

CABINET 27 AUGUST 2014

SERVICE AND FINANCIAL PLANNING 2015/16 – 2016/7

CONTENT

<u>SECTION</u>	<u>PAGE</u>
1. Future Council Update	1-3
2. Medium Term Financial Strategy (including MTFF at annex 2)	4-24
3. Future Council Initial Proposals	25
a. People	26-27
b. Communities	28-29
c. Place	30-36
d. Public Health	37
e. HR, Performance & Partnerships and Communications	38
f. Finance, Property and Information Services	39-41
4. Recommendations	42

SECTION 1

SERVICE AND FINANCIAL PLANNING 2015/16 -2016/17

Report of the Chief Executive

Future Council Update

1. Reason for Report

- 1.1 To provide Members with an update and progress on the changes to be made by the organisation to achieve a sustainable 'Future Council'.

2. Background

- 2.1 The Council has previously agreed its 3 key Corporate Priorities of:-
- Developing the Economy;
 - Changing the Relationship Between the Council and the Community;
 - Improving People's potential for Achievement.
- 2.2 Members have also agreed in July 2013 that in order to deliver against these priorities, particularly taken against the context of the Government's current fiscal strategy, we required a totally different approach from previous years to one that challenged and changed how we were to do business as our Future Council.

3. Current Position

- 3.1 It is now clearly understood that if we are to remain sustainable we need to change our business model going forward to one that will support an effective and efficient Council that delivers improved key outcomes for local people. This model was approved in January 2014 and is being developed around two key components.
- 1) Business Units delivering efficient services.
 - 2) A strong and lean core;
- 3.2 Over the past weeks and months, hundreds of colleagues across the organisation have put in a huge effort and spent many hours redesigning the Council so that we will be able to achieve our vision of a 'brighter future, a better Barnsley'.
- 3.3 This work has been done to enable us to improve services despite the significant financial constraints that we face. It is because of our relentless focus on our customers that we have re-organised ourselves so that we can give our customers what they need from us. We have been working across old boundaries to make sure that we can support each other in giving of our best to our residents.

- 3.4 Resource envelopes, both financial and staffing, have been established for each new Business Unit and detailed work has been undertaken to develop a new business plan for each. These business plans clearly put our Customers at the heart of our activities going forward and outline the fundamental changes to the way we will operate going forward.
- 3.5 This early thinking has developed a number of thematic reviews as Business Units consider alternative approaches. This also provides the opportunity to agree some changes now that can continue to be built upon in future.

4. Future Council Phase 1 Proposals

- 4.1 As work has progressed on developing our Future Council, it became increasingly clear that there needed to be a review of many of our existing contracts with providers and suppliers to ensure that they would deliver services that remained relevant to the Future Council's core objectives as well as delivering value for money.
- 4.2 Consideration has therefore been given across the Council to identify changes that need to be made to current specifications to align with our objectives and provide more flexibility for us in the future, including areas that may not need to be delivered at all. Even where a service will still be required to support our objectives the opportunity to deliver at less cost has also been considered.
- 4.3 The development of the new business units has also created the opportunity to review our current transport arrangements as they are integrated into a single unit. Opportunities to streamline provision and considered alternative approaches has identified the potential for significant reductions in costs whilst still supporting the key outcomes required.
- 4.4 Clearly putting the Customer at the heart of what we do is fundamental to our Future Council and therefore our Customer Services Organisation Programme is leading work that will deliver improved services that can be delivered more efficiently. The first phase of this programme has now moved out of the design phase into delivery and will be a vital element of our journey.
- 4.5 We have also continued to explore areas where 'like' services can be brigaded together to deliver them more efficiently and build on the best practice across the council. Early work has identified that a different working model for our Business Support across the Council can maintain support to key services but at a reduced cost.

5. Consultation

- 5.1 Clearly given the difficult decisions that need to be taken to deliver our Future Council, consultation with staff, partners and residents will be crucial.
- 5.2 Appropriate consultation will now begin on the phase 1 proposals to ensure their successful implementation and further consultation will take place later in the year, as outlined below for phase 2.
- 5.3 All staff will be issued with a statutory consultation letter on 8 October.

