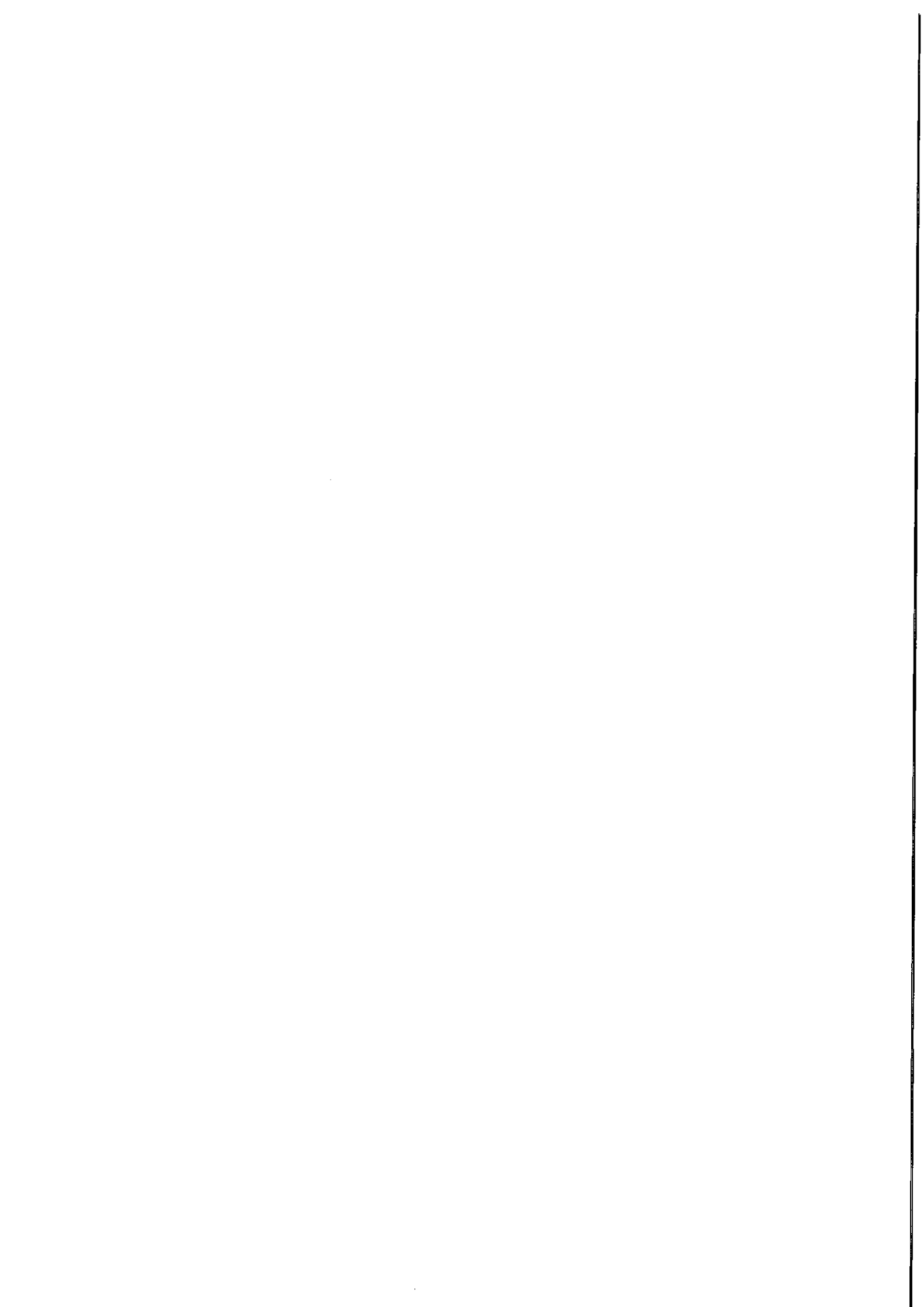


Business Plan and Budget 2016+

March 2016



FOREWORD

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

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

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

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

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

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

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

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

Foreword

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

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

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

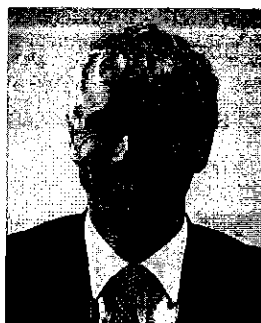
As this plan makes clear, this is a council on a journey of change and improvement. We are responding to the challenges of corporate governance, education and children's social care, while of course, we are the first to say there is still more to be done. We are absolutely determined to deliver this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

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



A handwritten signature in cursive script that reads "J. Clancy".

