of these will be reviewed with health partners both in terms of current cost and benefit, as well as to determine the longer term future of these premises as older adult intermediate care centres.
- 1.7 The City Council currently invests in eleven day centres with proposals to reduce to nine by April 2018. Through the development of the Adult Social Care Day opportunities strategy which will be considered by Cabinet in June 2018, the use, effectiveness, cost and benefit of these buildings will be explored through options appraisal and coproduction. It is expected that the capital investment strategy will be revised based on recommendations from this work.

- 1.8 Cabinet in July 2017 approved the replacement of the City Council's main Social Care ICT system (currently known as CareFirst). The three main scope areas are Adults' Social Care, Children's Social Care including Early Help and Finance processes linked to these services.
- 1.9 CareFirst is integrated into a range of other systems including the City Council's finance system, and Directorate procurement, e-records, and assessment systems. The new solution will incorporate these capabilities or integrate with the existing systems.
- 1.10 Funding will be provided from a combination of Adults' and Children's Services budgets. This re-commissioning and replacement will improve and simplify workflow processes, remove duplication, integrate a number of standalone systems and provide additional facilities. The Care Act 2014 introduced fundamental changes to the working of Adult Social Care and the new system will support the City Council's continuing implementation of these changes and improve joint working with citizens and partners. This will be supported by other ICT schemes and where possible, all developments and changes to the ICT systems will be funded through capital resources.
- 1.11 In addition to these specific proposals, the Directorate will also identify opportunities to deliver improved services through the application for and use of specific funding, usually provided through Government Departments or Agencies.

## **2. CHILDREN & YOUNG PEOPLE (CYP)**

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

### **Education Portfolio Management**

2.1 Key priorities for the management of the education portfolio are:

- Maximise opportunities to rationalise property holdings to release value for reinvestment
- Reduce revenue maintenance costs associated with surplus and non-schools assets, in particular unattached school playing fields and surplus properties
- Mitigate the risk of property grant claw back following the implementation of the Early Years Health and Wellbeing offer
- Implement solutions to manage the revenue affordability gap on the maintenance contracts for the PFI and Building Schools for the Future (BSF) schools' estate while delivering effective operational contracts management to drive efficiencies
- Maximise opportunities for revenue savings from energy efficiency measures
- Regularise all lease arrangements on schools' and non-schools' assets
- Provide advice and guidance to schools on effective asset management (traded service)
- Provide new ICT solutions to support SEND, Admissions and Transport.

## Basic Need Capital Programme

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

Birmingham City Council's total investment for the Basic Need programme is £76.4m and covers all school places across mainstream and special schools from the statutory school ages of 4 – 16 and has 4 key strands:

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

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

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

## Schools Condition Allowance

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

Birmingham City Council's proposed investment in schools' capital maintenance is £8.5m for the 2018/19 financial year. The majority of the funding is from DfE's Schools Condition grant with additional funding streams from school balances as part of the Dual Funding initiative. Key priorities for the programme are to:

- Respond swiftly to emergency repairs and maintenance issues
- Deliver planned maintenance to address major backlog maintenance issues to reduce emergency repairs and prevent asset failure that will lead to school closure
- Identify and replace failing assets to prevent school closure
- Leverage investment from schools into condition need through dual funding of priority maintenance projects
- Work in partnership with schools to fund essential repairs and ensure there is minimal incidence of school closure due to asset failure
- Leverage maximum increased investment into the estate to address condition need and suitability in particular through funding sources including bidding opportunities as they arise and development opportunities that will leverage investment into the education estate.

## 3. ECONOMY

### Strategic Context

- 3.1 The strategy for the Directorate underpins key corporate outcomes, highlighting the investment required to support the delivery of the City Council's significant economic agenda. The main objectives are to:
- Deliver sustainable inclusive economic growth to meet the needs of the population through transformational change in the city centre and key areas of growth, and to develop the city as a series of neighbourhoods that are safe, diverse and inclusive with locally distinctive character
  - Create the conditions for a strong and prosperous inclusive economy built around a diverse base of economic activities with benefits felt by all
  - Increase the city's economic output and productivity through the expansion of key growth sectors, greater enterprise and innovation in high value added activity
  - Provide high quality infrastructure to support improved local and regional connectivity and accessibility, enhance global competitiveness and underpin future economic and population growth
  - Increase employment and reduce poverty across all communities to support people from welfare to work

- Create a vibrant low carbon, low waste economy through the best use of environmental technologies, and ensure that Birmingham is prepared for the impact of climate change which includes addressing air quality
- Ensure that the City Council is able to deliver and support all of its objectives through the most efficient use of technology.

- 3.2 The Directorate works with other parts of the City Council along with public and private sector partners to develop an integrated approach to investment to deliver growth. This includes working at a local level with the District structures and regionally with other West Midlands authorities, the WMCA and the GBSLEP.

This capital strategy is conscious of emerging financial pressures on projects. Cost increases are being experienced in construction and development supply chains. Strategies have been put in place to secure further external resources and rephase projects, to enable current projects to be completed without compromising inclusion, economic growth or the generation of Business Rates.

### **Major Projects and Programmes**

- 3.3 A key priority is the identification of pump prime funding whether geared to site assembly, site preparation or marketing. The nature of these schemes means that it can take some years to come to fruition and before a return on the investment can be seen. Similar strategic acquisitions, in the nature of purchases to enable other developments in recent years have included the purchase of the Pallasades Shopping Centre to enable the creation of Grand Central as part of the redevelopment of New Street Station. The City Council is also using its current land holdings to create development opportunities and enable delivery of major projects. Examples include the wholesale markets site in the city centre which will become the site of the Birmingham Smithfield redevelopment. This is one of the largest single public ownership city centre redevelopment sites in Europe and the City Council is currently seeking a development partner to work in partnership to deliver a major mixed use development. The Paradise Development, currently underway with the first office building nearing completion, will see the expansion of the City Centre office core and is a Joint Venture between the City Council and the British Telecom Pension Scheme (BTPS).

### **Working with the West Midlands Combined Authority**

- 3.4 The WMCA activity is aligned with the objectives of the WMCA region, rather than being primarily Birmingham City Council focused, for example HS2. Project development is required to be self-funding and derived from the project outputs. There is a need to be able to pump prime such developments which can require seed funding to be subsequently reclaimed from the projects. The outputs from such projects will closely align to the major objectives of the City Council whether in jobs, housing or simply setting in place foundations for inclusive and sustainable economic growth.

The WMCA has already secured a Devolution Deal, with an annual revenue stream of £35m provided to support borrowing to deliver major infrastructure. This includes schemes in a 10 year transport delivery plan, major regional assets, HS2, Curzon Street and the associated Connectivity Package of road, rail and metro projects.

A second devolution deal has also been secured with a commitment to agree a housing deal which could unlock significant new investment and infrastructure, including, in Birmingham, the Housing Infrastructure Fund (HIF) bid which covers the Perry Barr Games village proposals.

## **Planning & Development**

- 3.5 The City Council is working in partnership with the GBSLEP to deliver the Enterprise Zone (EZ) initiative. The EZ covers 39 sites across the city centre and is focused on accelerating development through funding the upfront investment in infrastructure and de-risking sites. The EZ currently has two investment plans. The first is a 10 year Investment Plan totalling £275m capital and revenue that was approved in 2014. Under government rules on EZs, any uplift in the Business Rates collected within the EZ boundaries is ring-fenced for a period for the use and direction of the LEP. The 2014 Investment Plan sets out how this uplift will be used to deliver the first phase of investment in infrastructure to unlock development and growth in the City Centre EZ. The City Council will borrow to fund EZ investment where the revenue costs are supported by Business Rates uplift, in accordance with the EZ financial principles agreed with GBSLEP and its own borrowing policy. A series of projects which commenced in previous years, continue to be progressed within the Economy Directorate with EZ funding including the ongoing redevelopments at Paradise Circus and Birmingham Smithfield and extension of the Midland Metro tram network to Westside and the redesign of Centenary Square.
- 3.6 The Curzon Investment Plan is an extension of the EZ and was approved by Cabinet in September 2016. It sets out proposals for investment between 2016/17 to 2045/46. This includes capital and revenue expenditure funded through the EZ, and funding for the Metro Extension to Digbeth from the Department for Transport (DfT) through the WMCA. In addition the EZ Programme includes a further contribution towards the cost of the Metro extension from Birmingham to the HS2 Interchange, subject to a full business case and availability of match funding. The prudential borrowing costs arising from these investments will be funded through the uplift in Business Rates income. The revised EZ programme, inclusive of current commitments, the Curzon programme and the Metro Interchange Extension contribution is considered affordable based on the expected and additional income levels that the EZ will generate. A consolidated EZ Investment Plan will be brought forward in 2018 bringing together the 2014 and 2016 plans to create a comprehensive phased programme of investment for the EZ covering the period 2018 to 2028.
- 3.7 GBSLEP Local Growth Fund (LGF) was approved for the delivery of a £9m LEP wide programme for grants, loans and equity to unlock housing sites.

This programme is underway and over £6m has been allocated to support housing delivery.

Further to the launch of the Government's £2.3bn HIF in July 2017, the City Council will seek to secure additional resources from this fund, with grants available up until 2021/22. Close working in this respect is being undertaken with the WMCA.

### **Transportation & Connectivity**

- 3.8 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 City Council's 20 year transport plan, Birmingham Connected, complemented by the WMCA Strategic Transport Plan - Movement for Growth, aims to support, influence and nurture the growth of the city through a holistic and coordinated view of transport, land use planning, regeneration and environmental issues. The City Council also aims to improve transport infrastructure and networks, tackle congestion, improve air quality and road safety and encourage the use of sustainable modes and increase the range of low carbon transport options available to all citizens and road users.
- 3.9 The strategy continues to support the delivery of major capital projects including the High Speed (HS2) rail link between Birmingham and London with two significant stations in Birmingham and Solihull, a HS2 Connectivity Package including bus rapid transit, metro extension, public transport priorities and walking and cycling. These support major developments and growth zones including those contained within the Birmingham Development Plan. This will further be enhanced with the emerging priorities of Midlands Connect on strategic regional and national rail and road corridors.
- 3.10 In addition to the Integrated Transport Block (ITB) resources (confirmed within the £5.170m allocation in 2018/19, 2019/20 and 2020/21) the City Council continues to explore opportunities to secure additional Government funding to support this strategy. Other funding opportunities are also actively pursued to continue to deliver on City Council ambitions such as:
- Funding bids to undertake feasibility studies and subsequent early measures in relation to a clean air zone
  - A further round of LGF developed to complement transport requirements with unlocking significant development sites for employment and housing to meet the city's demand
  - Best use of EZ resources to provide the necessary infrastructure connecting communities with key sites to enable opportunities to be maximised
  - Best use of HIF to ensure transport requirements of new developments and regeneration are met
  - Funding bids to subsequent rounds of the National Productivity Investment Fund (NPIF)
  - Funding bids to HS2 and Highways England to support growth related infrastructure.

- 3.11 Work continues to develop the major scheme business cases for the A457 Dudley Road and strengthening works to the A38 (M) Tame Valley Viaduct with a total LGF contribution over the life of the project of £94.5m. These projects are subject to DfT evaluation and approval. Both projects are required to be supplemented by a City Council contribution. This is currently forecast to be in the region of £30m, with a funding strategy being developed which includes borrowing.
- 3.12 Work also continues on the delivery of a number of key projects targeted at supporting inclusive economic growth including Ashted Circus and Longbridge Connectivity that are largely funded through LGF. Further programmes covering walking and cycling, measures to tackle congestion and minor schemes to support local communities form part of the overall Transportation and Highways Funding Strategy.
- 3.13 The Transportation and Highways Capital Funding Strategy includes the re-use of revenue streams from on street enforcement activities (Bus Lanes) in accordance with the relevant legislation, ensuring that there is transparency on where and how this income is being invested.

### **Highways and Infrastructure**

- 3.14 A significant level of capital investment in the Highway Network has been completed as a part of the Highways Maintenance PFI contract with Amey. This provides for highway, street lighting and other street furniture investment at an overall cost of £2.7bn over the 25 year period of the contract to 2033/34.
- 3.15 The Highways Service will support the development of transport infrastructure through the implementation of capital programmes of minor improvements and enhancements at a local level in order to promote road safety, local accessibility and social inclusion.

### **Birmingham Property Services**

#### **Corporate Property Overview**

- 3.16 Property plays a significant part in the successful delivery of the Council Plan and Budget. The right type of property, in the right place is essential to deliver the City 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.
- 3.17 In recent years a significant proportion of the City Council's property assets have been progressively changed to support City Council strategy. This has enabled the delivery of substantial change in the way the City Council operates, its staff work and the delivery of services. Along with the delivery of change, 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.



- 3.18 Where appropriate the service will engage external expertise or capacity to meet City Council objectives.
- 3.19 The recent introduction of a Property and Assets Board under the chairmanship of the Corporate Director, Economy, with senior officer engagement is designed to enable the City Council to maintain a strategic approach to managing its assets and to planning future property requirements

The Board takes a lead role across the City Council's property portfolios as the forum for corporate decisions regarding the use of City Council property. The Board is sponsoring the development of the Corporate Property Strategy.

The Board:

- Acts as the main gate for all property decisions including all strategies, business cases and reports affecting property
  - Promotes and ensures all land and buildings owned by the City Council are brought into effective use
  - Oversees the implementation of policies to support the rationalisation of property to achieve service delivery improvements.
- 3.20 The need to respond to changing service delivery needs and the City Council's changing financial position will require further substantial change in the future asset portfolio.
- 3.21 The Corporate Property Strategy, to be finalised and approved in early Spring 2018, will set out the City Council's strategic objectives in relation to its property and other long-term physical assets, establishing the criteria for managing its estate in themes aligned to the City Council objectives. It is developing specific strategies for four key themes, namely:
- Growth and Development
  - Investment
  - Operational
  - Community

### **Central Administrative Buildings (CAB)**

- 3.22 The transformation and rationalisation of the City Council's Central Administrative Buildings (CAB) has enabled the organisation to adapt and change more readily to meet demands to achieve savings and co-locate services to provide improved services to the citizens of Birmingham.

The Corporate Landlord provides the effective management of the CAB portfolio and works closely with Directorates to meet changing service needs. The CAB estate accommodates in the region of 7,000 staff and has, over time, flexed to consolidate services from other (non CAB) buildings to deliver significant revenue savings for the City Council. The programme continues to deliver the savings included in the Long-Term Financial Strategy (LTFS) and work continues to achieve increased agility to drive further savings for the organisation.

- 3.23 The review of existing service delivery is ongoing, providing a challenge to Directorates in relation to the space they occupy and use; this includes:
- Ensuring the CAB office space is fully utilised and agility targets are being met by Directorates
  - The accommodation provision remains flexible and capable of alternative utilisation at minimal cost (e.g. the recent moves associated with the establishment of the Children's Trust)
  - The potential for co-location/integration of City Council front line services into multi-service buildings, providing one point of access for customers, allowing limited financial resources to be directed to a smaller number of better maintained and improved buildings
  - The potential for increased joint working with other public sector partners and third sector organisations to share buildings and provide a wider range of public services to people from one building.
- 3.24 A Full Business Case (FBC) is currently being developed in relation to proposals to undertake major works to the Council House complex. Whilst this centres on the replacement of time expired services infrastructure (predominantly mechanical and electrical installations) it also includes other required works to maintain the integrity of the fabric of the buildings. These works are currently estimated to cost in the region of £37m; the budget will be included in the capital programme subject to approval of the FBC that will be reported to Cabinet in summer 2018. The proposals also include changes and adaptations to the Museum and Art Gallery (separately funded) to improve access, circulation and offer an improved visitor experience. The FBC will also look to see which areas (e.g. the Council House Extension) could potentially be released for commercial use to generate additional revenue income.

### **Commercial Portfolio**

- 3.25 Key priorities for the management of the commercial portfolio are:
- Reduction in revenue maintenance costs associated with the portfolio
  - Maximising opportunities for revenue income
  - Strategic review of the portfolio with a view to appropriate reinvestment as a result of any rationalisation to improve its financial performance and strategic contribution. The nature of such opportunities is reactive, arising when such properties are brought to the market and as such rest on individual business cases supported by the Property Strategy.

A Commercial Property Strategy is under development and will form part of the Property Strategy. As part of the Strategy, it is envisaged that the portfolio would be able to sell its underperforming assets and reinvest the proceeds with a view to improving the financial performance of the portfolio. An objective will be set for the portfolio to grow its net income at an appropriate market rate which is expected to be above inflation.

## 4. PLACE

### Strategic Context

- 4.1 The Place capital strategy covers a diverse range of assets and services, each with their own characteristics and strategic drivers for investment. The different elements are each set within the context of a number of Strategic Plans, including the Waste Management Strategy, Sport Facilities Strategy, Homelessness Prevention Strategy, HRA Business Plan 2018+, Housing Plan, Private Sector Housing Strategy and Planning for Housing in Later Life, taking account of the limited resources available.
- 4.2 Whilst the overall strategy is focused 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.

### Waste Management

- 4.3 The key focus of the service's strategy is to minimise waste, meet challenging recycling targets and minimise landfill within the context of a drive towards more sustainable disposal methods with a modernised service delivery model, and underpinned by the developing waste strategy.
- 4.4 The focus of the service is to develop the capital strategy to support the delivery of a modern service able to meet the targets for waste minimisation and recycling and the capacity to meet expected increases in population and households. The key components of the capital strategy relate to the refurbishment of the Energy from Waste (EfW) facility in line with the end of the current waste disposal contract in January 2019, developing depot provision to meet future needs, upgrading the current household recycling centres/waste transfer stations, consideration of potential new recycling facilities as well as reviewing options for IT development and the vehicle replacement programme. In total, this investment is estimated at £46m and will ensure in particular that the operational life of the current Tyseley Plant can be extended for 15 years beyond 2019.

### Local Service Assets

- 4.5 The effective use of local service assets is essential to the delivery of efficient services across the City Council.
- 4.6 The City Council provides a number of community libraries, adult education, advice and youth centres which support the localisation agenda. This asset base continues to be under review along with other service assets in order to maximise opportunities for providing core services through co-location and partnership with other agencies, whilst generating significant savings. Assets have been rationalised to reflect the re-structure of services, notably in the case of Neighbourhood Offices, adult education and community libraries, and the review of assets will continue to reflect changes in service delivery models.

## **Parks and Nature Conservation**

- 4.7 The investment will continue to be focused on essential improvements to ensure health and safety standards, including pools and reservoirs (reflecting guidance and recommendations from the Environment Agency). The service will seek to maximise external funding and generate income where possible in order to reinvest in the service where appropriate.
- 4.8 Expenditure planned in 2018/19 to 2020/21 amounts to £3.3m.

## **Sport and Leisure**

- 4.9 The City Council provides a range of sporting and leisure facilities. The strategy focuses on improving the national profile of the city as well as providing accessible facilities to help residents maintain a healthy lifestyle.
- 4.10 The City Council embarked on a major programme to transform the Sport and Physical Activity service, approved by Cabinet on 16th December 2013. The strategic outcome includes a mixed economy for delivery, including asset transfer, new wet (pool) and dry facilities, management through external contractors and the establishment of a Wellbeing Service that includes retaining facilities in deprived areas as well as outreach provision in parks, open spaces and community settings.
- 4.11 The framework contract for the construction, management and operation of Sparkhill Pool is in place and the new facility opened in June 2017. A further two framework contracts are in place to enable the construction, management and operation of four leisure centres and transfer of five existing facilities to a private operator (the contracts include refurbishment works at the five transferred facilities). These contracts commenced in June 2015 and the refurbishment of the five existing sites is nearing completion. The new leisure centre in Erdington opened during 2017 and facilities at Northfield and Stechford are substantially complete. The construction of the brand new facility at Icknield Port Loop is scheduled to start in early 2018.