6. Delivery of our Future Council

- 6.1 The phase 1 proposals set out in these papers have been identified in the early stages of our work and underpin the ongoing work and delivery of our Future Council.
- 6.2 These initial changes can contribute significantly to the reduced resource envelopes and if agreed, will enable change to begin now so that we start to make Future Council a reality.
- 6.3 Work will however still need to continue on shaping our future services. Internally we are ensuring that the right links are made both within and between our Business Units and that duplication is removed as far as possible.
- 6.4 The results of this work will form the final proposals to deliver our Future Council, with full plans of how this will be achieved being consulted upon during October to December.
- 6.5 This means that our Future Council will start to become reality from the New Year which will be a challenging few months for both Members and staff but which will also bring many exciting opportunities to deliver our customer focused services differently.
- 6.6 **It is only by embracing the Future Council proposals that we can deliver service provision that will be sustainable for our communities and ensure that the Council itself has a sustainable future.**

7. **Background Papers**

- 7.1 Future Council and Financial Planning 2014/5 to 2016/17 – Cabinet Report, July 2014 (Cab.17.7.2013/6.1)
- 7.2 Our Future Council – Cabinet Report, January 2014 (Cab.15.1.2014/6)

Available for inspection in the Legal & Governance Directorate, Town Hall, Bar

MEDIUM TERM FINANCIAL STRATEGY

2015/16 – 2017/18

CONTENTS

SECTION	PAGE No
A – OVERVIEW	6
B – FUTURE COUNCIL	7
C – NATIONAL CONTEXT	8
D – FUNDING POSITION	10
E - POLICY ON ONE OFF RESOURCES	13
F – FORECAST & UNDERLYING RISKS	16
G – THE STRATEGY	19

SECTION A - OVERVIEW

The Council has reshaped its structure to ensure Barnsley is an effective, efficient, high performing and sustainable Future Council. This has been developed to ensure we are in a position to achieve our agreed priorities and to focus our efforts on driving forward change and ensuring improvements to the organisation.

Whilst the move to Future Council is not driven by the funding position of the Council, the development of a Medium Term Financial Strategy (MTFS) is a key document in identifying how the Council will align its existing and future resources to the agreed priorities underpinning Future Council.

Alignment of resources to priorities is particularly pertinent in the context of diminishing resources that the Council has faced and will continue to face over the next 3-4 years.

The MTFS will drive our ongoing financial strategy and provide the current position regarding the Authority's revenue and capital resource availability and its current spending and resource plans over the medium term.

It is set out against the backdrop of the current national agenda, the recent reform of local government finance and the significant funding cuts that will impact on our Strategy in the future. Moreover the MTFS recognises that the next General Election in 2015 is likely to be a crucial landmark in determining what our resources will be in future.

The document clearly identifies the extent to which actual and projected resource levels currently vary from the approved and anticipated spending plans. It identifies the need / timescales for corrective action by way of either generating additional resources or paring down spending plans (or some appropriate combination thereof).

The MTFS supports ongoing decision making processes and is the bedrock for ensuring all new investment decisions accord with our priorities.

The Authority's medium term objective remains, on an annual basis, to match current and ongoing revenue expenditure with current and ongoing revenue income. The current policy on the use of one off resources to support this objective is that they are only used as bridging finance to enable achievement of a balanced budget over the medium term.

The use of one-off resources (eg Capital Receipts, Revenue Balances, Borrowing) should be retained for priority investments in infrastructure, assets and initiatives which reduce ongoing revenue commitments (ie Invest to Save schemes).

SECTION B – FUTURE COUNCIL

Given the unprecedented challenges and changes the Council has faced (and will continue to face) it needs to revise its business model to recognise the risks of standing still. This has resulted in a new 'Future Council' framework with a vision to 'Work Together for a Brighter Future, a Better Barnsley'.