Councillor John Clancy
Leader of the Council



A handwritten signature in cursive script that reads "Mark Rogers".

Mark Rogers
Chief Executive

PART ONE – BIRMINGHAM PROFILE AND NATIONAL POLICY ENVIRONMENT

Understanding Our Changing Population and Economy

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

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

Key points

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

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

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

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

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

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

Population and Households

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

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

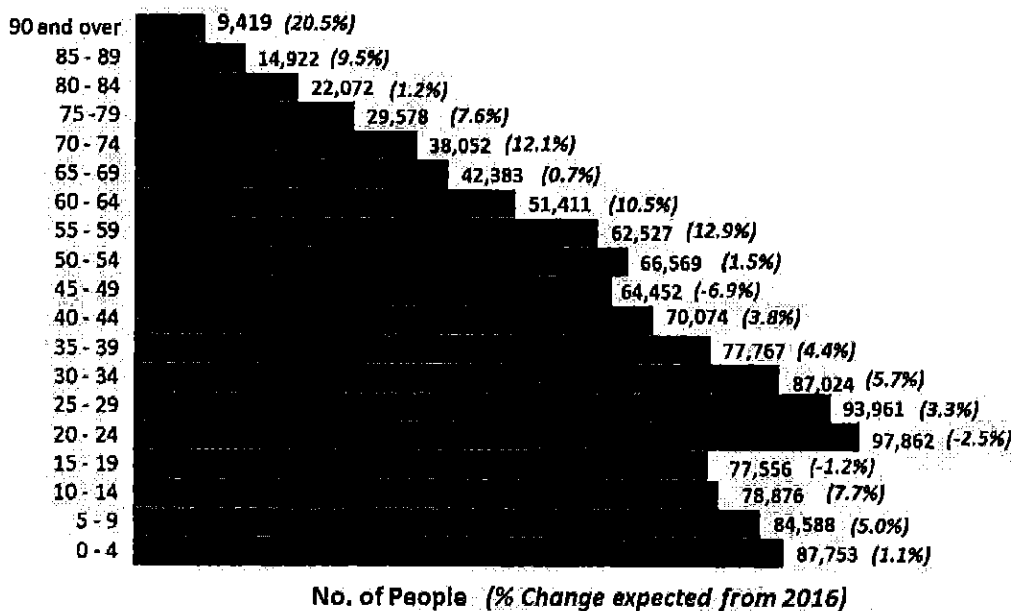
- Between 2001 and 2011, the 0-4 year old population grew by 17% and now accounts for 7.8% of the population. This growth will slow to 1.1% between now and 2021.
- The largest growth will be the 10-14 age group – increasing by 7.7%, 5,658 more children.

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

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

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

Birmingham's Projected Population 2021
Based on ONS Mid-2012 Projections



Diversity – Ethnicity

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

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

Diversity – Language

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

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

Households

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

Housing Demand and Supply

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

Homelessness⁶

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

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

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

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

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

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

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

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

Deprivation

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

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

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

Health and Wellbeing

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

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

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

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

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

⁸ Based on ONS Mid-2014 population estimates.

⁹ The proportion of children living in income deprived households.