## **Housing Options**

- 4.12 The Housing Options service continues to experience unprecedented demand for temporary accommodation (anticipated to continue following the enactment of the Homelessness Reduction Act - 2018), which is met from a combination of City Council owned properties, properties leased from private sector landlords and bed & breakfast (B&B) accommodation. In order to minimise reliance on more expensive and unsatisfactory B&B accommodation, the service continues to investigate all options, including temporarily bringing HRA properties back into use for temporary accommodation.
- 4.13 Whilst the primary focus is on homelessness prevention, this is accompanied by the refurbishment and bringing back into use of one HRA owned tower block previously identified for demolition, together with the reconfiguration of a number of former care homes. These projects will provide in excess of 200 additional temporary accommodation units for homeless households. Costs

associated with these works are funded through prudential borrowing, paid for through cost savings from the resultant savings in B&B and private sector leasing costs.

### **Private Sector Housing**

- 4.14 Interventions are limited due to funding constraints since the cessation of Government funding for private sector decent homes delivery in 2011. The remaining areas of activity are focused on bringing empty properties back into use and the support to the provision of high quality private rented sector housing through the City Council's wholly owned company, InReach Limited.
- 4.15 Bringing long-term empty homes back into use remains an important programme both to increase housing supply, and to improve neighbourhoods. In almost 90% of cases, it is possible to persuade property owners to return their properties to use without the need for direct intervention, but acquisitions through the Empty Property Strategy will continue on a self-funding basis, utilising a revolving capital fund of £0.5m.
- 4.16 InReach Limited is continuing with its construction of 92 apartments for market rent on St Vincent Street, Ladywood. Construction commenced in autumn 2016 and is will be completed early in 2018/19, with funding provided through equity investment and loans from the City Council totalling in excess of £14m.
- 4.17 Further schemes under development for InReach Limited are anticipated to deliver up to a further 300 apartments for market rent, with the funding also provided through loans from the City Council totalling in excess of £40million over the construction period.
- 4.18 A programme of disposal of approximately 200 vacant council houses per annum to InReach Limited is also planned to continue, with funding estimated at £22m per annum to be provided through further loans from the City Council.

### **Council Housing**

- 4.19 The capital strategy for council housing forms an integral part of the HRA Business Plan, which sets out, over a 30 year period, plans for revenue and capital income and expenditure relating to HRA properties to ensure that council housing is maintained over the long term. The HRA Business Plan is explained in more detail in Chapter 4.
- 4.20 The HRA Capital Strategy has a dual focus, both on maintaining existing properties (including any structural works needed to the fabric of the buildings) and on a programme of new house building to replace obsolete and non-viable stock including the regeneration of Kings Norton, Meadway, Yardley Brook, Abbey Fields and Perry Common.

4.21 The asset management strategy to support this overall Capital Strategy includes investment of £467.6m between 2018/19 and 2021/22, directed towards:

- Continued capital investment to maintain properties in their current improved condition (renewal of key property elements based on life cycles)
- Provision of fire prevention measures including sprinklers to tower blocks at an estimated cost of £31m between 2018/19 and 2020/21
- Provision of New Affordable Housing as a part of an investment of £383m for 2,451 new homes for rent over the coming 10 year HRA Business Plan period
- Clearance of obsolete housing – resources of £63m to fund the demolition of approximately 1,930 properties over the coming 10 year period
- Continued investment in the provision of adaptations in properties for the benefit of council tenants
- Energy efficiency and green energy measures to combat fuel poverty. Including installation of communal heating systems in up to 20 tower blocks.

## 5. STRATEGIC SERVICES

### Information, Technology & Digital Services

5.1 The City Council's Information Communications Technology and Digital (ICT&D) Strategy (2016-2021) as approved by Cabinet on the 18th October 2016, guides the prudent use, maintenance and development of the City Council's ICT assets beyond the end of the existing Service Birmingham contract in 2021. It incorporates six key themes:

- Integrated ICT & Digital Services
- Commissioning
- Digital Facilitation
- Governance
- Insight
- Innovation

5.2 In support of the ICT&D Strategy the Technical Refresh and Improvement Plan (TRIP) approved a capital profile/provision for three strategic phases in financial years 2016/17 – 2019/20.

As part of the negotiations with Capita regarding the Service Birmingham Joint Venture the capital monies allocated by Cabinet in 2016 have been re-profiled to ensure they deliver better return on the investment while supporting the City Council's objectives around the better use of information, technology and digital services to deliver the Council of the Future. The ending of the City Council involvement in the Service Birmingham Joint Venture was agreed by Cabinet in November 2017. The re-profiled forecast is:

- Financial Year 18/19 forecast spend is £3.8m

- Financial Year 19/20 forecast spend is £1.6m
- Financial Year 20/21 forecast spend is £1.3m.
- Financial Year 21/22 forecast spend is £6.0m.

## **6. COMMONWEALTH GAMES**

6.1 Expenditure required to deliver the Commonwealth Games falls into two parts:

- The first relates to revenue expenditure needed to cover the City Council's project costs and its contribution of the Organising Committee costs including running the Games and other aspects such as the Cultural Programme. A number of regional partners are contributing to these costs.
- The second area represents investment in constructing the Athletes' Village where some investment is required up front for land acquisition and construction. This investment provides an opportunity for us to deliver on our housing commitments through the development of the athletes' village for the Games which we intend to convert into almost 1,000 new homes after 2022 as part of a larger development.

## APPENDIX 11: CAPITAL GRANTS AND CONTRIBUTIONS 2018/19 TO 2021/22

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
<b>Government Grants</b>					
Better Care Fund	6.318	1.718	1.718	0.000	9.754
Devolved Schools Capital Allocation	1.789	0.000	0.000	0.000	1.789
Schools Condition Grant	7.528	0.000	0.000	0.000	7.528
Basic Needs - Additional Primary Places	29.736	24.401	1.424	0.000	55.561
Local Growth Fund	27.967	42.779	44.854	10.110	125.710
Transport for West Midlands	0.090	0.090	0.000	0.000	0.180
ERDF	9.921	0.481	0.000	0.000	10.402
Homes & Communities Grant	1.884	7.772	2.300	0.140	12.096
Integrated Transport Block	7.421	5.505	3.165	6.745	22.836
Cycle Ambition	13.000	0.000	0.000	0.000	13.000
Office for Low Emissions Vehicles	3.140	0.000	0.000	0.000	3.140
Commonwealth Games Funding	33.500	0.000	0.000	0.000	33.500
Other	0.510	0.000	0.000	0.000	0.510
<b>Total Government Grants</b>	<b>142.804</b>	<b>82.746</b>	<b>53.461</b>	<b>16.995</b>	<b>296.006</b>
<b>Contributions 3rd Party</b>					
National Lottery	1.014	0.000	0.000	0.000	1.014
HRA Developer Contributions	21.629	10.109	8.986	9.547	50.271
Other	6.658	0.095	0.000	0.000	6.753
<b>Total Contributions</b>	<b>29.301</b>	<b>10.204</b>	<b>8.986</b>	<b>9.547</b>	<b>58.038</b>
<b>Public Body Grants - Sport England</b>	<b>1.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>
<b>Local Growth Fund - LEP</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Use of prior year grants</b>	<b>32.716</b>	<b>2.162</b>	<b>0.000</b>	<b>0.000</b>	<b>34.878</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>205.821</b>	<b>95.112</b>	<b>62.447</b>	<b>26.542</b>	<b>389.922</b>



## APPENDIX 12: PROPOSED CAPITAL EXPENDITURE PROGRAMME 2018/19 TO 2021/22

	2018/19	2019/20	2020/21	2021/22	TOTAL
	£m	£m	£m	£m	£m
<b>ADULT SOCIAL CARE &amp; HEALTH DIRECTORATE</b>					
Property Schemes	1.250	0.400	0.552	0.000	2.202
IT Schemes	0.720	0.309	0.446	0.000	1.475
Improvements to Social Care	2.070	1.963	1.963	0.000	5.996
Independent Living	4.600	0.000	0.000	0.000	4.600
<b>Total Adult Social Care &amp; Health</b>	<b>8.640</b>	<b>2.672</b>	<b>2.961</b>	<b>0.000</b>	<b>14.273</b>
<b>CHILDREN, YOUNG PEOPLE &amp; FAMILIES DIRECTORATE</b>					
Devolved Capital Allocation for Schools	1.789	0.000	0.000	0.000	1.789
Schools Capital Maintenance	8.481	0.000	0.000	0.000	8.481
Additional Primary Places - Basic Needs	50.570	24.401	1.424	0.000	76.395
Early Years	1.300	0.000	0.000	0.000	1.300
Business Transformation	1.865	1.486	0.000	0.000	3.351
<b>Total Children, Young People &amp; Families</b>	<b>64.005</b>	<b>25.887</b>	<b>1.424</b>	<b>0.000</b>	<b>91.316</b>
<b>PLACE DIRECTORATE</b>					
<b>General Fund</b>					
Sport & Swimming Pool Facilities	7.764	0.000	0.000	0.000	7.764
Waste Management Services	6.282	46.000	0.000	0.000	52.282
Parks	3.247	0.073	0.000	0.000	3.320
Markets	0.590	0.000	0.000	0.000	0.590
Community Initiatives	0.392	0.000	0.000	0.000	0.392
Regulation & Enforcement	0.362	0.000	0.000	0.000	0.362
Highways - Land Drainage & Flood Defences	1.090	0.000	0.000	0.000	1.090
Community Libraries	1.115	0.000	0.000	0.000	1.115
Community Development & Play	0.028	0.000	0.000	0.000	0.028
<b>Total General Fund</b>	<b>20.870</b>	<b>46.073</b>	<b>0.000</b>	<b>0.000</b>	<b>66.943</b>
<b>Housing</b>					
<b>Council Housing HRA</b>					
Housing Improvements Programme	67.230	59.907	57.149	58.451	242.737
Redevelopment	58.950	46.963	51.732	38.334	195.979
Other Programmes	4.790	4.869	15.556	3.628	28.843
<b>Total Council Housing HRA</b>	<b>130.970</b>	<b>111.739</b>	<b>124.437</b>	<b>100.413</b>	<b>467.559</b>
<b>Private Sector Housing</b>					
Empty Homes	0.550	0.550	0.147	0.000	1.247
Housing Related Loans	54.178	37.016	22.600	22.600	136.394
Housing Options	7.500	0.000	0.000	0.000	7.500
Other Programmes	0.070	0.075	0.000	0.000	0.145
<b>Total Private Sector Housing</b>	<b>62.298</b>	<b>37.641</b>	<b>22.747</b>	<b>22.600</b>	<b>145.286</b>
<b>Total Place Directorate</b>	<b>214.138</b>	<b>195.453</b>	<b>147.184</b>	<b>123.013</b>	<b>679.788</b>

	2018/19	2019/20	2020/21	2021/22	TOTAL
	£m	£m	£m	£m	£m
<b><u>ECONOMY DIRECTORATE</u></b>					
<b><u>Planning &amp; Regeneration</u></b>					
<b>Major Projects</b>					
Enterprise Zone - Paradise Circus	8.521	1.285	1.471	0.000	<b>11.277</b>
Enterprise Zone - Site Development & Access	2.500	0.000	0.000	0.000	<b>2.500</b>
Enterprise Zone - Southern Gateway Site	1.000	6.142	11.345	1.338	<b>19.825</b>
Enterprise Zone - Southside Links	0.377	0.000	0.000	0.000	<b>0.377</b>
Enterprise Zone - HS2 Interchange Site	0.000	0.000	0.000	5.000	<b>5.000</b>
EZ Phase II - HS2 Station Environment	1.814	3.187	13.399	19.800	<b>38.200</b>
EZ Phase II - HS2 Site Enabling	2.000	0.500	1.000	2.000	<b>5.500</b>
EZ Phase II - Local Transport Improvements	0.000	0.000	0.000	0.000	<b>0.000</b>
EZ Phase II - Connecting Economic Opportunities	1.000	1.000	20.000	10.000	<b>32.000</b>
Jewellery Quarter Cemetery	1.784	0.000	0.000	0.000	<b>1.784</b>
Unlocking Housing Sites	3.543	2.550	0.000	0.000	<b>6.093</b>
East Aston RIS	5.477	0.000	0.000	0.000	<b>5.477</b>
Life Sciences	1.023	0.000	0.000	0.000	<b>1.023</b>
<b>Total Major Projects</b>	<b>29.039</b>	<b>14.664</b>	<b>47.215</b>	<b>38.138</b>	<b>129.056</b>
<b>Public Realm</b>					
Metro Centenary Square	4.269	0.000	0.000	0.000	<b>4.269</b>
Making the Connection	0.281	0.030	0.000	0.000	<b>0.311</b>
Longbridge Regeneration	1.160	0.000	0.000	0.000	<b>1.160</b>
Other	0.299	0.000	0.000	0.000	<b>0.299</b>
<b>Total Public Realm</b>	<b>6.009</b>	<b>0.030</b>	<b>0.000</b>	<b>0.000</b>	<b>6.039</b>
<b>Infrastructure</b>					
One Station	0.251	0.000	0.000	0.000	<b>0.251</b>
A34 Corridor Perry Barr	0.400	0.035	0.000	0.000	<b>0.435</b>
<b>Total Infrastructure</b>	<b>0.651</b>	<b>0.035</b>	<b>0.000</b>	<b>0.000</b>	<b>0.686</b>
<b>Grants / Loans</b>					
Grand Hotel Development	1.000	0.000	0.000	0.000	<b>1.000</b>
<b>Total Grants / Loans</b>	<b>1.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>
<b>Total Planning &amp; Regeneration</b>	<b>36.699</b>	<b>14.729</b>	<b>47.215</b>	<b>38.138</b>	<b>136.781</b>

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	TOTAL £m
<b>Transportation</b>					
<b>Major Schemes</b>					
Ashted Circus	5.488	0.501	0.000	0.000	5.989
Iron Lane	6.883	4.615	0.602	0.000	12.100
Battery Way Extension	5.492	0.000	0.000	0.000	5.492
Longbridge Connectivity	4.416	0.020	0.000	0.000	4.436
A457 Dudley Road	3.250	6.341	12.720	7.044	29.355
Journey Reliability	0.240	0.240	0.000	0.000	0.480
Tame Valley Phase 2 & 3	4.900	30.000	28.000	20.707	83.607
Selly Oak New Road Phase 1B	1.666	5.795	0.550	0.000	8.011
Wharfdale Bridge	0.050	2.500	0.000	0.000	2.550
Snow Hill Station	0.500	1.900	0.220	0.000	2.620
Other	0.337	0.090	0.000	1.575	2.002
	<b>33.222</b>	<b>52.002</b>	<b>42.092</b>	<b>29.326</b>	<b>156.642</b>
<b>Inclusive &amp; Sustainable Growth</b>					
Holloway Circus	1.124	0.000	0.000	0.000	1.124
Digbeth Controlled Parking Zone	0.520	0.000	0.000	0.000	0.520
Clean Air Hydrogen Buses	11.850	0.000	0.000	0.000	11.850
Other	1.276	0.075	0.875	0.000	2.226
<b>Total Inclusive &amp; Sustainable Growth</b>	<b>14.770</b>	<b>0.075</b>	<b>0.875</b>	<b>0.000</b>	<b>15.720</b>
<b>Walking &amp; Cycling</b>					
	18.815	2.764	1.000	1.500	24.079
<b>Local Measures</b>					
	0.000	0.000	1.325	1.325	2.650
<b>Infrastructure Development</b>					
	0.885	0.625	0.818	0.770	3.098
<b>Section 106/278</b>					
	0.014	0.000	0.000	0.000	0.014
<b>Funding to be allocated</b>					
	0.160	0.496	0.000	0.000	0.656
<b>Total Transportation</b>	<b>67.866</b>	<b>55.962</b>	<b>46.110</b>	<b>32.921</b>	<b>202.859</b>
<b>Highways</b>					
Safer Routes to Schools	0.499	0.300	0.000	0.000	0.799
Section 106/278	0.051	0.000	0.000	0.000	0.051
Network Integrity	0.905	0.834	0.000	0.000	1.739
Road Safety	0.879	0.525	1.575	1.575	4.554
Other Minor Schemes	0.198	0.000	0.000	0.000	0.198
<b>Total Highways</b>	<b>2.532</b>	<b>1.659</b>	<b>1.575</b>	<b>1.575</b>	<b>7.341</b>
<b>Property Services</b>					
Attwood Green Projects	0.216	0.000	0.000	0.000	0.216
Arena Central	1.249	0.000	0.000	0.000	1.249
Council House Complex Development Costs	0.500	0.000	0.000	0.000	0.500
<b>Total Property Services</b>	<b>1.965</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.965</b>
<b>Employment &amp; Skills</b>					
ERDF Business Growth & Property Investment	4.343	0.468	0.000	0.000	4.811
<b>Total Employment &amp; Skills</b>	<b>4.343</b>	<b>0.468</b>	<b>0.000</b>	<b>0.000</b>	<b>4.811</b>
<b>Total Economy Directorate</b>	<b>113.405</b>	<b>72.818</b>	<b>94.900</b>	<b>72.634</b>	<b>353.757</b>

	2018/19	2019/20	2020/21	2021/22	TOTAL
	£m	£m	£m	£m	£m
<b>FINANCE &amp; GOVERNANCE DIRECTORATE</b>					
Revenue Reform Projects	25.939	13.300	3.790	0.000	<b>43.029</b>
Gateway / Grand Central Residual Costs	3.429	0.000	0.000	0.000	<b>3.429</b>
Digital Birmingham	0.215	0.025	0.000	0.000	<b>0.240</b>
Capital Loans & Equity Funds	1.600	1.600	5.122	0.000	<b>8.322</b>
SAP New Developments	2.411	1.151	0.500	0.000	<b>4.062</b>
Other	0.246	0.032	0.032	0.000	<b>0.310</b>
<b>Total Finance &amp; Governance</b>	<b>33.840</b>	<b>16.108</b>	<b>9.444</b>	<b>0.000</b>	<b>59.392</b>
<b>STRATEGIC SERVICES DIRECTORATE</b>					
Corporate ICT Investment	3.754	1.586	1.276	6.000	<b>12.616</b>
Commonwealth Games Preliminary Costs	39.100	0.000	0.000	0.000	<b>39.100</b>
<b>Total Finance &amp; Governance</b>	<b>42.854</b>	<b>1.586</b>	<b>1.276</b>	<b>6.000</b>	<b>51.716</b>
<b>Total Capital Programme</b>	<b>476.882</b>	<b>314.524</b>	<b>257.189</b>	<b>201.647</b>	<b>1,250.242</b>

**New Schemes/Funding**

The following projects included in the above programme have been added since Quarter 2 2017/18

#	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	TOTAL £m
<b><u>Place Directorate:</u></b>					
Parks	N/A	0.112	0.000	0.000	<b>0.112</b>
Waste Management Strategy	N	0.000	46.000	0.000	<b>46.000</b>
HRA Housing	N	6.524	11.413	13.063	<b>(9.528)</b>
Other minor schemes	N	0.010	0.000	0.000	<b>0.010</b>
<b>Total Place Directorate</b>		<b>6.646</b>	<b>57.413</b>	<b>13.063</b>	<b>(9.528)</b>
<b><u>Economy Directorate:</u></b>					
Enterprise Zone	A	(0.500)	(1.103)	1.251	<b>6.898</b>
Jewellery Quarter Cemetery	A	0.440	0.000	0.000	<b>0.440</b>
Snow Hill Station	N	0.500	1.900	0.220	<b>2.620</b>
Clean Air Hydrogen Buses	N	8.800	0.000	0.000	<b>8.800</b>
Walking & Cycling	A	7.129	(0.335)	0.667	<b>7.461</b>
Birmingham Property Projects	N	0.500	0.000	0.000	<b>0.500</b>
Other minor schemes	N	(0.210)	(0.762)	0.762	<b>(0.210)</b>
<b>Total Economy Directorate</b>		<b>16.659</b>	<b>(0.300)</b>	<b>2.900</b>	<b>7.250</b>
<b><u>Finance &amp; Governance Directorate:</u></b>					
Revenue Reform Projects	N/A	(7.251)	13.301	3.791	<b>9.841</b>
<b>Total Finance &amp; Governance Directorate</b>		<b>(7.251)</b>	<b>13.301</b>	<b>3.791</b>	<b>9.841</b>
<b><u>Strategic Services Directorate:</u></b>					
ICT Infrastructure	A	(12.022)	(13.414)	(5.112)	<b>(24.548)</b>
Commonwealth Games Preliminary Costs	N	39.100	0.000	0.000	<b>39.100</b>
<b>Total Strategic Services Directorate</b>		<b>27.078</b>	<b>(13.414)</b>	<b>(5.112)</b>	<b>6.000</b>
<b>Total New Schemes / Resources</b>		<b>43.132</b>	<b>57.000</b>	<b>14.642</b>	<b>3.722</b>
					<b>118.496</b>

Note: this includes some re-phasing between years where additional resources have been identified for existing programmes and the removal of budgets where savings have been identified.