Future Council is not merely moving existing services around but represents a fundamental redesign of our services to deliver outcomes in different ways and improve services to our customers. It will seek to deliver our 4 main priorities namely :-

- A thriving and vibrant economy
- Citizens achieving their potential
- Strong, resilient communities
- A sustainable Future Council

The new structure will comprise 3 directorates of People, Place and Communities covering the following services and functions:-

Place	Borough wide services such as Economic Regeneration, Housing, Regulation, Visitor Economy and Environment and Transport
People	Services provided to individuals such as Education, Early Start, Adults and Children's Assessment and Care Management
Communities	Locally influenced services such as Customer Access, Community Safety & Enforcement, Public Health and Community Engagement

This new framework will be based around a business model with two key components:-

- A number of front facing Business Units delivering efficient services.
- A strong lean corporate core.

The new business units will be built on 9 building blocks. The building blocks will centre around identifying our customers' needs and seek to improve our services through improved relationships and partnerships and crucially within the resource constraints we face. This process will be radically different from our previous service planning process.

Our Financial Strategy and future decisions need to be built around these priorities/ building blocks and clearly be able to demonstrate how they support the delivery of our key outcomes outlined at Annex 1.

SECTION C – THE NATIONAL CONTEXT

Barnsley's MTFs is set out within the context of the Governments' challenging National Economic and Public Expenditure plans. These have had, and will continue to have, a fundamental impact on local government.

One fundamental change has been the way local government is financed. In April 2013 the Government implemented a new Business Rates Retention scheme that splits funding between retention of business rates and grant. As part of the implementation, the Government also rolled a number of specific grants into the rates retention system from 2013/14.

The Business Rate Retention Scheme

The BRR scheme allows local authorities to retain 50% of any business rates generated locally – known as the 'local share'. The Government make an assessment how much they expect this to be which determines the amount of grant funding (eg Top Up and Revenue Support Grant) that Barnsley expects to receive. The Government's assessment of local business rates does not represent fixed income since this may vary from the amount collected locally and is another key risk underpinning the forecast.

The current National economic position continues to impact on the overall level of resources which will be available for Local Government in the foreseeable future. Whilst some protection has been afforded to certain areas (NHS, Schools), local government has borne the full impact of government funding cutbacks to date. The overall reduction to local government since the inception of the current Government in May 2010 has been a real terms cut of around 40%.

Barnsley has suffered extensive cuts over the last 5 years. It has received a draft settlement for 2015/16 and this settlement alone reduced its revenue support grant by £18m from 2014/15. Since 2010 it is estimated that Barnsley's RSG has fallen by some £70M (equating to a 40% cash cut).

The scale of cuts is known to the end of 2015/16 but there are no local government or individual authority totals after this year and this makes future predictions beyond 2015/16 uncertain. However government spending totals for 2016/17 and beyond (provided as part of the Chancellors 2014 budget) suggest that the current scale of cuts will continue and may even intensify.

As the details of the future landscape become clearer, the impact on the overall financial position of the authority will be assessed and the strategy updated although funding totals beyond 2015/16 will clearly be impacted by the May 2015 General Election.

Schools / Academy Funding

School funding is largely provided through the Pupil Premium grant (PPG) and the Dedicated Schools Grant (DSG). The details of the DSG are announced at the same time as the Local Government Finance Settlement.

The PPG is based on the number of eligible disadvantaged pupils (i.e. pupils on free school meals); number of Service children and number of children looked after in schools. From 2014/15, the PPG allocation for eligible free school meals pupils will increase from £953 to £1,300 for primary schools and £900 to £953 for secondary schools respectively.

The significant increase in allocation for primary schools is intended to allow schools to intervene early and raise attainment as well as ensure that every child is ready for the move to secondary school. In addition, from 2014/15 the PPG allocation for looked after children (pupil premium plus) will more than double from £900 to £1900 per child.

The settlement also confirmed the Dedicated Schools Grant funding for 2014/15. DSG funding continues to be based on the current 'spend-plus' methodology and is set out in three spending blocks: an early years block, a schools block and a high needs block. The DSG cash per pupil amount for 2014/15 has been maintained at 2013/14 levels i.e. a flat cash rate and is used to derive the schools and early years block funding (based on pupil numbers).