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

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

Education

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

Economy¹³

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

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

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

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

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

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

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

In-commuting

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

National Government Policy Context

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

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

Birmingham Profile and National Policy Environment

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

PART TWO - VISION, PRIORITIES AND APPROACH

1. Vision 2020

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

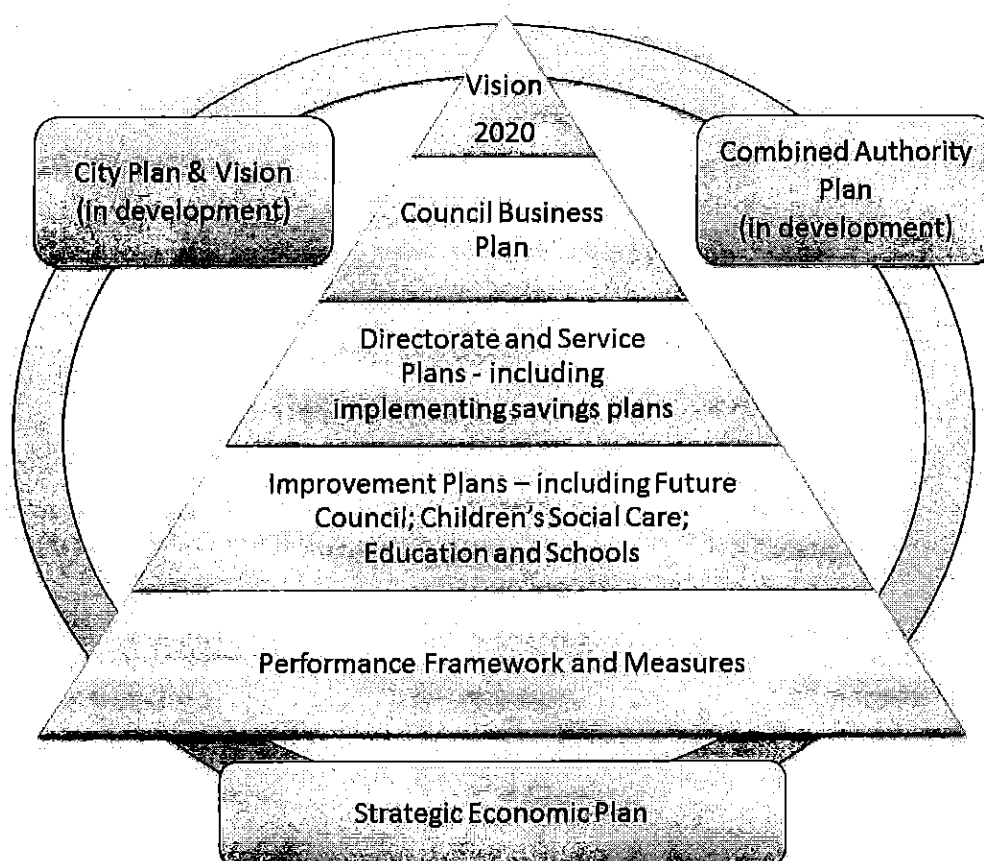
Due to the scale of funding reductions but also the changing times in which we operate, the City Council has recognised that there is a need for change in how it works if it is to deliver this vision.

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

Prosperity	A strong economy	Safety and opportunity for all children	A great future for young people
	Fairness		
Democracy	Thriving local communities	A healthy, happy population	A modern council

2. How our high-level plans fit together

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



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

3. Our six key strategic outcomes

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

Outcome one: A strong economy

Sub-outcomes

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

Outcome two: Safety and opportunity for all children

Sub-outcomes

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

Outcome three: A great future for young people

Sub-outcomes

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

Outcome four: Thriving local communities

Sub-outcomes

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

Outcome five: A healthy, happy city

Sub-outcomes

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

Vision, Priorities and Approach

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

Outcome six: A modern council

Sub-outcomes

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

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

Priorities for the city

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

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

4. Creating the Future Council

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

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

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

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

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

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

5. Design principles for the future organisation

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

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

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

The Big Shifts

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

Vision, Priorities and Approach

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

6. Planning based on managing and reducing demand

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

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

For example we need to:

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

Vision, Priorities and Approach

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

7. Thematic approach to planning and budgeting

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

(i). Preventing family breakdown

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

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

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

(ii). Maximising the independence of adults

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

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

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

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

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

(iii). Sustainable neighbourhoods

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

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

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

(iv). Economic growth and jobs

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

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

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

(v). The changing workforce

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

(vi) Council-wide

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

8. Key Immediate organisational priorities¹⁶

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

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

¹⁶ Report to Overview and Scrutiny January 19 2016

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

Vision, Priorities and Approach

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

PART THREE - EQUALITY ANALYSIS SUMMARY

1.1 Introduction

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

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

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

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

1.2 Equality Act (2010)

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

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

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

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

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

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

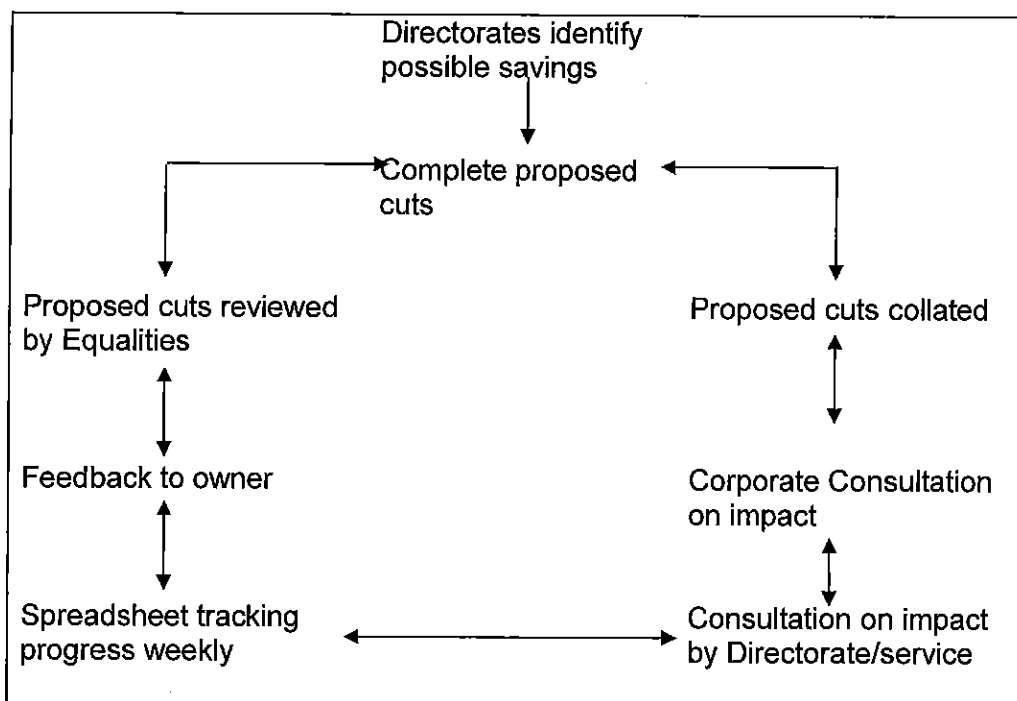
These factors may include, for example, budgetary pressures, economic and practical factors.

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

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

1.4 The council's equality analysis methodology

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



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

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

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

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

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

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

1.4.2 Consultation Framework for the Business Plan

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

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

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

Equalities

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

1.5 Conclusion

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

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

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

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

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

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

Chapter 4: Housing Revenue Account (HRA)

Summary

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

Background

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

Strategic Overview and Context of Financial Pressures on the HRA

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

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

4. Key Outcomes and Strategic Housing Service Objectives

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

4.2 Building New Homes and Maintaining our Stock

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

additional grant funding for the ongoing BMHT new build programme.

4.3 Local Housing and Estate Services

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

4.4 Rent Policy

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

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

- 5.1 A summary of the HRA Self Financing Business Plan 2016+ is set out in Appendix 8.
- 5.2 In summary, the Business Plan will continue to ensure a sustainable and affordable long term financial plan for the housing service (sustained reduction in long-term debt and affordable rents) and this will be based on the following strategy:
- protecting the Birmingham Municipal Housing Trust programme (to recognise the need for social housing and the wider economic benefits including employment).
 - to maintain investment in our existing stock and continuing our programmes for replacement of key property elements.