# A - Amendment

N - New

## APPENDIX 13: TEN YEAR CAPITAL PROGRAMME 2018/19 TO 2027/28

This appendix shows capital plans over the ten year Long Term Financial Plan period, for those projects where longer term plans have been developed. Long term plans will be subject to ongoing review to ensure that any expenditure plans are within a prudent forecast of resources. Please note that many projects do not have such long term planning horizons, and the absence of forecasts does not mean that no spend is anticipated, just that it cannot yet be reasonably quantified.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>ADULT SOCIAL CARE &amp; HEALTH DIRECTORATE</b>	<b>8.640</b>	<b>2.672</b>	<b>2.961</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>14.273</b>
<b>CHILDREN, YOUNG PEOPLE &amp; FAMILIES DIRECTORATE</b>	<b>64.005</b>	<b>25.887</b>	<b>1.424</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>91.316</b>
<b>PLACE DIRECTORATE</b>											
Private Sector Housing	62.298	37.641	22.747	22.600	22.600	22.600	22.600	22.600	22.600	0.000	258.286
Other - General Fund	20.870	46.073	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	66.943
HRA	130.970	111.739	124.437	100.413	107.276	109.697	106.887	106.536	104.543	97.749	1,100.247
<b>TOTAL CAPITAL - PLACE DIRECTORATE</b>	<b>214.138</b>	<b>195.453</b>	<b>147.184</b>	<b>123.013</b>	<b>129.876</b>	<b>132.297</b>	<b>129.487</b>	<b>129.136</b>	<b>127.143</b>	<b>97.749</b>	<b>1,425.476</b>
<b>ECONOMY DIRECTORATE</b>											
<b>Regeneration</b>											
Paradise Circus Redevelopment	8.521	1.285	1.471	0.000	0.000	0.000	0.000	0.000	0.000	0.000	11.277
Site Development & Access	2.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.545	8.045
Connecting Economic Opportunities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9.798	9.798
Southern Gateway Site	1.000	6.142	11.345	1.338	14.705	0.000	0.000	0.000	0.000	0.000	34.530
LEP Investment Fund	0.000	0.000	0.000	0.000	0.000	0.000	5.000	5.000	5.000	5.000	20.000
HS2 - Curzon Street	0.000	0.000	0.000	5.000	5.000	5.000	5.000	0.000	0.000	0.000	20.000
HS2 - Interchange Site	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Snow Hill Public Realm	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Southside Links	0.377	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.377
Moor Street Queensway	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
One Station	0.251	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.251
Centenary Square	4.269	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.347	4.616
EZ Phase - Curzon Extention	4.814	4.687	34.399	31.800	80.700	65.600	73.400	72.200	31.250	14.660	413.510
Other Regeneration Schemes	14.967	2.615	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	17.582
<b>Total Planning &amp; Regeneration</b>	<b>36.699</b>	<b>14.729</b>	<b>47.215</b>	<b>38.138</b>	<b>100.405</b>	<b>70.600</b>	<b>83.400</b>	<b>77.200</b>	<b>36.250</b>	<b>35.350</b>	<b>539.986</b>

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Total Employment &amp; Skills</b>	4.343	0.468	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.811
<b>Total Transportation</b>	67.866	55.962	46.110	32.921	5.549	0.000	0.000	0.000	0.000	0.000	208.408
<b>Total Highways</b>	2.532	1.659	1.575	1.575	0.825	0.000	0.000	0.000	0.000	0.000	8.166
<b>Total Property Services</b>	1.965	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.965
<b>TOTAL CAPITAL - ECONOMY DIRECTORATE</b>	<b>113.405</b>	<b>72.818</b>	<b>94.900</b>	<b>72.634</b>	<b>106.779</b>	<b>70.600</b>	<b>83.400</b>	<b>77.200</b>	<b>36.250</b>	<b>35.350</b>	<b>763.336</b>
<b>FINANCE &amp; GOVERNANCE DIRECTORATE</b>	<b>33.840</b>	<b>16.108</b>	<b>9.444</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>59.392</b>
<b>STRATEGIC SERVICES DIRECTORATE</b>	<b>42.854</b>	<b>1.586</b>	<b>1.276</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>87.716</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>476.882</b>	<b>314.524</b>	<b>257.189</b>	<b>201.647</b>	<b>242.655</b>	<b>208.897</b>	<b>218.887</b>	<b>212.336</b>	<b>169.393</b>	<b>139.099</b>	<b>2,441.509</b>

### Resources

#### Use of Specific Resources

<b>Grants &amp; Contributions</b>	205.821	95.112	62.447	26.542	9.805	5.413	1.873	0.250	0.250	0.250	407.763
<b>Use of earmarked Capital Receipts</b>	98.315	56.136	45.476	35.647	36.068	36.499	36.942	37.398	37.867	16.347	436.695
<b>Revenue Contributions - Departmental</b>	13.853	6.789	9.547	0.000	0.000	0.000	0.000	0.000	0.000	0.000	30.189
- HRA	35.605	39.530	55.744	55.079	65.072	67.785	68.072	68.888	66.426	81.152	603.353
- Income Generation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Specific Resources</b>	<b>353.594</b>	<b>197.567</b>	<b>173.214</b>	<b>117.268</b>	<b>110.945</b>	<b>109.697</b>	<b>106.887</b>	<b>106.536</b>	<b>104.543</b>	<b>97.749</b>	<b>1,478.000</b>

#### Use of Corporate or General Resources

<b>Corporate Resources</b>	8.155	0.100	0.150	17.641	2.925	0.000	0.000	0.000	0.000	0.000	28.971
<b>Unsupported Prudential Borrowing - General</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Unsupported Prudential Borrowing - Corporate</b>	1.249	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.249
<b>Unsupported Prudential Borrowing - Directorate</b>	113.884	116.857	83.825	66.738	128.785	99.200	112.000	105.800	64.850	41.350	933.289
<b>Total Corporate Resources</b>	<b>123.288</b>	<b>116.957</b>	<b>83.975</b>	<b>84.379</b>	<b>131.710</b>	<b>99.200</b>	<b>112.000</b>	<b>105.800</b>	<b>64.850</b>	<b>41.350</b>	<b>963.509</b>

#### **Forecast Use of Resources**

	<b>476.882</b>	<b>314.524</b>	<b>257.189</b>	<b>201.647</b>	<b>242.655</b>	<b>208.897</b>	<b>218.887</b>	<b>212.336</b>	<b>169.393</b>	<b>139.099</b>	<b>2,441.509</b>
--	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	------------------

## APPENDIX 14: ANALYSIS OF PRUDENTIAL BORROWING

	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m
<b>Major Self Financed Prudential Borrowing</b>					
Enterprise Zone	17.212	12.114	47.435	38.138	<b>114.899</b>
Metro Extension	3.269	0.000	0.000	0.000	<b>3.269</b>
Housing Private Sector - In Reach	61.678	37.016	22.600	22.600	<b>143.894</b>
Transport Highways - Major Schemes	5.679	4.638	0.220	0.000	<b>10.537</b>
HRA - Home Improvement Programme	1.018	12.842	6.823	0.000	<b>20.683</b>
Capital Loans & Equity	1.500	1.500	4.972	0.000	<b>7.972</b>
Sport & Physical Activity	4.723	0.000	0.000	0.000	<b>4.723</b>
Fleet & Waste Management	5.111	0.000	0.000	0.000	<b>5.111</b>
Other	2.983	0.000	0.000	0.000	<b>2.983</b>
<b>Total Self Financed</b>	<b>103.173</b>	<b>68.110</b>	<b>82.050</b>	<b>60.738</b>	<b>314.071</b>
<b>Major Prudential Borrowing with net impact on Council revenue resources</b>					
SAP Software Upgrade	2.411	1.151	0.500	0.000	<b>4.062</b>
Waste Management Strategy	0.000	46.000	0.000	0.000	<b>46.000</b>
Corporate Investment Plan	3.754	1.586	1.275	6.000	<b>12.615</b>
Other	5.795	0.010	0.000	0.000	<b>5.805</b>
<b>Total Capital projects requiring revenue resources</b>	<b>11.960</b>	<b>48.747</b>	<b>1.775</b>	<b>6.000</b>	<b>68.482</b>
<b>Total Prudential Borrowing</b>	<b>115.133</b>	<b>116.857</b>	<b>83.825</b>	<b>66.738</b>	<b>382.553</b>



## APPENDIX 15: DEBT AND PRUDENTIAL INDICATORS

### Appendix 15a

WHOLE COUNCIL	18/19 Indicators £m	19/20 Indicators £m	20/21 Indicators £m
<b>Capital Finance</b>			
1 Capital Expenditure - Capital Programme	476.9	268.5	257.2
2 Capital Expenditure - other long term liabilities	30.3	35.9	37.8
3 Capital expenditure	507.2	304.4	295.0
4 Capital Financing Requirement (CFR)	4,635.4	4,596.4	4,556.5
<b>Planned Debt</b>			
5 Peak loan debt in year	3,557.9	3,505.7	3,368.5
6 + Other long term liabilities (peak in year)	449.1	432.2	415.4
7 = Peak debt in year	4,007.0	3,937.9	3,783.9
8 does peak debt exceed year 3 CFR?	no	no	no
<b>Prudential limit for debt</b>			
9 Gross loan debt	3,988.1	3,821.2	3,759.0
10 + other long term liabilities	311.9	378.8	441.0
11 = Total debt	4,300	4,200	4,200
<b>Notes</b>			
4	The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges). This includes all elements of CFR including Transferred Debt.		
5-7	These figures represent the forecast peak debt (which may not occur at the year end). The Prudential Code calls these indicators the Operational Boundary.		
8	It would be a cause for concern if the City Council's loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances. The Prudential Code calls this Borrowing and the Capital Financing Requirement.		
11	The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.		

**Appendix 15b**

<b>HOUSING REVENUE ACCOUNT</b>		<b>18/19</b>	<b>19/20</b>	<b>20/21</b>
		<b>Indicators</b>	<b>Indicators</b>	<b>Indicators</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Finance</b>				
1	Capital expenditure	131.0	111.7	124.4
<b>HRA Debt</b>				
2	Capital Financing Requirement (CFR)	1,058.1	1,045.1	1,036.2
3	Statutory cap on HRA debt	1,150.4	1,150.4	1,150.4
<b>Affordability</b>				
4	HRA financing costs	90.4	97.9	98.3
5	HRA revenues	277.2	273.1	278.4
6	HRA financing costs as % of revenues	32.6%	35.8%	35.3%
7	HRA debt : revenues	3.8	3.8	3.7
8	Forecast Housing debt per dwelling	£17,335	£17,331	£17,376

**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 rather than Minimum Revenue Provision (MRP), in the HRA.
- 7 This indicator is not in the Prudential Code but is a key measure of long term sustainability. This measure is forecast to fall below 2.0 by 2026/27, which is two years later than previously forecast.
- 8 This indicator is not in the Prudential Code but is a key measure of affordability: the HRA debt per dwelling should not rise significantly over time.

## Appendix 15c

<b>GENERAL FUND</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>
	<b>Indicators</b>	<b>Indicators</b>	<b>Indicators</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Finance</b>			
1 Capital expenditure (including other long term liabilities)	376.2	192.7	170.6
2 Capital Financing Requirement (CFR)	3,577.3	3,551.3	3,520.2
<b>General Fund debt</b>			
3 Peak loan debt in year	2,499.8	2,460.6	2,332.3
4 + Other long term liabilities (peak in year)	449.1	432.2	415.4
5 = Peak General Fund debt in year	2,948.9	2,892.8	2,747.7
<b>General Fund Affordability</b>			
6 Total General Fund financing costs	274.2	270.7	262.6
7 General Fund net revenues	855.2	824.6	845.9
8 General Fund financing costs (% of net revenues)	32.1%	32.8%	31.0%
9 General Fund financing costs (% of gross revenues)	24.2%	24.5%	23.2%

**Note**

- 4 Other long term liabilities include PFI, finance lease liabilities, and transferred debt liabilities.
- 6 Financing costs include interest and MRP (in the General Fund), for loan debt, transferred debt, PFI and finance leases.
- 8 This indicator includes the gross revenue cost of borrowing and other finance, including borrowing for the Enterprise Zone and other self-supported borrowing.
- 9 This is a local indicator measuring finance costs against relevant gross income including revenues from sales, fees, charges and rents, which are available to support borrowing costs.

## Appendix 15d

<b>TREASURY MANAGEMENT</b>		<b>18/19</b>	<b>19/20</b>	<b>20/21</b>
		<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
		<b>Maximum</b>	<b>Maximum</b>	<b>Maximum</b>
<b>Interest rate exposures</b>		<b>Limit</b>		
1	upper limit on fixed rate exposures	130%	84%	86%
2	upper limit on variable rate exposures	30%	25%	19%
<b>Maturity structure of borrowing</b>		<b>Limit</b>	<b>Forecast</b>	<b>Forecast</b>
(lower limit and upper limit)			<b>Year End</b>	<b>Year End</b>
			<b>Year End</b>	<b>Year End</b>
3	under 12 months	0% to 30%	20%	17%
4	12 months to within 24 months	0% to 30%	1%	1%
5	24 months to within 5 years	0% to 30%	6%	4%
6	5 years to within 10 years	0% to 30%	11%	11%
7	10 years to within 20 years	5% to 40%	22%	22%
8	20 years to within 40 years	10% to 60%	35%	39%
9	40 years and above	0% to 40%	5%	6%
<b>Investments longer than 364 days</b>		<b>Limit</b>	<b>Forecast</b>	<b>Forecast</b>
upper limit on amounts maturing in:			<b>Forecast</b>	<b>Forecast</b>
10	1-2 years	400	0	0
11	2-3 years	100	0	0
12	3-5 years	100	0	0
13	later	0	0	0

**Note**

1-9 These indicators assume that LOBO loan options are exercised at the earliest possibility, and are calculated as a % of net loan debt.

## **APPENDIX 16: DEBT REPAYMENT POLICY**

### **REVIEW OF 2017/18 POLICY FOR MINIMUM REVENUE PROVISION**

#### **Backdating change from 4% reducing balance to 2% fixed, in relation to pre-2007/08 debt**

##### **Background**

1. In September 2014 the City Council agreed a revised Policy for Minimum Revenue Provision (MRP). The revision included making an amendment to the “Regulatory Method” of MRP, which relates to the repayment of debt incurred before 1 April 2007. The agreed amendment was to change the repayment profile from a 4% reducing balance method to a 2% fixed repayment method, commencing in 2013/14.
2. It is now proposed to backdate that methodology change to 2007/08, when the current system of MRP was introduced. This will produce a one-off reduction in MRP of £98.3m in 2017/18 and an annual increase thereafter, as set out in the attached schedule.
3. The “Regulatory Method” is one of the four MRP options exemplified in the Government’s MRP Guidance of 2012 and further described in DCLG’s Commentary. The Guidance proposes that this method is relevant to providing for repayment of debt outstanding from before 1 April 2007 and that the borrowing supported by Government Revenue Support Grant (RSG) be repaid over a period “reasonably commensurate with the period implicit in the determination of that grant”. The Regulatory method continues the arrangements set out in former Regulations, under which non-housing debt was repaid at 4% of the balance outstanding at each year end (with some technical adjustments).

##### **Review of MRP policy in 2014**

4. The City Council’s MRP review in 2014 noted that it was no longer possible to relate the RSG received to any particular level of annual debt repayment. Since the Business Rates reform in 2013/14, there had been no component of grant determining an implicit level of support for debt repayment. In addition, total grant was controlled to national totals which had been reduced substantially in recent years, irrespective of the level of “supported” borrowing outstanding. A review for the Core Cities calculated that, on the assumption that interest costs are fully funded within revenue grant, this implied that by 2015/16 the Government is only funding around 45% of the 4% MRP – i.e. implied grant support for MRP at 1.8% rather than 4%. The City Council therefore concluded that a 2% repayment profile from 2013/14 onwards was appropriate, affordable and reasonable. The 2% fixed MRP alternative helped to address the City Council’s short-term financial transition needs, whilst in the long run its complete debt is repaid earlier. A fixed 2% MRP over 50 years is arguably significantly more prudent than a method which never pays off the whole debt.

## Revision to MRP policy in 2017/18

5. The 2014 revision however created an inconsistency in methodology, because the period 2007/08 to 2012/13 remained on the old 4% reducing balance method, with the new 2% fixed method applying from 2013/14 onwards. Since 2014, MRP reviews at a number of authorities have backdated changes in methodology to the start of the current MRP system in 2007/08. Backdating therefore has the benefit of producing a logically consistent methodology from 2007/08 onwards, which remains consistent with the arguments for change put forward in 2014, namely:
  - a) The change better reflects the objective of the Regulatory Method, which is to produce a repayment profile that is reasonably commensurate with the period implicit in the determination of RSG
  - b) To fully repay all the pre-2007 debt over 50 years, which is arguably more prudent than the 4% reducing balance which is never fully repaid
  - c) To repay over a period broadly consistent with the lives of the assets financed
  - d) To support the prudent transition of the City Council's finances through a period of major resource reductions.
6. In relation to (a) and (d) above, it should be noted that further Government grant cuts have been imposed on the City Council since 2014. This supports the argument that a lower initial charge (resulting from backdating the MRP change) better reflects the lower level of grant support.
7. The City Council's statutory requirement is to make "prudent provision" for debt repayment, and in doing so, to have regard to Government Guidance. It is considered that what is "prudent" must be in the context of the City Council's overall financial position. The resources released by the MRP proposal above would help the City Council manage its commitments during a very difficult period in which its financial resources have reduced, and indeed have reduced more than the City Council was aware of at the time of the 2014 MRP policy review.
8. Bringing forward the date for application of the 2% fixed repayment methodology to 2007/08 also brings forward the date when this element of the City Council's debt is fully repaid. This results in the full repayment of this borrowing by 2056/57, i.e. six years earlier than previously planned.
9. The Government MRP Guidance issued in 2012 has been considered throughout this Appendix. The Government issued revised Guidance on 2 February 2018 which applies from 2018/19 onwards in relation to MRP methodology changes. This does not affect the Policy revision in 2017/18.
10. On the basis of these arguments it is therefore considered that the proposed backdating of the change to 2007/08 is reasonable and prudent having regard to the Government Guidance. Counsel's Opinion has been sought and Counsel confirms that in his view the revision is lawful. The City Council's external auditor has also been kept informed of the proposal.