The Government is still committed to the implementation of a national funding formula when the time is right. However to address the unfairness of the current system and to move towards a national formula, additional DSG funding of £350m will be provided to support the least fairly funded local authorities schools in 2015/16. The proposal and methodology for allocating this additional funding is currently the subject of consultation ('Fairer schools funding in 2015/16'). This additional funding will be allocated to local authorities on the basis of the actual characteristics of their pupils and schools. Based on the initial modelling data provided by the Government, Barnsley will receive an additional £0.5M.

SECTION D – FUNDING POSITION

REVENUE

Business Rates Retention scheme

As indicated earlier the Government has introduced the BRR scheme (including rolling in a number of specific grants) and in parallel with this change, embarked on a path of stringent cuts to local authorities. This combination makes it very difficult to predict future resources especially beyond the current planning period (ie 2016/17 onwards). At the moment the key assumptions underlying the forecast are that:-

- Business rate growth from 2015-17 will rise in line with inflation (currently assumed 3% per annum) to reflect the multiplier that the Government applies to the calculation.
- Future government cuts for the period 2016 -18 at the levels already experienced since 2010.

Government grant and Business Rate 'local share' make up some £114m of budgeted income in 2014/15 and any change to these budgets has a major impact. There is a great deal of volatility to these budgets (see Section F Risk Assessment) and clearly these assumptions need to be regularly reviewed.

School Funding

Details of the draft Dedicated Schools Grant were also announced on 18 December 2013 (confirmed 31 March 2014) which included details of the Dedicated Schools Grant allocations and the levels of the Pupil Premium.

The Pupil Premium Grant allocation for Barnsley for 2014/15 has been confirmed at £11.8M based on the validated January 2014 pupil count census. This is consistent with the estimate used for budget planning purposes.

The confirmed 2014-15 DSG funding allocation for Barnsley is £156.4M (inclusive of academies), made up of schools block £126.8M; early years block £8.1M; high needs block £17.5M and other funding of £4.0M (mainly for 2 year olds free nursery entitlement).

Council Tax

The current projections in the forecast reflect national context that the Government has set for Council Tax increases. The Government have introduced the Council Tax Freeze grant to encourage local authorities to set a nil council tax increase and have tried to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase.

Barnsley have accepted the Council Tax freeze grant for each of the years 2011/12 – 2013/14. However the Freeze grant is time limited and does not represent ongoing income. In order to secure base income, Barnsley has

chosen to increase its council tax by 1.95% in 2014/15 – the referendum threshold set by the Government for 2014/15 was 2%.

For illustrative purposes only, future increases are based on annual 2% increases. This takes account of future inflation trends and is also mindful of the Secretary of State's ability to determine CT increases before a referendum is required.

At this stage it is also assumed that there will be little additional revenue generated from additional properties although this may be revised to reflect changes to the national and local housing programmes. The estimates for Council Tax Income are based on a collection rate of 95% and reflect the impact of the local Council Tax Discount scheme (introduced in 2013/14) and anticipated collection rates.

Within this context of stagnating Council Tax income, a decision was made by Cabinet to phase out the Council Tax pensioner discount scheme as it was becoming increasingly unsustainable. The overall position on the Collection Fund will be kept under review.

Fees and Charges

There are no assumptions made in the forecast in relation to the potential increase of existing charges or new income streams. A full review of charges will be undertaken as part of the ongoing service and financial planning process and will seek to incorporate the new trading model that the Council is adopting as part of Future Council.

CAPITAL / ONE OFF RESOURCES

The overall national economic position has also impacted on the level of capital resource available for investment with significant reductions in Government allocations in recent years.

Within the Authority, Government allocations can be supplemented with contributions from outside organisations, revenue contributions from the Authority's own base budget and the use of operating lease facilities.

In addition, under the Prudential Framework the Authority is permitted to undertake additional borrowing to fund capital investment provided that the Authority can demonstrate affordability, prudence and sustainability in its investment decisions.

The Medium Term Forecast at this stage assumes that some £5m of prudential borrowing will be available if required each year for priority schemes. The scope for capital investment remains limited throughout the planning period and will therefore be dependent on:-

- the priority given to capital schemes in relation to ongoing service expenditure;

- the scope for generating additional capital receipts that are not required for existing commitments to support the Medium Term Financial Strategy;
- the ability of the Authority to harness additional resources for capital investment during the period of the MTFS from new initiatives or sources such as contributions.