Financial Plan

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

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

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

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

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

Financial Plan

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

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

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

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

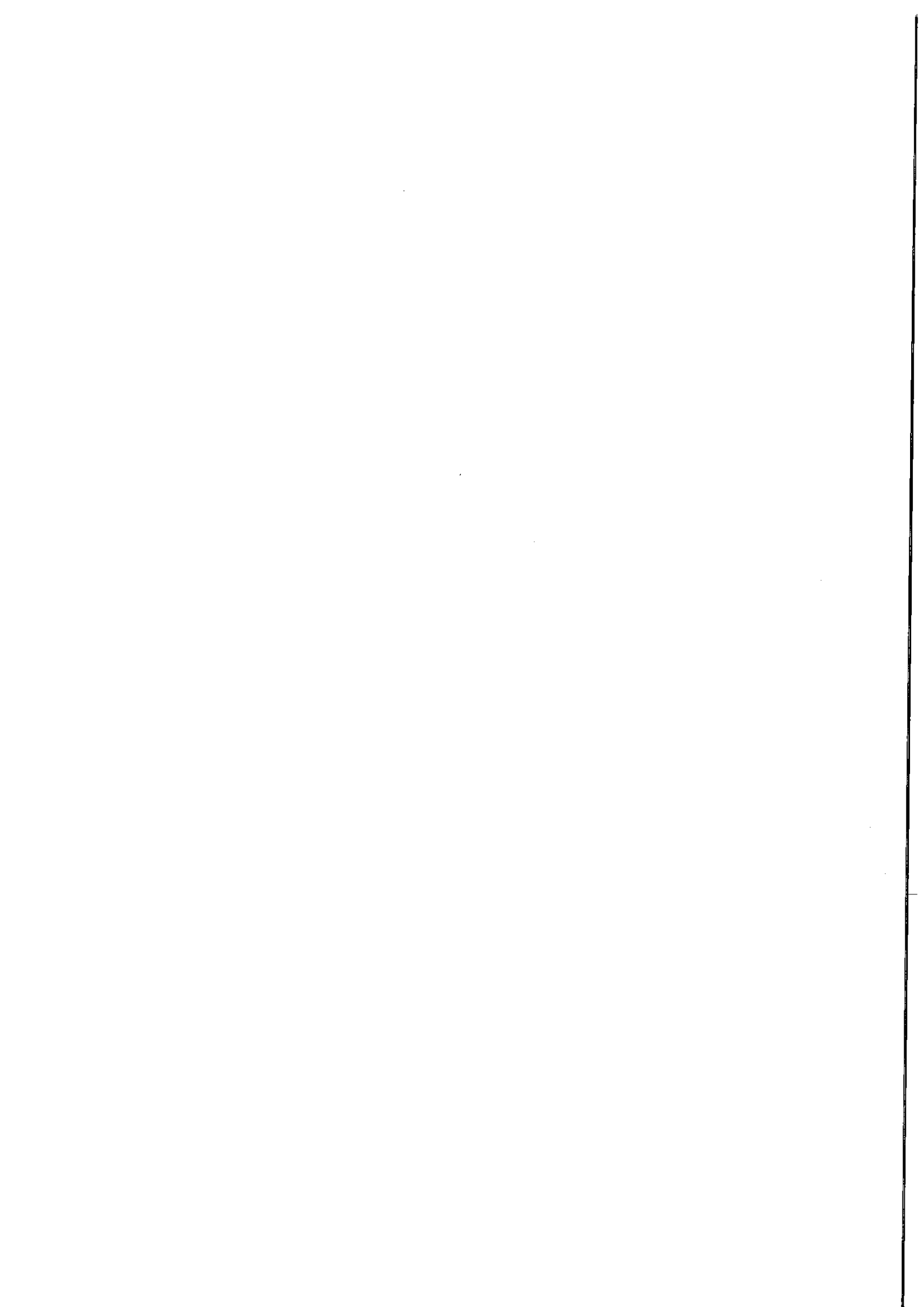
6.1 The revenue aspects of the HRA Business Plan 2016+ are summarised below:

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

7. Capital Programme

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

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



APPENDIX 8: HOUSING REVENUE ACCOUNT

	Year 1 2016/17	Year 2 2017/18	Year 3 2018/19	Year 4 2019/20	Year 5 2020/21	Year 6 2021/22	Year 7 2022/23	Year 8 2023/24	Year 9 2024/25	Year 10 2025/26	Year 1 to 10 Total	Year 30 2044/45	Year 1 to 30 Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
HOUSING REVENUE ACCOUNT													
Income													
Rental Income	(266,709)	(263,690)	(260,090)	(255,996)	(262,190)	(266,661)	(275,275)	(282,096)	(289,988)	(286,101)	(2,719,716)	(478,113)	(10,416,402)
Void	3,611	3,589	3,950	3,525	3,607	3,991	3,777	3,866	3,956	4,048	37,230	6,308	140,899
Net Rental Income	(263,098)	(260,091)	(256,200)	(252,411)	(258,583)	(264,970)	(271,498)	(278,230)	(285,032)	(282,053)	(2,682,486)	(471,805)	(10,275,503)
Service Charges / Other Income	(23,937)	(24,438)	(24,731)	(25,148)	(25,594)	(26,035)	(26,316)	(26,577)	(26,821)	(27,123)	(256,710)	(31,900)	(943,770)
Total Revenue Income	(287,035)	(284,529)	(281,251)	(277,559)	(284,167)	(291,005)	(297,814)	(304,807)	(311,853)	(319,176)	(2,939,196)	(503,405)	(11,124,273)
Expenditure													
Repairs	65,571	62,805	62,805	63,489	66,239	67,492	68,768	70,057	71,392	72,741	671,511	105,713	2,452,211
Management	60,405	60,197	59,631	58,922	59,284	59,853	61,205	62,587	63,976	65,351	611,411	99,525	2,254,528
Bad Debt Provision	4,189	3,666	3,657	3,650	4,053	4,077	4,098	4,122	4,140	4,165	39,797	4,727	128,603
Equal Pay	8,300	3,900	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	12,200	0,000	12,200
Estate Costs	18,752	19,147	15,476	15,738	16,107	16,452	16,813	17,182	17,549	17,908	171,122	26,753	616,328
Capital Financing - Loan Redemption	1,166	17,381	16,468	10,270	27,916	41,182	45,918	49,752	54,910	60,073	325,034	5,610	720,007
Capital Financing - Interest and Other Costs	53,529	53,629	53,706	52,894	52,348	50,896	48,722	46,686	44,372	42,176	488,968	21,728	1,013,644
Contribution to Capital	75,143	63,642	69,510	72,616	58,220	51,053	52,290	54,401	55,514	56,784	609,153	239,349	3,926,752
Total Revenue Expenditure	287,035	284,529	281,251	277,559	284,167	291,005	297,814	304,807	311,853	319,176	2,939,196	503,405	11,124,273
Net (Surplus) / Deficit	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
CAPITAL INVESTMENT													
Total Investment	133,463	115,308	98,534	94,298	72,802	61,114	61,978	64,339	65,708	67,221	834,765	258,513	4,443,573
Financing													
Contribution from Revenue	(75,143)	(63,642)	(69,510)	(72,616)	(58,220)	(51,053)	(52,290)	(54,401)	(55,514)	(56,784)	(609,153)	(239,349)	(3,926,754)
Other Resources	(58,320)	(51,666)	(29,024)	(21,882)	(14,582)	(10,061)	(9,688)	(9,938)	(10,194)	(10,457)	(225,612)	(19,164)	(516,919)
Total Expenditure	(133,463)	(115,308)	(98,534)	(94,298)	(72,802)	(61,114)	(61,978)	(64,339)	(65,708)	(67,221)	(834,765)	(258,513)	(4,443,573)
Net (Surplus) / Deficit	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Borrowing Cap	1,150,420	1,150,420	1,150,420	1,150,420	1,150,420	1,150,420	1,150,420	1,150,420	1,150,420	1,150,420	1,150,420	1,150,420	1,150,420
Note: Efficiencies included above	(7,265)	(8,433)	(10,214)	(10,953)	(9,614)	(9,820)	(10,031)	(10,247)	(10,469)	(10,697)	(97,763)	(16,692)	(369,661)