The table below sets out the MRP change in full.

<b>IMPACT OF PROPOSED MRP CHANGE AND CHANGE IN INTEREST COSTS ON THE GENERAL FUND</b>				
year ending	Existing policy	Revised policy	Net Impact	
	repayment provision	repayment provision	Change in repayment provision	
	£m	£m	£m	
2008	47.5	27.71	(19.81)	
2009	52.2	28.52	(23.68)	
2010	51.7	29.11	(22.59)	
2011	50.8	28.85	(21.93)	
2012	48.3	28.79	(19.47)	
2013	47.5	28.79	(18.73)	
2014	-3.9 <sup>1</sup>	1.58	5.48	
2015	23.7	29.76	6.03	
2016	23.5	28.15	4.61	
2017	22.0	27.94	5.91	
2018	22.0	27.94	5.91	
Total change to 2017/18			<u>(98.28)</u>	
2019	22.0	27.94	5.91	
2020	22.0	27.94	5.91	
2021	22.0	27.94	5.91	
2022	22.0	27.94	5.91	
2023	22.0	27.94	5.91	
2024	22.0	27.94	5.91	
2025	22.0	27.94	5.91	
2026	22.0	27.94	5.91	
2027	22.0	27.94	5.91	
2028	22.0	27.94	5.91	
2029	22.0	27.94	5.91	
2030	22.0	27.94	5.91	
2031	22.0	27.94	5.91	
2032	22.0	27.94	5.91	
2033	22.0	27.94	5.91	
2034	22.0	27.94	5.91	
2035	22.0	27.94	5.91	
2036	22.0	27.94	5.91	
2037	22.0	27.94	5.91	
2038	22.0	27.94	5.91	
2039	22.0	27.94	5.91	
2040	22.0	27.94	5.91	
2041	22.0	27.94	5.91	
2042	22.0	27.94	5.91	
2043	22.0	27.94	5.91	
2044	22.0	27.94	5.91	
2045	22.0	27.94	5.91	
2046	22.0	27.94	5.91	
2047	22.0	27.94	5.91	
2048	22.0	27.94	5.91	
2049	22.0	27.94	5.91	
2050	22.0	27.94	5.91	
2051	22.0	27.94	5.91	
2052	22.0	27.94	5.91	
2053	22.0	27.94	5.91	
2054	22.0	27.94	5.91	
2055	22.0	27.94	5.91	
2056	22.0	27.94	5.91	
2057	22.0	27.94	5.91	
2058	22.0	0.00	(22.03)	
2059	22.0	0.00	(22.03)	
2060	22.0	0.00	(22.03)	
2061	22.0	0.00	(22.03)	
2062	22.0	0.00	(22.03)	
2063	22.0	0.00	(22.03)	

<sup>1</sup> Previous MRP policy change was in 2013/14

**Appendix 16b****DEBT REPAYMENT POLICY****Minimum Revenue Provision Statement 2017/18 (revised) and 2018/19****Introduction**

1. The Government's Capital Finance and Accounting Regulations require local authorities to make 'prudent annual provision' in relation to capital expenditure financed from borrowing or credit arrangements. This is known as Minimum Revenue Provision or MRP, but it is often referred to as a provision for "debt repayment" as a shorthand expression. The Government has issued statutory guidance on MRP, to which the City Council is required to have regard. In relation to 2017/18, the relevant Guidance was issued in 2012. The Government issued revised Guidance on 2 February 2018 which applies from 2018/19 onwards in relation to MRP methodology changes and applies from 2019/20 in other respects.
2. This policy applies to the financial years 2017/18 and 2018/19. Any interpretation of the statutory guidance or this policy will be determined by the Section 151 Officer (currently the Corporate Director Finance and Governance).

**Principles of Debt Repayment Provision**

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

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

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

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



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

#### **General Fund MRP Policy: Borrowing before 2007/08**

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

This MRP Statement (in relation to 2017/18) changes the start of the 2% fixed method to 2007/08 rather than 2013/14, with effect from 1 April 2017. This is considered to be a prudent change, because it ensures a consistent methodology for the pre-2007/08 borrowing, takes into account changes in Government support for borrowing costs, and because it results in the full repayment of this borrowing by 2057/58, which is six years earlier than previously planned. Further details are in Appendix 16a.

#### **General Fund MRP Policy: Prudential Borrowing from 2007/08**

8. The general repayment policy for new prudential borrowing is to repay borrowing within the expected life of the asset being financed, subject to a maximum period of 40 years. This is in accordance with the "Asset Life" method in the guidance.

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

This is subject to the following details:

- 8.1 An average asset life for each project will normally be used. This will be based on the asset life normally used for depreciation accounting purposes (recognising that MRP is estimated at the start of the project, whereas depreciation is not determined until the project has finished, so there may be estimation differences). There will not be separate MRP schedules for the components of a building (e.g. plant, roof etc.). Asset life will be determined by the Section 151 Officer. A standard schedule of asset lives will generally be used, but where borrowing on a project exceeds £10m, advice from Acivico or other appropriate advisers may also be taken into account.
- 8.2 MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for single assets where over £1m financed from borrowing is planned, where MRP will be deferred until the year after the asset becomes operational.
- 8.3 Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, at the discretion of the Section 151 Officer.

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

### **Housing Revenue Account MRP policy**

9. The statutory MRP Guidance states that the duty to make MRP does not extend to cover borrowing or credit arrangements used to finance capital expenditure on HRA assets. This is because of the different financial structure of the HRA, in which depreciation charges have a similar effect to MRP. The Government's HRA self-financing settlement, introduced a cap on HRA borrowing, which was equal to the City Council's opening HRA debt at April 2012. The City Council's policy is that net HRA debt will reduce over the medium term, in order to deliver a debt to revenues ratio of below 2:1 by 2033/34. This reflects reductions in property numbers through Right to Buy and demolitions and will support the maintenance of a balanced and sustainable HRA Business Plan with the capacity to meet investment needs in later years. The City Council will also seek to deliver a reduction in HRA debt per dwelling. The annual HRA net debt reduction to achieve the above policy is projected as follows in the HRA Business Plan:

<b>Year</b>	<b>Net Debt Reduction</b>	<b>Average Debt per property</b>	
	£m	£	
2018/19	37.8	17,858	
2019/20	13.1	17,478	
2020/21	8.8	17,451	
2021/22	19.4	17,501	
2022/23	13.2	17,331	
2023/24	14.5	17,243	
2024/25	18.0	16,147	
2025/26	21.2	16,992	
2026/27	27.8	16,792	
2027/28	17.3	16,472	
2028/29	15.0	16,295	
2029/30	18.7	16,127	
2030/31	28.0	15,890	
2031/32	31.3	15,478	
2032/33	35.7	15,001	
2033/34	40.0	14,437	2:1 debt to revenue ratio achieved

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

## **Concession Agreements and Finance Leases**

10. MRP in relation to concession agreements (e.g. PFI contracts) and finance leases will be calculated on an asset life method using an annuity repayment profile, consistent with the method for prudential borrowing in Section 8 above. The Section 151 Officer may approve that such debt repayment provision may be made from capital receipts rather than from revenue provision. This provision is being utilised in this Council Plan and Budget for 2017/18 and 2018/19.

### **Transferred Debt**

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

### **Specific situations:**

#### **Statutory capitalisations**

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

#### **Cashflows**

13. Where a significant difference exists between capital expenditure accrued and the actual cashflows, MRP may be charged based on the cash expended at the previous year end, as agreed by the Section 151 Officer.

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

#### **Equal Pay settlements**

14. The City Council has plans in place to fund Equal Pay settlement liabilities, primarily from capital receipts. However, there are risks to the timing and quantum of future capital receipts. As a risk management mechanism, MRP may be reduced if there are insufficient capital receipts to fund Equal Pay settlement costs in that year. The revenue saving will then be used to meet the settlement costs.
15. Any such reduction will be made good by setting aside equivalent future capital receipts to provide for debt repayment, when there is a surplus of capital receipts available after funding Equal Pay settlements. Any such reduction in MRP will be repaid over no more than 20 years on an annuity profile, including a charge to the revenue account to the extent that capital receipts are not available.

### **Capitalised loans to others**

16. MRP on capitalised loan advances to other organisations or individuals will not be required. Instead, the capital receipts arising from the capitalised loan repayments will be used as provision to repay debt. However, revenue MRP contributions would still be required equal to the amount of any impairment of the loan advanced.

### **Enterprise Zone**

17. Borrowing by the City Council related to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP), and which is supported by additional Business Rates from the EZ or from other GBSLEP income, will be repaid within the lifetime of the EZ or other associated income stream (subject to the estimated life of the assets being funded). This was previously 2038, but an extension has been agreed to 2046. This means that the repayment period for EZ-supported borrowing will reduce each year so that all EZ debt can be repaid by 2046.

### **Voluntary repayment of debt**

18. The City Council may make additional voluntary debt repayment provision from revenue or capital resources. In this case, the Section 151 Officer may make an appropriate reduction in later years' levels of MRP.
19. Where it is proposed to make a voluntary debt repayment provision in relation to prudential borrowing from 2007/08 under the asset life method, it may be necessary to decide which assets the debt repayment relates to, in order to determine the reduction in subsequent MRP. The following principles will be applied by the Section 151 Officer 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.

Based on this policy, the General Fund CFR will be fully repaid by no longer than 40 years after any prudential borrowing is incurred (including PFI). PFI finance will be fully repaid 40 years after the final capital expenditure under the City Council's PFI contracts.

## APPENDIX 17: TREASURY MANAGEMENT AND INVESTMENT POLICIES

### 1. Overview

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

It incorporates the contents of an Investment Strategy as recommended by the Government's 2010 Guidance on Local Authority Investments.

CIPFA have recently in December 2017 revised the Prudential and Treasury Management Codes. As far as practicable in the timescales, this policy reflects the new recommendations and guidance. In particular, section 4.5 on investments now covers non-treasury management investments taken for service or commercial purposes.

### 2. Statutory Guidance

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

- CIPFA's Code of Practice for Treasury Management in the Public Services (revised December 2017)
- CIPFA's Prudential Code for Local Authority Capital Finance (revised December 2017)
- The Government has issued revised Guidance on 2 February 2018 which will be fully taken into account in the next revision of this Policy.

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

### 3. The City Council's Treasury Management Objectives

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

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

3.2 Effective treasury management will provide support towards the achievement of the City Council's business and service objectives. It is therefore committed to the principles of achieving value for money in treasury

management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.<sup>1</sup>

### **Attitude to Treasury Management Risks**

- 3.3 The City Council attaches a high priority to a stable and predictable charge to revenue from treasury management activities, because borrowing costs form a significant part of the City Council's revenue budget. The City Council's objectives in relation to debt and investment can accordingly be stated more specifically as follows:

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

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

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

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

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

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

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

---

<sup>1</sup> Paragraphs 3.1, 3.2, 3.6 and the final sentence of 4.3 are required by the CIPFA Treasury Management Code

## 4. Managing Treasury Risks<sup>2</sup>

### Interest Rate Exposures

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

**Table 17.1**

#### Prudential Limits - Interest Rate Exposure

	% of loan debt (net of investments):		
	2018/19	2019/20	2020/21
upper limit on net fixed rate exposures	130%	130%	130%
upper limit on net variable rate exposures	30%	30%	30%

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

### Maturity Profile

- 4.2 The City Council will have regard to forecast Net Loan Debt in managing the maturity profile. This takes account of forecast cashflows and the effect of MRP (minimum revenue provision for debt repayment) to produce a liability benchmark against which the City Council's actual debt maturity profile is managed. Taking this into account the proposed limits are as follows:

**Table 17.2**

#### Prudential Limits - Maturity Structure of Fixed Rate Borrowing

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

<sup>2</sup> Throughout this Business Plan, debt and investments are expressed at nominal value, which may be different from the amortised cost value required in the statutory accounts.

### **Policy for Borrowing in Advance of Need**

- 4.3 Government investment guidance expects local authorities to have a policy for borrowing in advance of need, in part because of the credit risk of investing the surplus cash. The City Council's policy is to borrow to meet its forecast Net Loan Debt, including an allowance (currently of £40m) for liquidity risks. 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 forecast capital programme, to replace maturing loans, or to meet other expected cashflows.
- 4.4 The City Council is a substantial net borrower and only has cash to invest for relatively short periods as a result of positive cashflow or borrowing in advance of expenditure. The City Council considers all its treasury risks together, taking account of the investment risks which arise from decisions to borrow in advance. Such decisions need to weigh the financial implications and risks of deferring borrowing until it is needed (by which time fixed interest rates may have risen), against the cost of carry and financial implications of reinvesting the cash proceeds until required. This will be a matter of treasury judgement at the time, within the constraints of this policy, and treasury management delegations.

### **Investment Policy: All Investments**

- 4.5 The revised CIPFA Prudential and Treasury Codes recommend that authorities' capital strategies should include a policy and risk management framework for all investments. The Codes identify three types of local authority investment:
- Treasury management investments, which are taken to manage cashflows and as part of the City Council's debt and financing activity
  - Commercial investments (including investment properties), which are taken mainly to earn a positive net financial return
  - Service investments, which are taken mainly to support service outcomes.

The Government issued revised investment guidance on 2 February 2018, which also strengthens the management and reporting framework relating to commercial and service investments. This will be fully taken into account in the Financial Plan 2019+.

- 4.6 The City Council's overall policy framework for commercial, service and treasury investments is set out in Appendix 18. This recognises that these three types of investment may be made for very different reasons, but that there needs to be overall co-ordination of investment management.
- 4.7 In particular, the CIPFA Codes encourage authorities to be clear about their risk appetite for commercial and service investments. The policy in Appendix 18 is that commercial investments should be low risk, given the high financial risks faced by the City Council in the next few years. Service investments may justify higher risks or lower returns where this is adequately compensated for in terms of improved priority service outcomes.



## **Investment Policy: Treasury Management Investments**

- 4.8 The City Council's cashflows and treasury management activity will generally result in temporarily surplus cash to be invested. The following paragraphs set out the City Council's policy for these 'treasury management' investments.
- 4.9 The investment of temporarily surplus cash results in credit risk, i.e. the risk of loss if an investment defaults. In accordance with Government investment guidance, the City Council distinguishes between:
- 'Specified Investments' which mature within 12 months and have a 'high credit quality' in the opinion of the authority.
  - 'Non-specified Investments' which are long-term investments (i.e. maturing in 12 months or more), or which do not have such high credit quality. The Government views these as riskier. Such investments require more care, and are limited to the areas set out in the policy for Non-specified Investments below.
- 4.10 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 City Council will consider secured forms of lending such as covered bonds, but these instruments are not generally available for short-term and smaller size deposits. The City Council will continue to make deposits only with institutions having high credit quality as set out in the Lending Criteria table below. The main criteria and processes which deliver this are set out in the following paragraphs.

### **Specified Investments**

- 4.11 The City Council will limit risks by applying lending limits and criteria for 'high credit quality' as shown in Table 17.3 overleaf:

**Table 17.3 Lending Criteria**

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

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

- 4.12 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.

The City Council may also provide short-term supply chain finance where the credit risk is based on the City Council's own payment on the invoice due date, and in relation to invoices payable by other bodies meeting the above lending criteria.

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

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

## Non-specified Investments and Limit

4.14 For treasury management investment purposes, the City Council will limit non-specified investments to £400m (there are presently none), and will use only the following categories of non-specified investments:

- Government stocks (or “Gilts”) and other supranational bonds, with a maturity of less than five years: up to 100% of non-specified investments
- Covered bonds and repo where the security meets the City Council’s credit criteria set out above: up to 50% of non-specified investments
- Unsecured corporate bonds, Certificates of Deposit (CD) or Commercial Paper (CP) with a maturity of less than three years, subject to the Lending Criteria in the table above: up to 20% of non-specified investments.

4.15 Other categories of non-specified investments will not be used for treasury management purposes.

## Investment Maturity

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

### Table 17.4

#### Prudential limits on investing principal sums for over 364 days:

1-2 years	£400m
2-3 years	£100m
3-5 years	£100m

4.17 In making investments in accordance with the criteria set out in 4.5 to 4.13 above, the Corporate Director Finance and Governance will seek to spread risk (for example, across different types of investment and to avoid concentration on lower credit quality). This may result in lower interest earnings, as safer investments will earn less than riskier ones.

4.18 Where the City Council deals with financial firms under the MiFID II regulations<sup>3</sup>, it has requested to be opted up to ‘professional’ status. This means that the City Council does not receive the level of investment advice and information which firms are required to provide to retail investors. Professional status is essential to an organisation of the City Council’s size, to give it access to appropriate low-risk investments available only to investors

<sup>3</sup> The Markets in Financial Instruments Directive 2 (MiFID II) regulates, amongst other things, the way that financial firms provide advice to various categories of client.

classed as professional, and to ensure that it is able to act quickly to invest City Council funds safely and to earn a good return.

- 4.19 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 Corporate Director Finance and Governance.

## **5. Policy for HRA Loans Accounting**

- 5.1 The City Council attributes debt and debt revenue consequences to the HRA using 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. The detailed accounting policy arising from the 'two pool' method is maintained by the Corporate Director Finance and Governance.

## **6. The City Council Acting as Agent**

- 6.1 The City Council acts as intermediary in its role as agent for a number of external bodies. This includes roles as accountable body, trustee, and custodian, and these may require the City Council to carry out treasury management operations as agent. The Corporate Director Finance and Governance will exercise the City Council's treasury responsibilities in accordance with the City Council's treasury delegations and relevant legislation, and will apply any specific treasury policies and requirements of the external body. In relation to the short-term cash funds invested as accountable body, the City Council expects to apply the investment policy set out above.

## **7. Reporting and Delegation**

- 7.1 A Treasury Management Strategy report is presented as part of the annual Council Plan and Budget to the City Council before the start of each financial year. Monitoring reports are presented quarterly to Cabinet, including an Annual Report after the year end.
- 7.2 The management of borrowings, loans, debts, investments and other assets has been delegated to the Corporate Director Finance and Governance acting in accordance with this Treasury Management 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 Corporate Director Finance and Governance reports during the year to Cabinet on the decisions taken under delegated treasury management powers.
- 7.3 In exercising this delegation, the Corporate Director Finance and Governance 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, investments, and

other treasury instruments, and in relation to funds and instruments where the City Council acts as agent.

7.4 The Corporate Director Finance and Governance 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

Similarly, Investment Management Practices for non-treasury investments are being prepared in accordance with the newly revised Treasury Management Code.