A 5 year disposal programme (2013-2018) has been established and approved by Cabinet in order to identify potential future receipts to support the Council's MTFS. However given the current volatility in the property and banking sectors, it is difficult to forecast future receipts with any degree of certainty. As such, the markets will continue to be monitored to determine appropriate times for any assets to be disposed of. Full details of existing resources are provided in Section E.

SECTION E – POLICY ON BALANCES

Previous budget strategies have harnessed resources outside those traditionally available to fund ongoing revenue expenditure and such an approach will continue to be considered within the Medium Term Financial Strategy where prudent.

Nevertheless it should be stressed that these resources are non - recurring and so although there is merit in using them to fund one off investments, their use to fund ongoing expenditure will not be sustainable and should be minimised in pursuit of a sustainable balanced budget.

In advising on an appropriate level there are a number of issues that need to be taken into consideration as outlined below:-

- Excessive balances can be an opportunity cost to the tax payer with additional spending on services not taking place or Council Tax increases being higher than they would otherwise be.
- Retained balances earn income and can provide internal funding for capital expenditure rather than borrowing.
- Balances that are too low may put the organisation at risk if unexpected demands appear at short notice.

The Authority has a good track record of bringing in overall expenditure below budget each year. This has provided flexibility through balances resulting in available support to our medium terms plans.

Having assessed the risks and their impact on available balances and the potential deficits moving forward, the previous policy advised by the Director of Finance, Property and Information Services was that the target level for the Minimum Working Balance (MWB) should be 5% of our net budget requirement. This level takes into account the twin objectives of minimising the cost to the taxpayer whilst minimising the effect on the Council of financial risk.

This level of MWB is some £10m and has been achieved through increases over previous years. It is recommended that this level is maintained going forward.

Members have also previously agreed to earmark funding to support the costs of downsizing the organisation with an overall total set aside of £6m for 2014/15 and 2015/16. At this stage it is still considered adequate but the ongoing gaps in later years and potential impact on staffing levels mean that this will need to be kept under review. It also means after allowing for this provision, available strategic reserves to support the MTFS over the planning period will still be some **£18.9m** broken down as follows:-

	£m	£m
Strategic Reserves 1 April 2013		+24.695
<u>Less Agreed Commitments</u>		
Economic Plan		<u>-2.363</u>
		<u>+22.332</u>
<u>13/14 Account Closure</u>		
Corporate Items outturn	7.859	
Service Outturn	0.300	
One Off Resources trans. to strategic reserves	6.265	
Re-classification of prev. earmarked reserves	1.182	<u>+15.606</u>
<i>Sub Total – after 13/14 closedown</i>		<u>+37.938</u>
Earmarked to fund Town Centre Development		-19.000
Total Available for Future Council Priorities/ Temporary Budget Mitigation		+18.938

In addition to the Strategic Reserves outlined above, there are also a number of capital receipts that are available to the Authority to consider utilising to support its priorities going forward amounting to some **£5.8m**.

	£m	£m
Capital Balances		+5.820
<u>2014/15 Budget/ 2013/14 Accounts Closure</u>		
2014/15 Capital New Starts		
- Earmarked for Town Centre redevelopment		+5.000
Base budget provision to fund prudential borrowing		
- Town Centre redevelopment		+11.000
Additional disposal income		<u>+1.000</u>
<i>Sub Total – after 13/14 closedown</i>		<u>+22.820</u>
<u>Less Agreed Commitments</u>		
Capital contribution towards schemes:-		
Town Centre redevelopment		-16.000
CSO project		-0.500
Hoyland Town Centre		<u>-0.500</u>
		-17.000
Total Available for Future Council Priorities/ Temporary Budget Mitigation		+5.820

In light of the Medium Term Financial Forecast, a key aspect will remain a focus on ensuring that the authority is maximising its overall resources to support the identified improvement priorities.