## 8. Training

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

## APPENDIX 18: INVESTMENT FRAMEWORK – COUNCIL PLAN AND BUDGET 2018+

Treasury investments	Commercial investments	Service investments
<b>1. Purpose</b>		
taken to manage BCC cashflows, including as a result of debt management activity (eg borrowing in advance).	taken and held mainly to generate a financial surplus at market return.	taken and held mainly to deliver service outcomes (including economic).
<b>2. Examples</b>		
deposits at banks and money market funds.	Not many examples currently, but would include the City Council's investment in InReach to support the purchase of HRA void properties.	Warwickshire Cricket Club Loan; the business loan and share portfolios are also mainly for regeneration purposes although a commercial return is expected.
<b>3. Risk appetite policy</b>		
Very low risk. The capital invested needs to be available to meet future cashflows and loan repayments, so preservation of capital is the main objective. Priority for security - liquidity - yield in that order. BCC is a net borrower, so it only has surplus cash to invest for short periods, typically less than 1 year.	Low risk, given the high financial risks faced by the City Council over the next few years, and the Council's fiduciary duty for the prudent management of public money. Investments must represent good financial value, ie financial returns must be at commercial levels commensurate with the risks involved.	Up to medium risk. Strong service benefits (social returns) may justify financial returns below commercial levels, providing the investment is good value for money in relation to City Council priorities and is affordable for the service (including the potential costs of impairment and income loss).
<b>4. Investment management</b>		
'actively managed': daily operations by Treasury Team to invest or borrow to manage daily cashflows and meet longer term borrowing needs.	'traded': managed actively against financial objectives, ie kept under constant review and may be sold and replaced accordingly.	'buy and hold': aimed largely at ensuring the investment delivers its planned financial and service benefits.
<b>5. City Council governance</b>		
City Council delegations to the Section 151 officer and to Treasury Management Team only, in accordance with detailed investment criteria and processes in the Treasury Management Policy, Strategy, and TM Practices.	Full Business Case reports are required under normal BCC executive decision making arrangements, including assessment by Treasury Team. Delegated decision making may be appropriate in individual cases. Processes will be set out in Investment Management Practices as required by the revised Code.	Full Business Case reports are required under normal BCC executive decision making arrangements, including assessment by Treasury Team. Processes will be set out in Investment Management Practices as required by the revised Code .

Continued overleaf

<b>6. Responsible investment policy</b>
The City Council seeks to be a responsible investor, but makes few if any investments in listed equities or bonds. Within the relatively narrow scope of its investments, it will seek to avoid investment in companies whose business is primarily the generation or supply of fossil fuels.
<b>7. CIPFA Prudential &amp; Treasury Codes</b>
The City Council has adopted these Codes, which apply to all investments, whether treasury, commercial (including investment property), or service investments. Authorities must establish an investment risk management framework in their annual Capital Strategy, including policies at strategic level and investment management practices at operational level.
<b>8. Government Investment Guidance</b>
The Government has just issued revised Guidance on 2nd February 2018, which applies to all investments, whether treasury, commercial (including investment property), or service investments. This will be fully taken into account in subsequent revisions to the Treasury Management Policy and this Framework.

## **APPENDIX 19: EQUALITY ANALYSIS**

### **Introduction**

The continued reduction in central government funding puts financial pressure on increasing demand for services with a growing population. Despite these challenges the City Council has planned its £3bn council budget to support the most vulnerable people. A vast majority of our expenditure will go towards supporting education, children and vulnerable people which discharges our statutory responsibilities and improves the quality of life for all. In response to both public consultation and our awareness of equalities legislation we have sought to mitigate any potential negative impacts on protected characteristic groups and the most vulnerable people in our city.

### **Assessment of Equality Impact on Budget Savings Proposals**

The Equality Act 2010, the Public Sector Equality Duty requires local authorities to have due regard to:

- Eliminating discrimination, harassment, and victimisation.
- Advancing equality of opportunity.
- Fostering good relations
- Removing or minimising disadvantages experienced by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

This Duty means the City Council needs to understand the effect of our policies and practices on inequality as we set our budgets proposals. To do this we need to consider the impact of City Council services and actions on the people who share protected characteristics by undertaking an Equality Impact Assessments (EIAs). This approach not only helps mitigate any negative impact on vulnerable people but also protects the City Council against judicial reviews and reputational damage.

The City Council-wide EIA and the individual service EIAs on budget proposals should consider the impact on the protected characteristics in the Equality Act 2010. These are age, disability, race, marriage and civil partnership, sex, sexual orientation, religion/belief, gender reassignment, pregnancy & maternity.

Each service needs to complete an Equality Impact Assessment for each budget saving proposal including any action required to mitigate any risk. The individual EIA should be an ongoing process that develops as the budget saving proposal develops over time. This approach helps City Council departments to understand the equality impact of any reductions including negative and positive impacts of the policy changes.



The EIA should identify:

- The main impacts anticipated;
- How this has been assessed and the evidence used;
- How the views of those impacted have been sought;
- What options for mitigation should be considered as part of the proposal, and;
- How the actual impact will be reviewed after implementation.

The table below highlights pertinent information arising from EIA processes to inform Elected Member decision. It sets out those areas where it is anticipated that further consultation and mitigations will be required prior to implementation of the budget saving.

Reference	Service Area/Policy	Equality Impact of Budget Proposals
SS005B	Benefits Local Welfare provision	<p>The proposal will continue to provide emergency and crisis payments above and beyond the normal welfare benefit entitlements. There will still be the current level of funding available for crisis payments but a significantly reduced amount for community support grants.</p> <p>The Equality Assessment process has shown no adverse or negative impact of this Benefits Local Welfare Provision (LWP) proposal.</p> <p>All protected groups have been considered and the application process to apply for LWP remains a fair consistent process.</p> <p>The crucial areas of the LWP fund (crisis payments) which constitutes 10% of the budget remains unaffected by the decision. The Benefit Service will continue to monitor cases where a request has been refused to ensure decisions are being made fairly and consistently.</p>
EC004	Birmingham Property Services	<p>This proposal is to reshape and reduce staff capacity by 10%. This will mean reducing some areas of current activity - including the management of operational buildings and support the team provides in ensuring vacant possession of assets is obtained prior to disposal.</p> <p>The findings arising from the EIA will inform staff consultation commencing on the 13<sup>th</sup> February 2018.</p>

Reference	Service Area/Policy	Equality Impact of Budget Proposals
EC005	Employment Services	<p>Employment Services deliver the following:</p> <p>Employment Access to support businesses to recruit unemployed job seekers from deprived areas of the city. This function also brokers the support provided by employers for young people in respect of Youth Promise Plus activities.</p> <p>Youth Employment to reduce the number of young people Not in Employment Education and Training (NEETs) including delivery of 'Youth Promise Plus' - a European funded project.</p> <p>This proposal intends to make a saving by removing 1.8 FTE vacant posts from the staffing and delivering the remaining balance by recharging permitted delivery costs to externally-funded projects. This would retain the necessary resources to manage and deliver the current Youth Promise Plus project and maintain the necessary staffing levels to draw together a further £23m to deliver employment schemes for low skilled adults and young people not in employment, education and training.</p> <p>An Equality Impact Assessment has been undertaken and identified an impact on staff, stakeholders and the wider community and specifically groups with the following protected characteristics: Age, Disability and Race.</p> <p>To mitigate any adverse impact on protected groups we will marginally reduce the resources available to deliver services, (by not recruiting to vacant posts) and we will retain the current FTE headcount in the Employment Service, which seeks to reduce social and economic exclusion for all people. This approach will enable the continuation of services and projects delivered by the service, and target groups who are disadvantaged in the labour market, particularly: people with disabilities; young people; and people from a black and minority ethnic (BAME) backgrounds.</p> <p>Based on the EIA screening process, we conclude that services would continue to be delivered to the specified groups with protected characteristics, and would not impact existing FTE headcount.</p>

Reference	Service Area/Policy	Equality Impact of Budget Proposals
CY001A	Access to Education - Education Psychology	<p>This proposal involves the removal of the joint head of service post across the Access to Education and Education Psychology teams, plus an additional post from the Educational Psychologists team. In addition the service is working to develop a more commercial model of service to sell to other organisations and work is beginning to identify areas where investment may be needed to grow the business further to increase revenue. This proposal aims to boost income through widening trading services and reducing a management post. Initial Equality screening has identified no negative impacts on protected groups or employees.</p> <p>A positive impact of this proposal could be the expansion of the service by developing a trading model, increasing services provided to young people with disabilities/SEN.</p>
CY003	Cityserve	<p>There are three components to Cityserve. These are Catering, Cleaning and Caretaking. Catering is the only service that is profitable. The proposal is to:</p> <p>Expand the education catering business beyond Birmingham borders, as well as working up a trading model (Cityserve select) that supports clients who choose to provide school meals 'in-house'; and stop the caretaking business and the cleaning business.</p> <p>This proposal aims to boost income through widening trading services and reducing the cleaning function. This would potentially impact upon a mainly female and older workforce but it is hoped that a number of these would be employed by other organisations e.g. schools.</p> <p>An initial Equality screening has been carried out. The screening has not identified any service users that would be negatively impacted by the proposal. The options for transferring staff to schools provide longer term security for this workforce.</p>

Reference	Service Area/Policy	Equality Impact of Budget Proposals
CY010/CY013	School Setting / Improvements	<p>This service delivers school improvement support as well as oversight of school governance; and safeguarding. It also covers a range of activity involving support to Head Teachers; data intelligence; legal compliance and Post 16 Provision.</p> <p>This proposal involves reducing expenditure on areas such as: IT, data and performance management, HR support and some commissioned contracts. Safeguarding and governance have been protected.</p> <p>No redundancies are proposed and initial Equality screening consideration has not highlighted any further risks or mitigations, although this will be kept under review</p>
CY012	School and Governor Support	<p>School and Governor Support (S&amp;GS) is a traded service that provides professional support and advice to schools and academies. The service also carries out statutory duties on behalf of Birmingham City Council.</p> <p>This proposal involves reviewing the current subscription model for the service.</p> <p>This proposal is about seeking to increase revenues charged to school. This is not felt to be an equality issue with charges being increased in the usual incremental fashion across all schools.</p>
CY016	School Financial Services	<p>The service aims to reduce financial risk to Birmingham City Council by undertaking a monitoring role to ensure that financial probity, governance and accountability for the use of public funds in maintained schools is being properly managed.</p> <p>As a traded service, it generates income to meet annual targets through the offer of financial support services to maintained schools and academies. Schools Financial Services has been a trading service since 1996 and 85% of maintained schools buy financial support service packages that enable the income target to be achieved as well as generating surpluses of approx. £200k.</p> <p>The proposal is to reduce staffing of the service by one member of staff.</p> <p>The service will continue to be delivered to schools as part of a traded model.</p> <p>This will be achieved by deleting a current vacancy. There are no negative impacts to people and employees from protected groups.</p>

Reference	Service Area/Policy	Equality Impact of Budget Proposals
AD001	Adult Packages of Care	<p>This proposal aims to:</p> <ul style="list-style-type: none"> <li>• Enable vulnerable people, such as those with learning disabilities or mental health problems, to access services in the community, e.g. homecare/day care, rather than being in residential care. It aims to meet needs locally, providing support close to home rather than out of area.</li> <li>• Help older people by working more effectively with the NHS, to avoid admissions to hospital in the future. This work coupled with the intention to move to Community focussed Social Care teams and investment in the community will improve older people's resilience and move to a 'last resort' scenario for residential services. The motto will be 'Home First'.</li> <li>• Increase income from charges to clients by introducing a range of new charges on services</li> </ul> <p>An EIA has been carried out on the proposal and there are no specific impacts on vulnerable protected groups. The service will provide culturally appropriate care in people's own home and in their communities. The quality of care will not be affected and assessment will be carried out before any charges are made.</p>

Reference	Service Area/Policy	Equality Impact of Budget Proposals
AD002	Social Work assessment and Care Management	<p>This proposal includes a restructure of the Social Work Assessment and Care Management Service which will increase the number of people reporting to individual managers (spans of control), further the moves to an asset-based assessment approach for citizens (focusing on what the citizen can do for themselves) and further the development of the community offer by working more closely with the third sector.</p> <p>The new approach will enable and empower people to develop and receive services in their own community by working closely with local GPs, communities and the Voluntary Sector. It is envisaged that a restructure will include increasing the span of control for the managers of the service and remodelling other services.</p> <p>The remodelling of the service will also include moving the specialist provision of Learning Disabilities and Mental Health into the Community Teams. An EIA has been carried out on the new approach and there are no specific impacts on vulnerable protected groups because the aim is to improve services overall including for protected groups.</p>

Reference	Service Area/Policy	Equality Impact of Budget Proposals
AD006	Public Health	<p>It is proposed to re-direct discretionary aspects of the Public Health allocation into prevention and early intervention. This is in addition to the reductions of £4.78m planned for 2019/20 and beyond, which are due to forecast grant reduction.</p> <p>We are proposing the following changes to achieve this:</p> <ul style="list-style-type: none"> <li>• Changing the school nursing service from a universal to targeted service (in 2018/19)</li> <li>• Further staffing redesign (2018/19), changes to the Young Persons substance misuse service (2019/20)</li> <li>• Stopping support to the financial advice service and the Young Persons homeless hub (2020/21)</li> <li>• Reducing the expenditure on the smoking/quit service and stopping the substance misuse homeless service (both from 2020/21).</li> </ul> <p>Due to reduction in the Public Health allocation for 2018/19 and beyond it is envisaged that funding for some services may be reduced and in some cases funding may cease. Initial Equality Assessment has been undertaken relating to changes in Public Health Services.</p> <p>Initial EIA screening identified that reduction in funding will require all service providers impacted by changes in services to reflect population needs of the community served. This will be an integral aspect of the framework for discussions with these services. A reduction in funding would be negotiated with the provider organisations. However, as open access services will continue to be available citizens under protected characteristics will be able to access the services.</p> <p>Citizens under the protected characteristics, between 5 and 18 years of age, will continue to be able to access support from the School Health Advisory Service, although services will be focused on communities of greatest need.</p> <p>Prior to decisions relating to changes of services, consultation with citizens and appropriate stakeholders will be ongoing. Feedback received will influence changes to services. and all appropriate engagement and mitigations will take place prior to implementation.</p>



Reference	Service Area/Policy	Equality Impact of Budget Proposals
AD007	Specialist Care Services	<p>The proposal is to move away from institution based care to local community based activities.</p> <p>The City Council will continue to provide and develop services that reduce the dependency on social care including Enablement (rehabilitation), Equipment, Home Adaptations and Occupational Therapy services. Through partnership, it will develop opportunities to reduce cost and improve effectiveness through integration with health.</p> <p>As the Day Opportunity strategy and model is developed with service users, this will reduce the reliance on building based care to reflect the changing needs of people. This will include further consolidation of younger adults day care as demand for this provision reduces. Support and access to meaningful activities such as employment will continue. Carers respite will continue and a greater range of options will be developed.</p> <p>We will review the use and cost effectiveness of our Care Centres and bed-based services in partnership with Health and the independent sector to ensure these services deliver best value. We will continue to develop alternatives to bed-based care and invest in Shared Lives and Homeshare to deliver alternative living arrangements that promote staying in the community and independence and have a lower average cost than Residential Care Placements</p> <p>The Day Opportunities Strategy is being produced with users from February to June 2018. The resulting recommendations being made to Cabinet will include full EIA.</p> <p>The future use of the Care Centres is being considered via the systems work on Intermediate Care and when a model/business case is developed the EIA will contribute to this.</p> <p>All service developments will be subject to Business Case and EIA.</p>

Reference	Service Area/Policy	Equality Impact of Budget Proposals
PL003	Parks and Nature Conservation	<p>The proposal refers to:</p> <ul style="list-style-type: none"> <li>• increase income generation through additional commercial activities being advertised and secured through a robust procurement exercise. Expressions of interest from commercial operators wishing to bring a business opportunity to Sutton Park are currently being evaluated to ensure they are suitable for the site (a Scheduled Ancient Monument, Site of Special Scientific Interest, and National Nature Reserve). Meetings are currently underway with applicants who have passed this first sift. Once final details are known an Initial EIA will be carried out for those activities that we wish to take forward for consultation with local members and Sutton Advisory Committee.</li> <li>• Introduction of car parking charges at Lickey Hills (2018/19) and Sutton Park 2019/20 – subject to consultation. A full EIA has been submitted for Lickey and an Initial Equality Assessment has been submitted for Sutton. Car parking charges were introduced at Cannon Hill in November 2017 and a full EIA was submitted for this.</li> </ul>
PL011	Registration Service	<p>The proposal is to increase fees that are not set by law. This includes enhanced wedding/civil partnership ceremonies, baby naming and renewal of vows in the ceremony rooms; and ceremonies at approved premises where two registrars must attend.</p> <p>An EIA has been undertaken and fees and charges were amended as a result of consultation. Amendments include a range of marriage or civil partnership ceremonies available in the ceremonies suite, which are set at various fees and there is a reduced fee for standard ceremonies charged for Monday, Wednesday and Thursday mornings. In addition the planned fees increase relating to approved premises which apply for, or renew a licence to hold civil ceremonies, have been reduced.</p> <p>No adverse impact identified on groups with protected characteristics as a result.</p>

Reference	Service Area/Policy	Equality Impact of Budget Proposals
PL014	Waste Prevention	<p>It is proposed to combine the current waste prevention team with the redesigned waste prevention service within waste management. This allows for a whole place approach and delivers economies of scale by moving the current waste prevention team back into Waste Management to work alongside the new roles. This will enable taskforce activity alongside the daily work/activity of the Waste and Recycling Collection Officers in the new role to maximise the outcomes required, increase recycling and reduce domestic waste.</p>
PL016D	Neighbourhoods & Communities: Youth Service	<p>The proposal will retain current Youth Centres and retain match funding for city wide European Social Fund (ESF) bid supporting young people. It will deliver the £630k pressure through:</p> <ul style="list-style-type: none"> <li>• £450k an increased contribution from ESF bid</li> <li>• £150k if pilot work on 'Return Home Interviews' is successful and the Youth Service secures this work going forward</li> <li>• £30k other income streams such as the Youth Participation/Your Voice funding</li> </ul> <p>To deliver the above ultimately requires positive decisions from within the City Council:</p> <ul style="list-style-type: none"> <li>• Seeking to increase the allocation of work to the youth service from the ESF bid from £300k to £450k (Economy)</li> <li>• The Youth Service pilot being successful and then being Commissioned by Children's to carry out the work when the current contract ceases</li> <li>• That Commissioning/Public Health continue funding the Youth Participation work in 2018/19</li> </ul> <p>In addition to meeting the £630k pressure a further £100k general efficiency is delivered by the service</p> <p>We are currently not looking at making any reductions to our service provision in relation to the budget process. However the situation may change in July 2018 when some of our external funding comes to an end. To mitigate any negative impact from the loss of this funding we have started to explore alternative sources of funding.</p> <p>Based on our current savings, as identified in the budget proposals, £100k has been achieved by deleting a vacant post (that has been vacant for 12 months) and through receiving income from the Home Office for a youth community engagement worker.</p>

Reference	Service Area/Policy	Equality Impact of Budget Proposals
PL016E	Neighbourhoods & Communities: Community	<p>Progress the closure and disposal of Newtown Community Centre and retain the revenue saving revenue saving arising from the generation of the capital receipt to deliver savings; transfer responsibility for the Friends Institute Trust for which BCC is Custodian Trustee to a third party; and let Coronation Play Centre to an external not-for profit organisation.</p> <p>The proposed closure of Newtown Community Centre is associated with the closure of the attached sports facility, which was agreed as part of the (then) City-wide Sport &amp; Leisure Transformation Programme; and the City-wide Community Service Redesign, necessitated by previous budget decisions which were subject to public consultation. The Centre offers open access to almost any group or individual who wishes to hire space to offer services or run activities for members of the community, and individuals with one or more of the protected characteristics may attend the Centre to access these. However, the characteristics of individuals participating in activities offered by independent external groups are not monitored by the City Council. The Equality Impact Assessment identifies that community and third sector groups who use the facility to deliver their services and run their clubs and societies will be displaced; and service users may not be able to access the same range of services or activities they can at present or may have to travel further to access them. This may have a disproportionate impact on people for whom transport presents a barrier because it is physically difficult or because it is financially prohibitive.</p> <p>The mitigations include the provision of a new Swimming Pool at Icknield Port Loop; and support to groups and organisations to find alternative accommodation in the area.</p>

# APPENDIX 20: BUDGET 2018+ CONSULTATION REPORT



## BIRMINGHAM CITY COUNCIL

### BUDGET 2018+ CONSULTATION REPORT

January 2018

Corporate Policy and Strategic Research Team



Version 7  
25/01/2018

## Contents

<b><i>Executive Summary</i></b>	<b>205</b>
<b><i>1. Introduction</i></b>	<b>208</b>
<b><i>2. Key Services</i></b>	<b>211</b>
<b><i>3. Key Service Area - Adult Social Care and Health</i></b>	<b>212</b>
<b><i>4. Key Service Area – Children and Young People</i></b>	<b>213</b>
<b><i>5. Key Service Area – Place</i></b>	<b>214</b>
<b><i>6. Key Service Area – Economy</i></b>	<b>215</b>
<b><i>7. Key Service Area – Strategic Services</i></b>	<b>216</b>
<b><i>8. Key Service Area – Corporate</i></b>	<b>217</b>
<b><i>9. Council Tax and Social Care Precept</i></b>	<b>218</b>
<b><i>10. Comments and suggestions for delivering services differently</i></b>	<b>219</b>
<b><i>11. Other Issues</i></b>	<b>221</b>
<b><i>APPENDIX I: Responses from Organisations</i></b>	<b>222</b>
<b><i>APPENDIX II: Profile of Survey Respondents</i></b>	<b>223</b>
<b><i>Appendix IIIi Schools, Children and Families O&amp;S Committee comments on the budget consultation responses</i></b>	<b>227</b>
<b><i>Appendix IIIii Housing and Homes O&amp;S Committee Budget Discussion : 10 January 2018 – Response to Budget Consultation</i></b>	<b>229</b>

## Executive Summary

This report summarises responses to Birmingham City Council's Budget Consultation 2018+ which ran from 12<sup>th</sup> December 2017 to 15<sup>th</sup> January 2018. It was based upon a 'Budget 2018+ Consultation' booklet.

This year's consultation referred to £8m for specific proposals and efficiency targets of £6m for the coming 2018/19 financial year. It also referred to the longer term financial challenge of identifying a total of £48m by 2021/22. These savings are on top of the cash savings of £642m already made since 2010/11.

In addition to the consultation document the consultation process also involved:

- 102 people attending a public meeting in the Banqueting Suite of the Council House, led by the City Council's Leader and Cabinet
- A consultation meeting aimed at the business community, attended by representatives of Birmingham-based businesses, the Chamber of Commerce, the Council Leader and several Cabinet Members
- Online Be Heard Survey, online communications campaign including Webpages, news feeds, Facebook and Twitter

In addition each Directorate was expected to carry out individual consultation with its service users as appropriate before implementation of any decisions.

Responses were received as follows:

- 639 responses to the online 'Be Heard' online survey
- 11 Comments from organisations made through submissions to 'Budget Views' includes emails and letters

Overall, the budget consultation for 2018+ generated considerable response across the city. The focus was to encourage participants to take part via the online survey and to rank the services that were most important to them. This allowed the consultation to take account of residents' genuine preferences and concerns rather than being skewed towards individual popular campaigns.

This consultation was on the overall resource allocation. City Council Directorates will be supplementing this with more detailed service led consultations and equality impact assessments with those affected. These will complement the corporate impact assessment attached as an appendix to the Council Plan and Budget 2018+

Respondents were asked to specify which services were most important to them, and to what extent they agreed or disagreed with the proposals. The proposals were grouped according to service and then the level of Council Tax and the social care precept. Finally they were invited to make comments or suggestions as to how to save money.

### Most Important Services

The online survey asked respondents to rank the top five services that were most important to them and their families from a list of 25 key services. These ranged from child protection, environmental health and transport planning, to older and disabled people.

The top five themes in the questionnaire based upon the totals were:

Top 5 - based on total score (e.g. rank 1 = 5 points, rank 2 = 4 points, rank 3 = 3 points etc.)	Top 5 - based on most rank '1' given to service
Older and disabled people	Older and disabled people
Refuse collection	Child protection
Child protection	Refuse collection
Mental health Issues	Improving B'ham economy
Families	Families

The online budget consultation survey asked whether respondents agreed or disagreed with the proposals for key service areas. Overall more agreed than disagreed.

Agreement with overall themes (% based on number of respondents to that theme)

Response	Adult Social Care & Health	Children & Young People	Place	Economy	Strategic Services	Corporate
Strongly agree	8%	7%	6%	6%	4%	10%
Agree	31%	33%	29%	32%	31%	27%
Neither agree nor disagree	27%	33%	28%	37%	38%	33%
Disagree	15%	12%	18%	11%	11%	11%
Strongly disagree	12%	8%	10%	6%	5%	6%
Don't know	7%	8%	9%	8%	11%	13%
Total	100%	100%	100%	100%	100%	100%
<b>Total agree</b>	<b>40%</b>	<b>39%</b>	<b>35%</b>	<b>38%</b>	<b>35%</b>	<b>37%</b>
<b>Total disagree</b>	<b>27%</b>	<b>20%</b>	<b>28%</b>	<b>17%</b>	<b>16%</b>	<b>17%</b>

If the participant disagreed, they were asked which proposal they disagreed with. The areas with the most disagreements were:

- Place Services (28%) disagree
- Adult Social Care and Health (27%) disagree
- Children's Services (20% disagree)

The areas that were most disagreed with in respect of Place Services were commercialisation of parks, charging for library book reservations and charges in Bereavement Services with concern that the latter two would hit the vulnerable and poorer residents disproportionately.

On Adult Social Care and Health, people were concerned about the negative impact on vulnerable people, particularly older people and those with mental health problems/learning difficulties. They were also unhappy about increasing charges to service users. At the public meeting the Director of Adult Social Care explained that the City Council is investing in adult social care and looking at different ways of delivering services such as enablement and a community based approach/asset based approach, building on people's strengths. Furthermore he outlined how the City Council is investing money in the Third Sector and working with the NHS. There were also concerns about some cuts to smoking/quit service



and substance misuse for the homeless. It was felt that the increased focus on 'care in the community' would make things worse.

## **Public Meetings**

Contributors to the open public meeting raised the following key issues:

- Concerns about closure of day centres and the adult social care proposals.
- Dissatisfaction with the online survey
- Concerns about care for those with physical disabilities and the elderly
- Suggestions for raising income
- Suggestions that there should be a campaign to get Birmingham the funding it needs
- Disagreement with the charging for reserving library books
- Commonwealth Games
- Concern about the closure of day nurseries
- The need for impact assessments\*

The business meeting raised issues such as:

- Planning and enforcement and the impact of reducing funding
- Clarification about the property strategy and how the city uses its assets
- Commonwealth Games – how could businesses help, how could they benefit the city and how they will be funded?
- Business Rates
- 
- Council Tax and social care precept
- Just over half of all respondents to the online questionnaire agreed with the proposed general 2% increase in Council Tax. With just under half disagreeing.
- However, only 40% agreed to the rise when the Council Tax was combined with the social care precept. The proposal is to increase Council Tax by a further 3% to pay for adult social care (known as the adult social care precept).

## **Other Comments and Suggestions for Saving Money.**

Respondents to the online survey were asked for further comments and suggestions as to how the City Council could save money. Overall there were 401 comments made. There were as many as 57 different themes, with the top themes being: council waste and inefficiency; use of external contracts/private sector/consultants; support for the vulnerable and the refuse service.

## **END OF EXEC SUMMARY**

*\*It is the council's policy to undertake equality impact assessments in compliance with the Equality Act 2010. In addition to the corporate overview, service specific impact assessments are undertaken as required.*

## 1. Introduction

### The Consultation

The City Council has already made savings of approximately £642m and dramatically cut its workforce since 2010. There have been four key ways in which the city has made those savings

- Pursued new ways of delivering services
- Made better use of our assets
- Reduced the size of our workforce.
- Reduced services

Despite this, the city will continue to face an extremely challenging financial situation over the next four years. The City Council has always been heavily dependent upon Government grants to meet the costs of services. This has made it very vulnerable to cutbacks in those grants. Planned cutbacks in core Government grants and other forecast changes mean the City Council expects to have to make savings of £111m per annum.

Although the total 2017/18 City Council expenditure is £3bn, a large proportion of our funding must be spent on specific services. For example, £713m of grant funding must be spent on school services, and another £550m is to reimburse the City Council for meeting housing benefit costs. Income from the provision of council housing must be spent in providing that housing and related services (£284m).

Other areas of spending, such as debt financing costs, are fixed and unavoidable. This means that only around a third of expenditure is directly controllable by the City Council, and savings have to be made from this much smaller budget figure.

Taking all these factors together, the further savings that we now need to make (on top of the annual savings of about £642m that the City Council has already made from 2010/11 up to 2017/18) are £111m. This will mean total annual savings of £753m over the eleven year period. We have previously consulted on some of the savings which are already included in the City Council's financial plans including significant savings in the cost of 'back-office' services. This consultation document concentrates on the newly identified proposals and detailed those grouped by key service area.

This report summarises the responses to Birmingham City Council's Budget Consultation 2018+ which ran from 12<sup>th</sup> December 2017 to 15<sup>th</sup> January 2018, based upon the 'Budget: Consultation 2018+' document.

The consultation process involved:

- A public meeting led by the City Council's Leader and cabinet in the banqueting suite of the Council House , with the City Council's chief officers also present and attended by over 100 people
- Online Be Heard survey, online communications campaign including webpages, news feeds, Facebook and Twitter
- Comments/ letters received from organisations via emails and attached letters
- A consultation meeting aimed at the business community, attended by representatives of Birmingham-based businesses at The Chamber of Commerce with the Council Leader, several cabinet members and chief officers;

- In addition each Directorate was expected to carry out individual consultation with its service users as appropriate before implementation of any decisions

Respondents were concerned that cuts would have a highly negative impact on the most vulnerable people in society, including older people, those with mental health problems, and physical and learning disability. Respondents did express disquiet about waste services and housing generally, wanting the City Council to build more social housing and make better use of private landlords as well as reducing the use of temporary accommodation. The Commonwealth Games were referred to. Businesses were keen to know how they could work with the city on the games. Many people were concerned about how the city would fund the games. Suggestions for raising income by other means than raising Council Tax e.g. car parking went hand in hand with comments that commercialisation of parks and charging for car parking in parks would impact upon the most vulnerable and families on lower incomes.

This year's consultation referred to £48m of new savings required by 2022 with £14m specific proposals totalling £8m and efficiency targets of £6m required in the 2018/19 financial year. These savings are on top of the cash savings of around £753m per annum already made since 2010/11.

### Six Key Service Areas.

The proposals in this year's consultation document were organised under the following six key service areas, with the table below showing the breakdown from the online survey responses. There were also some responses from organisations.

Agreement with overall themes (% based on number of respondents to that theme)

Response	Adult Social Care & Health	Children & Young People	Place	Economy	Strategic Services	Corporate
Strongly agree	8%	7%	6%	6%	4%	10%
Agree	31%	33%	29%	32%	31%	27%
Neither agree nor disagree	27%	33%	28%	37%	38%	33%
Disagree	15%	12%	18%	11%	11%	11%
Strongly disagree	12%	8%	10%	6%	5%	6%
Don't know	7%	8%	9%	8%	11%	13%
Total	100%	100%	100%	100%	100%	100%
<b>Total agree</b>	<b>40%</b>	<b>39%</b>	<b>35%</b>	<b>38%</b>	<b>35%</b>	<b>37%</b>
<b>Total disagree</b>	<b>27%</b>	<b>20%</b>	<b>28%</b>	<b>17%</b>	<b>16%</b>	<b>17%</b>

Respondents were asked whether they agreed or disagreed with the proposals. Overall more people agreed with the proposals than disagreed with the proposals. Those areas with the highest number of disagreements were:

- Place at 17% disagree and 9% strongly disagree
- Adult Social care and Health at 15% disagree and 12% strongly disagree
- Children and Young People at 11% disagree and 8% strongly disagree

Many people neither agreed nor disagreed

If the participant disagreed they were asked which proposal they disagreed with.

The key disagreements were:

- Place (28%)
- Adult Social Care (27%)
- Children's services (20%)

Responses from organisations were concerned with:

- Mental health services
- Changes to adult packages of care, with concern over the implementation
- Protection of the historic environment.
- Adult Social Care, Public Health and day care centres, with respondents acknowledging the issues that the City Council faced but expressing concern too.

As well as asking for views on specific savings proposals and new ideas for savings, the consultation asked for views on the increased level of Council Tax next year and the increase in Council Tax to support social care (called the social care precept) and finally ideas or suggestions on how the City Council can deliver services differently to save money.

City Council Directorates are supplementing this over-arching consultation with more detailed consultations with users about specific proposals. Some have been run in parallel with this consultation. Responses to the consultation underline the importance of ongoing engagement by the City Council with citizens, stakeholders and partners on the details of the proposals and their delivery.

## **The Report**

Comments submitted through all the channels outlined above are summarised under the headings used in the online survey. For each of the six key service areas there is a table showing the proportion of people agreeing or disagreeing with it. If the respondent disagreed they were asked to give their comments on the proposals that they disagreed with. Reference is also made to comments made on a particular proposal through other consultation routes where relevant.

The final section addresses the views expressed on issues that do not neatly fall under one of the other headings and comments on some of the approaches taken.

## 2. Key Services

These are the top five services of importance to the respondent.

Top 5 - based on total score (e.g. rank 1 = 5 points, rank 2 = 4 points, rank 3 = 3 points etc.)	Top 5 - based on most rank '1' given to service
Older and disabled people	Older and disabled people
Refuse collection	Child protection
Child protection	Refuse collection
Mental health Issues	Improving B 'ham economy
Families	Families

### Key Points

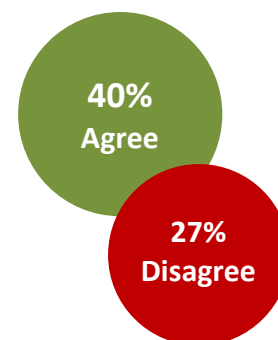
The online survey asked respondents to rank the top 5 services that were most important to them and their families from a list of 25 key services ranging from child protection to environmental health and transport planning to older and disabled people.

As can be seen from the table above, services to vulnerable people such as older and disabled people, refuse collection, child protection and families were most important to the respondents. This differs slightly from last year where refuse collection wasn't such a priority.

### 3. Key Service Area - Adult Social Care and Health

The proposals relate to the following services:

- Adult Package of Care – community services, ‘Home First’, service charges.
- Social Work Assessment & Care Management – restructure and remodelling of service, moving specialist provision into community.
- Corporate Director – debt collection from service users.
- Public Health – nursing, substance misuse, homelessness, smoking/quit services.



Total Responses: 628

Strongly Agree		Agree		Neither Agree nor Disagree		Disagree		Strongly Disagree		Don't Know	
52	8%	197	31%	169	27%	95	15%	73	12%	42	7%

#### Key Findings:

For Adult Social Care & Health, more respondents agree with the proposals (40%) than disagree (27%).

153 respondents made specific comments in the survey. Over half (52%) of those commented on the Adult Package of Care/Social Work Assessment areas. The main themes were:

- Respondents were most concerned that cuts will have a **highly negative impact on the most vulnerable people** in society (37%), including older people, those with mental health problems, and physical and learning disability. For some, there should be more investment in Adult Social Care & Health, rather than cutting it.
- There **shouldn't be an increase in charges to service users**, as these are the most vulnerable, and most likely to be unable to afford it, and it could drive users and their families into further financial difficulty, or users might possibly avoid getting the help that they need.
- There was also **criticism of the focus on community-based care**, that it will make things worse. Some respondents saying it will lead to a loss in quality of care and place too much pressure on other areas already under great strain - NHS, the third sector - as well as a potentially damaging burden on the vulnerable service users and their families, especially if the service users are physically or mentally unable to cope.

Other issues centred on Public Health, with some respondents being against cuts for the young person's homeless hub, substance misuse for the homeless, and the smoking/quit service.

#### The following comments are typical of the points raised:

*“Until there exists a strong, well-qualified group of workers in the Community, it is not appropriate to expect families under severe stress caused by the lack of support to have those suffering from diverse mental or physical health issues to be cared for at home.”*

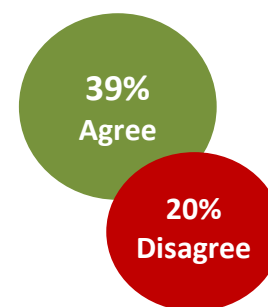
*“Money is being taken from vulnerable adults in our community. If this continues, then carers will simply stop caring for them in their own homes. Adult placements are difficult enough to find and maintain without further cuts. The cost implications of these vulnerable adults ending up on our streets(which is what will happen) will be catastrophic.”*

*“...People would be reliant on charity and voluntary agencies whom are already poorly funded. the impact on people in poorer communities will be disproportionate.”*

## 4. Key Service Area – Children and Young People

The proposals relate to the following services:

- Educational Psychology – staff reduction, commercialisation.
- Cityserve – catering, cleaning, caretaking.
- School Setting/Improvements – reducing expenditure.
- School & Governor Support – reviewing subscription model.
- Schools Financial Services – staff reduction.



Total Responses: 624

Strongly Agree		Agree		Neither Agree nor Disagree		Disagree		Strongly Disagree		Don't Know	
41	7%	203	33%	205	33%	74	12%	49	8%	52	8%

### Key Findings:

**More agreed (39%) than disagreed (20%) with the proposals**, however a third of respondents (33%) neither agreed nor disagreed.

110 respondents made specific comments in the survey.

**Educational Psychology** was the most commented on service (23% of total respondents), with concerns over how cuts to this would impact vulnerable children reliant on the service, including those with special needs. There was worry over how cuts to children's services generally will put vulnerable families and children at more risk or danger and put schools under more strain.

Some respondents thought that these services were already under too much pressure and these cuts would only exacerbate existing problems.

Children's services should be a priority, and would cause issues for the city further down the line. More investment and a preventative approach are needed, instead.

There was also scepticism of planned remodelling/commercialisation of services, with priorities becoming profit-led.

### The following comments are typical of the points raised:

*"There are too many children who arrive in our schools not in a fit state to learn. If support for these children is taken away, there is a negative impact on schools"*

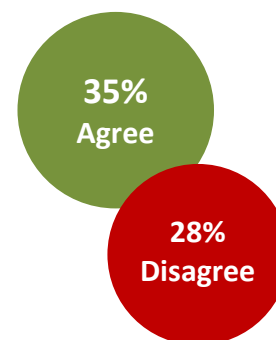
*"I work in the education sector and services such as Educational psychology dept are currently difficult to get sufficient coverage - further reduction is detrimental to support for children who need it"*

*"Anything that involves commissioning off services for vulnerable people leads to fragmented services and ultimately higher expense to the council due to badly drawn contracts. This model cannot work for health and social care and it is the one area that should be steering clear."*

## 5. Key Service Area – Place

The proposals relate to the following services:

- Sport & Events – Harborne Pool maintenance contributions
- Parks & Nature conservation – commercialisation of parks
- Bereavement Services – organists, re-open and burial / cremation fees
- Engineering & Resilience – resilience team, CCTV and use of consultants
- Register Office – fees not set by law
- Waste Prevention – economies of scale through merging teams
- Libraries – book reservation fees
- Youth Services – youth centres, funding streams and efficiencies
- Community Centres – develop solutions to reduce running costs
- City Centre management – A board license fees
- Housing – temporary accommodation and Shelforce trading activities



Total Responses: 621

Strongly Agree		Agree		Neither Agree nor Disagree		Disagree		Strongly Disagree		Don't Know	
39	6%	180	29%	173	28%	111	18%	60	10%	58	9%

### Key Findings:

There is mixed response to the Place proposals - 35% of respondents agreed compared to 28% who disagreed, and a further 37% who neither agree nor disagree or don't know. 144 respondents commented on why they disagree; the proposals that received the most disagreement comments are:

- **Parks and Nature Conservation** – this received the most comments (70 respondents), with the majority disagreeing with commercialisation of parks, and some stating it would impact the disadvantaged and families, and stop people from going. In particular, respondents are against car park charges, which could cause problems for local areas, as users would park in nearby residential streets instead. Some state that parks belong to the public, should be free for all to use, and be maintained by the council. Other comments include parks being important for health and wellbeing, that they should be left as natural environments, and that they do not want events or entertainment spoiling the parks.
- **Libraries** – 28 respondents disagree with fees for reserving books, stating this will have a negative impact on the poor, disadvantaged or vulnerable, who would not be able to afford the fees, and preventing people from reading and learning. A few stated that stocks are low in some libraries, so the fees will unfairly impact on those living by smaller poorly stocked libraries. Some also noted that the savings amount is not very much compared to the impact it will have on people, that libraries have already had many cuts, and this may lead to libraries becoming unused and have to shut.
- **Bereavement Services** – 27 respondents disagree with one or more of the three proposals. The majority are against an overall increase in funeral /burial / cremation fees stating that funeral costs are already high and will cause even more financial difficulties for families. Respondents also specifically disagree with the removal of the organist, with some stating that they do more than play the organ and are vital to supporting other functions of the service.

### The following comments are typical of the points raised:

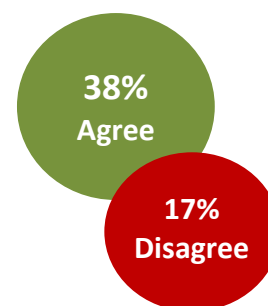
*“Parks need to remain public and accessible to all. They are important to our health and wellbeing.”;*  
*“Car park charges are likely to cause parking issues outside of parks or put people off completely.”;*  
*“I disagree with charging to reserve library books - it's hardly a dip in the ocean but the impact will be more significant hitting the more poor and vulnerable.”; “Funeral costs are already high, especially for lower income families, so I do not think Burial and cremation fees should be increased.”*



## 6. Key Service Area – Economy

This includes areas around:

- Property Services and the Property Strategy
- Housing investment and development
- Business and Enterprise
- The West Midlands Growth company
- Planning and Development
- Transportation



Total Responses: 622

Strongly Agree		Agree		Neither Agree nor Disagree		Disagree		Strongly Disagree		Don't Know	
38	6%	198	32%	229	37%	67	11%	38	6%	52	8%

### Key Findings:

Of the respondents to the Economy proposals, 38% agreed with the proposals, 37% neither agreed nor disagreed and 17% disagreed. Thus less than 1/5 of respondents disagreed with these proposals. Of those who disagreed, 87 respondents commented on which proposal they disagreed with and the impact (not all respondents commented).

The areas that people most disagreed with were:

**Transportation proposals** (11% disagree): with comments around reduction in the transport behaviour teams and the need to promote cycling and walking.

**Planning and Growth** (10% disagree): with participants making the point that to develop Birmingham and deliver a high quality environment together with the new investment that is taking place in Birmingham required staff in this area, and in the **Business and Innovation area**.

People largely agreed with the **Property Strategy**, although around 6% disagreed. People felt that the cities assets also needed to be maintained well.

**Employment Services** (8%) disagree were felt to help a young city and with some commenting on their importance for people seeking a job and for the prosperity of the city.

Comments were made on public transport – both about investing more in public transport and linkages to boost the city's economy, greater regulation, and about saving money by not implementing HS2 and the tram extensions.

### The following comments are typical of the points raised:

.....“I don't think anything should be reduced, Birmingham has a young population, who need lots of support and help to get into work and the jobcentres and services like that have diminished capacity due to cuts and introduction of universal credits; anything that could provide extra support should remain.”

“That activities in the Travel and Behaviour change team would be scaled down, it is exactly where there needs to be investment. The congestion into the city centre, number of dangerous drivers and accidents, pollution are all very serious issues that the council is doing nothing about”

“You need to be more pro-active in selling the city for business and leisure.”

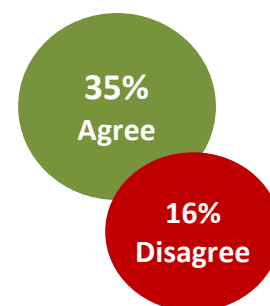
## 7. Key Service Area – Strategic Services

The proposals in this area are:

Commissioning and Procurement – income generation and reducing headcount.

Benefits - reduce local welfare provision in community support grants.

Customer Services Citizens' Voice – review the activities with changes to be implemented during 2018.



Total Responses: 617

Strongly Agree		Agree		Neither Agree nor Disagree		Disagree		Strongly Disagree		Don't Know	
24	4%	190	31%	237	38%	68	11%	28	5%	70	11%

### Key Findings:

35% of respondents agreed with the proposals compared to 16% who disagreed, and a further 49% who neither agree nor disagree or don't know. 72 respondents provided comments, with the following proposals or themes receiving the most comments:

**Local Welfare Provision** – of the three service areas, this received them most comments with 30 respondents (42% of respondents who commented) disagreeing with any reductions to this. Many state that it will affect those who are the most vulnerable and in need, and already in hardship. A few also say the proposal is vague or they don't understand what the impact of it will be.

**Impact of cuts on vulnerable** – a further 17 respondents (24%) commented overall on the proposals as being cuts to services and staff which they disagree with, and that there have already been enough cuts. Again, many state that these will impact the most on the vulnerable and service users.

### The following comments are typical of the points raised:

*"I disagree with reducing the provision of support grants - which are only going to vulnerable people. Poverty is increasing in the UK, and the gap between rich & poor is also increasing. This needs to be reversed."*

*"I disagree on reducing any Local Welfare Provision, people already struggle enough, I should know, I do."*

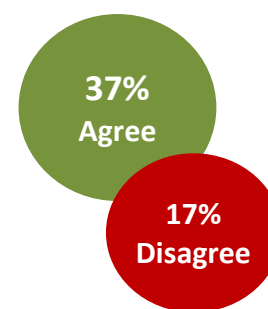
*"There has been enough cut backs on services and it will have a massive impact on service users."*

*"I don't think you should be removing money from vulnerable people especially as the government are already doing that to benefits. It doesn't affect my family as I work but there has to be help when needed."*

## 8. Key Service Area – Corporate

Proposals in this area are:

- **Efficiency** – Services will be required to adopt a range of efficiency measures in order to deliver services at a reduced cost.
- **Commercialisation** – Developing a more commercial mind-set in the Council’s approach to services.



Total Responses: 615

Strongly Agree		Agree		Neither Agree nor Disagree		Disagree		Strongly Disagree		Don't Know	
63	10%	168	27%	202	33%	69	11%	35	6%	78	13%

### Key Findings:

37% of respondents agreed with the proposals compared to 17% who disagreed, and a further 46% who neither agree nor disagree or don't know. 82 respondents commented on these proposals with the most commented areas being:

- **Lack of details in proposals**

26 respondents (32%) commented on the lack of detail or clarity in the proposals and they do not state what we will do, what the measures are, or how we will make the savings. Some state that there are no proposals and are vague or wholly statements, so making them difficult to comment on and agree with.

- **Developing a more commercial mind-set:**

One in four respondents (26%) disagreed with the commercialisation of council services, with some stating that this will cost more and will not deliver savings, that it's about making profit and paying private companies, and keeping them in-house would save money. Other comments include that services should not be made commercial for the sake of it, that there are enough commercial companies already and it's not the role of services, that it's another way of being privatised, and the council should not have a commercial mind-set.

Finally, a few people mention that this means more cuts, which they disagree with.

### The following comments are typical of the points raised:

*“These two proposals would have benefited from far greater detail about how the Directorate plans to achieve the savings”*

*“Very unsatisfactory explanation - this consultation fails to explain what the efficiency measures will be, and also how a commercial mind-set will be developed”.*

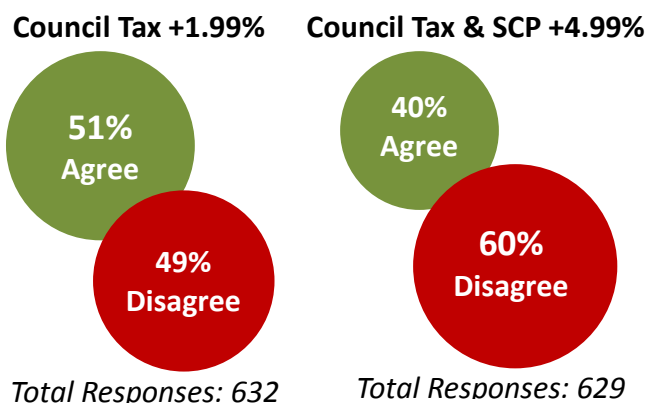
*“The public sector should remain true to a public sector ethos of valuing people, it's citizens and the environment, rather than putting a price on everything.”;*

*“although I think the council services need to be 'smarter' they do not need to be commercial - they should always keep in mind they are a 'public' service - in existence for the good of those they serve.”*

## 9. Council Tax and Social Care Precept

### Two questions were asked in relation to Council Tax:

- Firstly, if they agree to a **1.99%** increase each year from 2018/19, and then
- If they agree to a further 3% increase each year from 2018/19, i.e. **4.99%** in total, to support social care (Social Care Precept).



### Key Findings:

Respondents **were split on the 1.99% rise** but against the 3% Social Care increase. 316 respondents provided comments on the Council Tax rise and 358 on the Social Care increase.

The main reason given for those disagreeing with the proposed rises of 1.99% and 3% are that it is **not affordable** for the respondent themselves or for others, especially those on low incomes, with concerns that this would potentially push them into poverty. Many cited that they already face increased costs to daily living, without an increase in income, and do not know how they would pay this.

In relation to the social care increase, respondents state that it is **far too steep a rise**, particularly on top of other Council Tax rises. Many state that the 4.99% is more than inflation and more than wage rises/pension income.

There was also scepticism in the council's ability to use the money effectively to improve services, often based on perceptions that the council have **poorly managed services and budgets** and that it should provide better services before applying any rise. The bin strike/general waste collection quality was frequently cited as part of the council's incompetency, along with numerous other examples of why respondents did not trust the council. Also, many did not want to pay Council Tax when services are getting cut.

Other reasons given include:

- This is Central Government's fault and they should provide more funding, particularly for social care. The council should look for more savings within the current budget;
- Council Tax is high enough already; and
- Adjust Council Tax bands to make it fairer, with some suggesting that the wealthier pay more, or that it is mean tested.

### The following comments are typical of the points raised:

*"I am a pensioner on a fixed income who is finding it difficult to cover my monthly bills. An increase in Council Tax would make it even more difficult for me to manage financially."*

*"Awful service. All summer bins weren't collected. All winter roads weren't gritted. Bcc are putting lives at risk. Why should the people it fails give it more cash?"*

*"This is the second or third year you have included this increase and these service areas are not improving. Again you need to manage the money we give you better."*

*"As I understand it pay is rising slower than inflation so families are already under pressure, such a steep rise will cause great hardship for many of the people you are supposed to serve. Could this be targeted towards those with better ability to pay."*

## 10. Comments and suggestions for delivering services differently

In summarising open-ended questions, there is by necessity a degree of simplification and categorisation. This should be borne in mind when reading the analysis below.

We received a total of 401 wide-ranging and detailed comments and suggestions under this question. The responses received were mainly negative with 266 being negative compared with 126 positive. Some 13 were neither negative nor positive. Respondents appeared to take this opportunity to air their complaints concerning the Council.

There were still however some positive suggestions on how the Council might improve services. Respondents covered as many as 57 different themes when giving their views, ranging from the refuse service, housing, Commonwealth Games to community safety, arts and the environment. The top five themes were:

- Council waste and inefficiency;
- Reducing the salaries of executives and councillors;
- Use of external contracts/private sector/consultants;
- Support for the vulnerable; and
- The refuse service.

Perceived Council **waste and inefficiency** was the biggest concern with 22% of respondents describing what they saw as council waste and poor performance. This was followed by the call to reduce ‘fat cat’ salaries with 13% of respondents being concerned about what they saw as **excessive pay** to those at the top of the organisation. *“Look at salaries of staff at the top of the Birmingham City Council hierarchy and make savings!”* The topical issue of the refuse collection gave rise to 6.2% of comments and 3.5% referred to the **waste dispute**. This may have been a factor in people’s view of the council and its reputation. A number of respondents did call for the Council to move to fortnightly bin collections.

Leading on from views about efficiency, many respondents expressed concern that the Council was **focusing on big projects at the expense of core services**. The Commonwealth Games were cited as one such project, by 4%. Also prominent was the issue of the Council’s use of external contracts and its use of the private sector with 11.2% referring to this. There were calls to bring services back in-house and a concern about the **profit motive of private contractors**; Amey and Service Birmingham being cited frequently. *“The council relies far too much on involvement of the private sector”*. There were however a number of comments and suggestions on how the Council might generate income and be more commercial (5% of respondents).

*“Rather than focus only on saving money, please also focus on increasing your revenue by other means than the Council Tax such as congestion charge, car parking charge increases, increased businesses in Birmingham”*

The services which were referred to most frequently were those of **housing and adult social care**. Respondents wanted the Council to build more social housing, make better use of private landlords and to reduce the use of temporary accommodation. *“The council should lobby government to allow the city to build and sell more houses. It should buy derelict and run-down buildings and houses and refurbish / rebuild them for either sale or rent”*. With adult social care concerns were expressed about the closure of day centres and the fact that the proposed budget cuts would disadvantage vulnerable people.

**Environmental concerns** were frequently cited. These ranged from improving the environment by reducing congestion and pollution (there were a number of calls for a congestion charge) to promoting cycling and walking and community litter picks. Litter was a concern for many, with the problem of fly tipping referred to on numerous occasions. Parks and their importance were also mentioned with some concrete offers to work in partnership from local wildlife organisations.

*“The Local Nature Partnership would welcome the opportunity to discuss spending cuts with Birmingham City Council to ensure least impact to nature conservation and to people. We would welcome discussion regarding any other areas where we could work cooperatively for the best results for wildlife and people”*.

As with previous consultations there was a call, by 3.5% for the Council to say no to the cuts and to **stand up to national Government**. *“I think all 3 parties should come together and shout out jointly about the huge impacts which this forced austerity has had and will have on the city's social fabric”*.

Finally there were a number of positive suggestions around community involvement and empowerment, partnership working and prevention and support for the Council's endeavours:

*“Vision is good and I trust that the politicians and officers who have developed them are best placed to know that they can be delivered”*.

## 11. Other Issues

As in previous years, there were strong feelings that these cuts shouldn't be made at all. There were calls for stronger campaigning against the cuts and for fair funding. At the public meeting the Leader and the cabinet pledged to continue to campaign against the cuts and austerity.

### **Representativeness and consultation approach**

The consultation focussed on encouraging comments to be made via the Be Heard Online Survey. Strenuous efforts were made to publicise the budget consultation so that people could make comments on the budget proposals. It is not possible to simultaneously have an open access online survey and to ensure that responses by different groups of people are proportional to their numbers in Birmingham's population. However, the Be Heard online survey does have the advantage of allowing respondents to make overarching comments on all the proposals and to rank the services most important to them. The Be Heard survey allows the respondents to give more considered responses. Although the survey was online, paper copies were also accepted.

Budget Views' letters and emails are taken into account in the individual sections of this report. A table of response from organisations is included at the back of this report. The online survey respondents were asked to complete personal profiles including their gender, ethnicity, and sexuality and whether they had a disability or long-term condition/illness. A large majority of respondents answered these questions and a detailed analysis of these data is contained in Appendix II. Appendix II also contains an analysis of online respondents by Ward where people had provided a full postcode. Appendix III contains the scrutiny committees' responses to the consultation. (to be added)

An important principle of the consultation process was open access (referred to above). However, this has meant that the responses cannot be claimed to be statistically representative of the views of Birmingham residents. As well as the lower representation of some groups of residents than their proportion in the city's population, respondents to any consultation process tend to be those concerned about a particular issue. However these views do reflect the views of a large number of people in the city and are thus important.

Some respondents didn't feel that there was sufficient detail to make a decision. However, that information will be provided at an individual service level in the detailed consultation with service users carried out by Directorates.



## APPENDIX I: Responses from Organisations

No.	Organisation name	Service Area	Topics Covered
1	Historic England	Economy, Place	Concern that the protection of the historic environment will be impacted by the proposals on planning and the property strategy. Concern about the impact of commercialisation on historic parks
2	Bereavement Services	Place	Concern about Bereavement Services in particular the organist
3	Colmore BID	Place, Economy, Strategic	CCTV, City Centre Management, efficiency cuts
4	St Basils	Adult Social Care, Place, Strategic Services	Public Health , Homelessness , Local welfare
5	NHS Birmingham and Solihull Clinical Commissioning Groups	Adult Social Care	Adult packages of Care, Specialist care services, Public Health and Social work assessment and care management
6	Birmingham Women's and Children's NHS Foundation Trust	Adult Social Care Children and Young People	Concern about the loss of core school based services, mental health and substance abuse.
7	Public Law Centre	Adult Social Care	Ebrook Day Centre
8	Healthwatch	Adult Social Care	Concern about the implementation of the Adult packages of care in particular and blanket solutions for people with different need. Plus the potential consequences of withdrawing some service from the community, such as children's nurseries, young person's homeless hub and re-directing discretionary aspects of the public health allocation into prevention and early intervention.
9	Midland Heart	Adult Social Care, Place, Economy	Concern over the implementation of the Adult Social Care plans whilst being supportive of the approach. Agreement with the proposal to stop using Bed and Breakfast. Seeks reassurance over the Planning function in view of the large amount of housing development both required and proposed in the city across all sectors.
10	Northfield Stakeholder Groups	Adult and Social Care	Review the adult and social care cuts
11	Birmingham and Solihull Mental Health Trust	Adult Social Care	Public Health, especially Mental Health and Partnership working.
12	Member of Parliament	Children and Young People	Concern over the proposals around Day nurseries



## APPENDIX II: Profile of Survey Respondents

Age (years)	% of Total
Under 18	0%
18 to 24	2%
25 to 34	10%
35 to 44	20%
45 to 54	18%
55 to 64	22%
65 to 84	18%
85+	0%
Prefer not to say / not answered	9%
<b>Total</b>	<b>100%</b>

Gender	% of Total
Female	41%
Male	44%
Prefer not to say / not answered	15%
<b>Total</b>	<b>100%</b>

Sexual Orientation	% of Total
Bisexual	2%
Gay or Lesbian	3%
Heterosexual	66%
Other	1%
Prefer not to say / not answered	28%
<b>Total</b>	<b>100%</b>

Ethnicity	% of Total
Asian / Asian British	6%
Black / African / Caribbean / Black British	3%
Mixed / multi ethnic groups	3%
Other Ethnic group	0%
White	74%
Prefer not to say / not answered	14%
<b>Total</b>	<b>100%</b>

Religion	% of Total
Christian	39%
Buddhist	1%
Hindu	1%
Jewish	1%
Muslim	4%
Sikh	1%
No Religion	28%
Prefer not to say / not answered	24%
Any Other	1%
<b>Total</b>	<b>100%</b>

Physical or mental health conditions lasting or expecting to last 12mths or more	% of Total
No	60%
Yes	21%
Prefer not to say / not answered	19%
<b>Total</b>	<b>100%</b>

Specific conditions or illnesses (people can choose more than one)	% of People with physical or mental health conditions
Dexterity	17%
Hearing	26%
Learning	7%
Memory	9%
Mental Health	27%
Mobility	41%
Social or Behaviour	7%
Stamina	32%
Vision	12%
Other	13%

*Note: percentages do not add up to 100% as respondents allowed more than one option*

Caring Responsibilities	% of Total
None	47%
Primary carer of child	17%
Primary carer disabled child	1%
Primary carer disabled adult	3%
Primary carer older person	6%
Secondary carer	8%
Prefer not to say / not answered	18%

<b>Respondent Type (Question 1)</b>	<b>% of Total</b>
Resident	88%
Local Business	5%
Charity	7%
Community	4%
Work for Council	13%
Councillor	0%
Public Sector	3%
Other -Total	4%

*Note: percentages do not add up to 100% as respondents allowed more than one option*

## Respondents by Ward – All responses

Of the 545 respondents who provided a postcode, 3% live outside of Birmingham. The remaining residents or are based in the following wards.

Ward (ranked highest first)	Total Respondents	% Total Respondents in BCC
Bournville	32	5%
Edgbaston	20	5%
Ladywood	23	5%
Sutton Vesey	25	5%
Weoley	22	5%
Moseley and Kings Heath	25	4%
Sutton Four Oaks	18	4%
Selly Oak	13	3%
Kings Norton	17	3%
Bartley Green	14	3%
Hall Green	17	3%
Billesley	16	3%
Brandwood	18	3%
Acocks Green	14	3%
South Yardley	16	3%
Longbridge	15	3%
Harborne	19	3%
Erdington	14	3%
Kingstanding	14	3%
Northfield	16	3%
Shard End	13	2%
Stechford and Yardley North	13	2%
Sutton Trinity	15	2%
Sheldon	10	2%
Sparkbrook	8	2%
Soho	9	2%
Sutton New Hall	11	2%
Handsworth Wood	8	2%
Quinton	11	2%
Washwood Heath	6	1%
Stockland Green	8	1%
Springfield	7	1%
Perry Barr	8	1%
Aston	7	1%
Tyburn	6	1%
Nechells	5	1%
Lozells and East Handsworth	4	1%
Oscott	3	1%
Hodge Hill	4	1%
Bordesley Green	3	0%
<b>Grand Total</b>	<b>527</b>	<b>100%</b>

## Appendix III Budget Consultation 2018+

### Schools, Children and Families O&S Committee comments on the budget consultation

#### 1 Context

- 1.1 The City Council's consultation on its proposed budget was launched on 12th December 2017. The closing date for the consultation is on the 15th January 2018. The Schools, Children and Families O&S Committee met on the 10th January 2018 to review the proposals as they relate to the committee's remit and considered four key questions:
- 1.2 What impact would the proposals have on citizens of Birmingham?
- 1.3 What assumptions underpin the budget proposals?
- 1.4 Are there any other options that could be considered / explored?
- 1.5 What are the proposals for delivery of the proposals?

#### 2 Budget Consultation 2018+ Paper

- 2.1 Members had similar concerns regarding this year's consultation paper as in the previous year and the following suggestions on how this can be improved are below:
- The budget lines should include the baseline budget figures so that the percentages of the savings can be known.
  - It should be clear that the budget being consulted on does not include savings already agreed for previous budgets.
  - It should be explained that the savings per year are cumulative figures and each year shows the variance from the baseline of 2017/18.
  - The narrative for the 'outline of the proposal' needs to clearly state how the savings are to be made as this was sometimes insufficient.
  - It was felt that the whole consultation was not clear enough for Members, let alone the public who are the audience for this consultation, even though it is the approach taken each year. In future there should be better explanation of what the figures represent cuts from.

#### 3 Budget Consultation 2018+ for Children and Young People

- 3.1 The total Children's net budget for 2017/18 (Education and Children Social Care) as at Period 9 is £211.080m. This will reduce substantially in 2018/19 to reflect the new Children Trust arrangements. The new budget savings are in addition to the savings already consulted on and agreed previously. Some of these previously agreed savings have not yet been implemented.
- 3.2 Below is the feedback for the Cabinet Member for Children, Schools and Families portfolio (Children & Young People (exc Trust) - pages 21 and 22. This includes a risk rating of whether the Committee thought the savings are achievable (low risk to being achieved, medium risk to being achieved and high risk of not being achieved).

##### Education Psychology

- 3.3 The proposed total saving for this is £100,000 from a £1.969m 2017/18 baseline budget. This is in addition to the £50,000 agreed last year for 2018/19. Last year the proposal was to reduce the need for an Education Health Care Plan (EHCP) where support can be provided without these and Members were concerned and thought the savings had a high risk of not being achieved in 2018/19.

- 3.4 The additional £100,000 saving proposal involves the removal of the joint head of service post across the Access to Education and Education Psychology teams, plus an additional post from the Educational Psychologists team. In addition the service is working to develop a more commercial model of service to sell to other organisations and work is beginning to identify areas where investment may be needed to grow the business further to increase revenue.
- 3.5 The Cabinet Member clarified that the service was not going to fail on the City Council's statutory duties and the Committee agreed that this proposal was a medium risk to being achieved.

### **Cityserve**

- 3.6 This service area has a baseline budget of a £2.180m deficit with two of the three components to Cityserve not being profitable (cleaning and catering). Members were concerned that maintained schools were being informed that they would have to TUPE staff, whereas non-maintained schools would be able to cancel their cleaning and/or catering contracts with Cityserve. Members were informed that clarification would be provided.

### **School Setting / Improvements**

- 3.7 The proposed saving is for £246,000 from a £1.183m 2017/18 baseline budget. The Cabinet Member confirmed that safeguarding and governance have been protected and the reduction is an acknowledgement that areas, such as performance management, could be dealt with corporately rather than at a Directorate level. The Committee therefore agreed that this proposal was a low risk to being achieved.

### **School & Governor Support**

- 3.8 This is a traded service with a 2017/18 deficit baseline budget of £36,000. Members were informed that subscriptions had not increased for a while and minimal price increases were being considered. Members queried whether this may result in some cancelling their subscription. In regards to the marketing and commercial awareness of the service, Members highlighted that it was cheaper for schools/academies to employ a trainer to train a number of people at the school/academy rather than attend a training course provided by this service.

### **School Financial Services**

- 3.9 This is a traded service and the consultation proposes a saving of £35,000 for 2018/19 from a £150,000 2017/18 baseline budget. The proposal is to reduce staffing of the service by one member of staff. Members were informed that 85% of maintained schools buy financial support services packages and the Committee agreed that this proposal was a medium risk to being achieved. However, concern was expressed that there were maintained schools that were in debt and these debts would become the responsibility of the City Council if they converted to an academy. The Cabinet Member informed Members that information would be provided on the maintained schools that were in debt and how this was being managed.

## **4 Other Saving Proposals**

- 4.1 Under the Corporate Service Area there is an 'Efficiency' saving proposal of £5.656m for 2018/19 and that 'services will be required to adopt a range of efficiency measures in order to deliver services at a reduced cost'. Members were concerned as there is insufficient detail of how this would affect the Children and Young People budget.

## **Appendix IIIii Housing and Homes O&S Committee**

### **Budget Discussion : 10 January 2018 – Response to Budget Consultation 2018+**

- When the Committee met last year to consider the Budget Consultation 2017+, Members commented that they felt it was important for baseline budget figures to be included so that year on year percentage reductions are clear. Although these figures had again not been included in this year's consultation document, Members were provided with a background note in advance of the meeting which set out the financial context for the new savings proposals.

#### **Waste Prevention**

- Members felt that the wording of the summary of the proposal in the consultation document was unclear and requested clarification from the Cabinet Member.
- The Cabinet Member advised that discussions are taking place with Trades Unions with phased implementation of the Waste and Recycling Collection Officer roles from February.
- One Member had concerns around the effect of the new roles on the role of Enforcement Officers but Members were assured that there will be no impact on waste enforcement.
- With regard to the £6.5m headline figure for the cost of the industrial dispute, Members were reminded that a breakdown of this figure had been provided following their September meeting.
- The Chair raised some questions around the Waste Strategy and how a budget can be set for a new re-designed service which hasn't yet been approved by City Council. The Cabinet Member referred to the report which went to Cabinet in October (Waste Strategy 2017-40) which set out evolving thinking and told Members that alongside the Waste Strategy, there will be a Waste Prevention Plan.
- The Finance Officer undertook to provide Members with clarification of the breakdown of the net cost of the service to the City Council.

#### **Public Health**

- There are two elements within this proposal which are of concern to members of this Committee:
- Stopping support to the financial advice service and the Young Persons homeless hub (2020/21); and
- Reducing the expenditure on the smoking/quit service and stopping the substance misuse homeless service (both from 2020/21).
- As the figures in the consultation document cover all four elements of the proposal, Members requested a breakdown for the above two elements. Officers advised that these are £100,000 for the support to the financial advice service and the Young Persons homeless hub and £150,000 for the homeless prevention welfare service run by SIFA and Shelter. Officers emphasised that these savings will not be made until 2020/21 and by that time both the Homeless Reduction Act and the Homeless Strategy will be two years in and decisions will be made about future commissioning and investment.
- The Chair pointed out that this savings proposal is also of interest to Cllr Cotton as Chair of the Health and Social Care O&S Committee.

## Housing Options

- Members raised concerns that temporary accommodation demands are likely to rise with the implementation of the Homeless Reduction Act and asked what would be done between now and 2020 to stop using Bed and Breakfasts for temporary accommodation. In response, the Cabinet Member advised that the push is to develop alternative, less costly, provision, including facilities like Bushmere House, which will also be a better experience for households being housed in temporary accommodation.
- Members were further advised that there are currently 2000 individuals in temporary accommodation, with approximately 500 in Bed and Breakfasts at the moment.
- Members asked whether officers were confident enough about alternative provision to be able to give a commitment to achieving savings in 2020/21 and officers advised that this is an ambition rather than a commitment.
- One Member expressed concern around the impact of Universal Credit leading to people getting into debt and being at risk of homelessness;
- Officers advised that the Homeless Reduction Act is legislation to try and move Local Authorities to prevention measures and the need to start looking at earlier interaction to support families to stay at home.

## Housing Investment and Development

- No particular issues were raised and Members were advised that the proposed modest saving of £5,000 comes out of a team who monitor and work with developers and that the team has an annual expenditure of £1.5m.

## Birmingham Property Services

- Members wish for it to be noted that they have concerns about the team's ability to manage given the reduction in capacity.

## Planning & Development

- Members expressed concern about the reduction in senior management headcount, in particular the deletion of the post of Head of Planning Management and the impact this might have on the timescales for determining planning applications and the ability to deliver the Housing Strategy.



## **GLOSSARY OF TERMS**

### **Business Rates**

A local tax paid by businesses to their local authority, based on the value of their premises as assessed by the Government Valuation Office Agency (VOA).

### **Business Rates Retention Pilot**

A scheme whereby the seven Metropolitan District Councils in the West Midlands are testing out arrangements for the retention of all Business Rates locally. In many local authorities around half of the Business Rates generated are paid to the Government.

### **Capital Expenditure**

Expenditure on the acquisition of a fixed asset, or expenditure which adds to, and not merely maintains, the value of an existing fixed asset. The Government has also enacted regulations which results in certain other types of spending being treated as Capital Expenditure.

### **Capital Financing Requirement (CFR)**

A measure of an authority's cumulative need to borrow to finance capital expenditure, or to meet the costs of other long-term liabilities.

### **Capital Receipt**

Money received from the disposal of land and other assets, and from the repayment of some grants and loans made by the City Council. Capital receipts can normally only be used to fund capital expenditure or to repay borrowing (but see "Capital Receipts Flexibility").

### **Capital Receipts Flexibility**

A temporary arrangement under which the Government allows costs which are incurred in order to deliver future savings to be funded from Capital Receipts.

### **Capital Resources**

Funding which can only be used to fund capital expenditure or to repay borrowing. Examples are Capital Receipts and grants which are ringfenced to fund capital expenditure.

### **Collection Fund**

A separate account administered by the City Council collecting receipts from Council Tax and Business Rates and paying it on to the General Fund and other public authorities.

### **Collection Fund Surplus/Deficit**

The payment from the Collection Fund to the General Fund and precepting authorities is based upon the amount determined at the time of setting the budget each year. If actual income differs from the amount assumed, this will lead to a surplus or deficit, which is taken into account when the budget is set for the following financial year.

### **Community Asset Transfer**

The transfer of assets owned by local authorities to community organisations, for that organisation to manage them.

### **Core Spending Power**

The Government's estimate of the general resources available to the City Council, including Council Tax, Business Rates and some Government grants.

### **Corporate Grants**

Grants which are treated as being available to fund the costs of all services.

### **Corporate Reserves**

Reserves where decisions on their application are determined by the City Council towards the budget as a whole, rather than for particular services.

### **Corporate Resources**

Resources which are treated as being available to fund the costs of all services.

### **Council Tax**

An amount charged to occupiers of residential properties. The amount payable is determined by the size of the property, which is allocated to one of ten bands which are set nationally, with fixed ratios between the amounts payable in each band. Some people may be entitled to discounts, or are exempt from making any payment.

### **Council Tax Base**

The overall number of properties in the city, expressed in arithmetical terms as the equivalent to the number of Band D properties, net of any discounts and exemptions.

### **Council Tax Requirement**

The amount which must be generated from Council Tax after taking all other sources of income (including grants) away from the total planned costs of providing services.

### **Dedicated Schools Grant**

A grant received from Government which may only be used to meet the costs of services provided by schools and related educational services.

### **Directorate Grants**

Grants which are treated as being available to fund the costs of particular services.

### **Directorate Reserves**

Reserves where decision-making on their application has been delegated to particular services.

### **Earmarked Reserve**

A reserve which has been set aside for a specific purpose.

### **Enterprise Zone**

A scheme under which all of the increase in Business Rates generated in a defined geographical area in the city centre is retained locally for re-investment, and with these Business Rates being disregarded for the purposes of calculating the level of the Top-up Grant.

### **Fees and Charges**

Income arising from the provision of services, for example, the use of leisure facilities.

### **Financial Resilience Reserve (FRR)**

A reserve created to provide contingency funding in case of the City Council facing financial difficulties at some point in the future.

### **General Fund**

The account which records income and expenditure for all of the services of the City Council except for the Housing Revenue Account and the Collection Fund, the net cost of which is met by Council Tax, Business Rates and Government grants.

### **Government Grants**

Financial assistance from Government or other external bodies as a contribution towards the costs of services. Some grants may be accompanied by strict conditions relating to the way the money can be spent. These are referred to as ringfenced grants.

### **Grants to Reimburse Expenditure**

Funding provided by Government which refunds the expenditure incurred by the City Council on the Government's behalf, for example the payment of Housing benefits.

### **Gross Domestic Product (GDP)**

A measure of the total value of goods produced and services provided in the country during one year.

### **Housing Revenue Account (HRA)**

A separate account recording the expenditure and income arising from the provision of council housing. Local authorities are required to maintain this separately from the General Fund.

### **Levy**

A charge from another public body which must be included in the City Council's budget.

### **Local Government Finance Settlement**

The announcement made by the Government each year about the level of Corporate Grant funding that it will provide for each local authority.

### **Maturity**

The period over which money is borrowed or invested.

### **Minimum Revenue Provision (MRP)**

The amount which an authority is required to set aside in order to repay borrowing. The amount is decided by each local authority, having regard to statutory guidance.

### **National Funding Formula (NFF)**

A formula which is to be introduced by the Government to determine how much funding each school will receive. This will eventually replace the local discretion which is currently available to calculate these amounts.

### **National Rent Policy**

A mandatory Government framework which determines the maximum level at which rents can be set for council housing.

### **Organisational Transition Reserve (OTR)**

A reserve set up in 2014 which provided a contingency against delays in the implementation of some savings, and to make funding available to assist in making changes to the way services are provided and in ways which will reduce costs in the long-term.

### **Pension Fund Strain Costs**

The extra costs payable to the West Midlands Pension Fund when employees retire and draw their pension earlier than assumed by the Fund.

### **Policy Contingency**

A budget held centrally and not allocated to services at the start of the financial year, which provides funding to meet the costs of certain decisions which may be taken

during the course of the year, together with some savings where the service affected is not yet known.

### **Precept**

An amount set by other councils or public bodies (Police and Crime Commissioner, Fire and Rescue Authority and Parish Councils), which the City Council collects on their behalf.

### **Private Finance Initiative (PFI)**

A form of contract involving an external company providing services for a fixed period, using facilities that they have provided/constructed.

### **Prudential Borrowing**

A common term used to refer to borrowing to fund capital expenditure which has been taken in accordance with the Prudential Code.

### **Prudential Code**

The guidance provided by CIPFA to which local authorities must have regard in their capital finance activities – the “Prudential Code for Local Authority Capital Finance”.

### **Prudential Indicators**

Financial statistics summarising various aspects of the City Council’s capital finance and borrowing which are specified in the Prudential Code.

### **Prudential Limit for Debt**

A limit on the total amount of debt outstanding, which each local authority sets, taking into account its ability to fund the repayments.

### **Public Works Loan Board (PWLB)**

A body of the UK Government that provides loans to local authorities.

### **Reserves**

An amount which may have been accumulated over a number of years, and which has been set aside to fund future expenditure.

### **Revenue Expenditure**

Expenditure on the day-to-day running costs of services e.g. employees, premises, supplies and services.

### **Revenue Support Grant (RSG)**

A grant formerly received from Central Government towards the cost of providing services. The value of this grant reflected the difference between the level of funding

assessed by the Government, and the amount which can be generated from Council Tax.

### **Right to Buy (RTB) Capital Receipts**

Capital Receipts generated from the sale of council housing under the national scheme available to existing tenants. These receipts can only be used in ways determined by the Government, for example to pay for further capital expenditure on council housing.

### **Section 151 Officer**

The Council Officer designated as the person responsible for the proper administration of a local authority's financial affairs (under s151 of the Local Government Act 1972).

### **Social Care Precept**

An extra amount of Council Tax which Councils have been able to charge since 2015/16 to provide funding towards the costs of adult social care services. The Government has set a maximum amount (over four years) which can be generated in this way.

### **Top-up Grant**

Additional grant which the Government provides to reflect the difference between the Business Rates income that the City Council can actually generate and the amount which the Government has calculated that it needs to spend on services.

### **Treasury Management**

The management of the City Council's borrowing, investments, cash and banking arrangements.

### **West Midlands Devolution Deal**

An agreement between the Government, West Midlands councils and the West Midlands Combined Authority (WMCA) which devolves certain powers and duties to the WMCA and provides extra funding to meet the costs of major investment in the region.