Maximising Capital Receipts

As outlined previously a 5 year disposal programme has been established to identify future receipts and work will continue with Directorates to ensure that full consideration is given to the current use of the authority's assets to determine the most appropriate way to deliver services as we move forward.

This should lead to further assets being declared surplus and available to be reinvested. However the current volatile market conditions make predicting future receipts difficult to assess at the moment.

Maximising Revenue Resources

As part of the ongoing Service and Financial Planning process consideration will be given to maximising revenue resources, in particular the reviewing of current levels of fees and charges and the potential for alternative sources of funding.

However, research on new funding streams will focus on the areas that will support the priority outcomes rather than any funding that may be available for new initiatives. Work will continue on identifying current 'gaps' in funding and managing the overall resources of the authority through, amongst other activity, lobbying alongside SIGOMA and active treasury management policies.

A key source of funding relates to grant that has been allocated to other partnership groups. For example European Funding and the Single Local Growth Fund has been allocated to the City Regions to oversee. In addition a £3.8bn pooled budget for health and social services to work together has been allocated to Clinical Commissioning Groups to determine. Barnsley will be seeking to influence the allocation of these and other funding streams that are not allocated directly to local authorities although no assumptions have been made in the forecast at this stage.

SECTION F – FORECAST & UNDERLYING RISKS

Current Assumptions underpinning the Forecast

The Medium Term Financial Forecast is based on the financial plans for the period 2015/16 – 2017/18. The forecasts through necessity also make certain forward assumptions that will need to be firmed up during the year. The main ones being:-

- Pay awards currently based on a 1.0% increase each year.
- Contract inflation for major contracts.
- National insurance provision to reflect the introduction of the new state pension from April 2016.
- Funding for revenue costs of financing an annual Capital New Starts Programme of £5m.
- Council Tax increases of 2% per annum.
- Business rate growth based on inflation at 3%.
- RSG to reflect the Governments' 2015/16 draft settlement with further assumed cuts of 39% to cover the 2016-18 period.

The scale of cuts to RSG in future will clearly be impacted by the result of the next General Election in 2015 and determine whether this represents a prudent contingency or an under estimate. It should also be noted that there is no provision for any future Demographic pressures/ investment requirements and to the extent that any are required, further savings will need to be identified to compensate.

Medium Term Financial Forecast

The current long term financial forecast is based on a prudent interpretation of the best information available. The previous sections have outlined the assumptions made in assessing resources and expenditure projections, however it is vital that this forecast is regularly updated to take account of developments in the Authority's circumstances and the evolving national picture.

The current position based on; the 2014/15 approved budget; investment agreed to date; estimated additional unavoidable investment and updated assumptions is shown at Annex 2. This highlights the potential gaps, assuming that permanent annual expenditure reductions are implemented to address the gaps of:

	<u>2015/16</u> <u>£m</u>	<u>2016/17</u> <u>£m</u>	<u>2017/18</u> <u>£m</u>
Potential Gap	+13.863*	+14.407*	+12.091*

*Includes Council Tax increases of 2%

It should be noted that to the extent that permanent net expenditure reductions are not made to address the annual gaps, this will impact on the position up to the maximum levels.

Moreover the 2014/15 budget was agreed on the basis that permanent KLOE savings of £13.1m would be implemented during the year. Non achievement of these will increase the potential gaps in future years.

For 2015-17 the forecast identifies an overall balance to be funded through efficiencies and before any assumptions on Council Tax amounting to £31.1m and £28.3m after Council Tax assumptions of 2% per annum. A summary of the reasons for that balance is set out below:

<u>ANTICIPATED EXPENDITURE</u>	<u>£m</u>	<u>£m</u>
Budgeted Spend 2014/15	+187.262	
Budgeted Spend 2016/17	+191.499	
<hr/>		
<u>WHY THE REDUCTION?</u>		
Pay and Price inflation	+4.765	
Children in Care costs	+2.000	
Other savings identified	-4.028	
Impact of other investment/ pressures	+1.500	
<hr/>		
Reduction in Costs from 2014/15		+4.237
<hr/>		
<u>ANTICIPATED INCOME</u>		
Budgeted Income 2014/15	-187.262	
Budgeted Income	2016/17	-171.706
<hr/>		
<u>WHY THE REDUCTION?</u>		
Reduction in Government Grant	+29.247	
Increase in Council Tax base	-1.000	
Local Share - Growth in business rates	-1.434	
<hr/>		
Reduction in Income from 2014/15		+26.813
<hr/>		
SHORTFALL BEFORE COUNCIL TAX *		+31.050
<hr/>		
<u>COUNCIL TAX ASSUMPTIONS</u>		
Increase Council Tax income @ 2% pa		-2.780
<hr/>		
SHORTFALL AFTER COUNCIL TAX ASSUMPTIONS*		+28.270

**Shortfall to be addressed by future savings*

Risk Assessment and Sensitivity Analysis

A sensitivity / risk assessment of the 2015/16 Forecast has been produced which clearly identifies the key areas that may have a significant impact on delivery of the Medium Term Financial Strategy. A copy of this is attached at Annex 3 for information.

The sensitivity analysis for the Medium Term Financial Forecast considers, based on the risk assessment, the potential variation in the assumptions and their impact on the forecast. This is summarised below:-

	<u>Forecast</u>	<u>'Worst Case'</u>	<u>'Best' case</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
2015/16	+13.863	+19.447	+10.974
2016/17	+14.407	+20.952	+10.057
2017/18	+12.091	+19.786	+8.267

Some of the key risks underpinning the forecast (based on value) are shown in more detail below:-

Forecast Item	2014/15 Budget	Comment
Future Council Budget Reductions	-£13.1m	The scale of savings required to balance the 14/15 budget makes this a key risk and failure to deliver will not only add to future deficits but undermine implementation planning for covering off future deficits.
Business Rates Local Share	-£24.8m	There are significant risks underpinning business rates collection including the settling of appeals (carried out by the Valuation Office which can be backdated upto 5 years) and the change in the collection of local rates as a result of new businesses, the closure of existing ones and/or a change in status (eg gaining charitable status which academies fall under).
Revenue Support Grant	-£62.0m	RSG has been the biggest single grant that Barnsley has received. The government have already provided a draft 2015/16 settlement that will result in a 29% cut to Barnsley's RSG. The level of future cuts is likely to be impacted by the next General Election.

This clearly identifies the future funding of Local Government as a significant key risk.

The forecast is also prior to any further cost pressures that have been / will be identified as part of the ongoing Service and Financial Planning process.

SECTION G – THE STRATEGY

Background

Given the overall National economic position and the anticipation of significant reductions in resources continuing for Local Government the Council has already undertaken significant work on the identification of the 'Future Council' (see Section B).

Agreement of the Budget for 2014/15 was based on the timely delivery of the Key Lines of Enquiry (KLOE) and achievement of the resulting budget reductions.

In light of the anticipated ongoing deterioration in the level of support from Central Government and the significant changes in the overall mechanisms for funding Local Authorities, the previous financial forecast has now been extended through to 2017/18 to cover a new three year planning period.

Development of the MTFS

Given that the estimated 2015-17 deficit position is currently around £28M (assuming Council Tax increases of 2%) and significant gaps remain in future years, consideration needs to continue to focus on all options available for reducing net expenditure. This will centre on the new business model to support the 'Future Council' which will be based around the key components of:-

- **A Strong Core** – to identify our future needs and improve our commissioning and planning processes to deliver them - a key bedrock being that our core support services should be both lean and efficient;
- **Business Units** – to establish business units to deliver services in a more business-like manner, drive out efficiencies and improve productivity across all services (especially support services);
- **Alternative Models** – to consider alternative models of delivery including for example shared services, social enterprises and setting up different types of companies (e.g. limited, community led, cooperatives etc).

Further work is therefore required in order that options are provided to Members on how the gap can be closed. This will focus on the 9 building blocks, mentioned at Section B, to inform the process especially in relation to non- core services. This will enable the start of a dialogue around relevant priorities for the future and ensure that these are clearly set against the outcome framework already agreed.

Options determined through the above work will be considered as part of the Service and Financial Planning process to deliver the budget for 2015/17.

Future Strategy

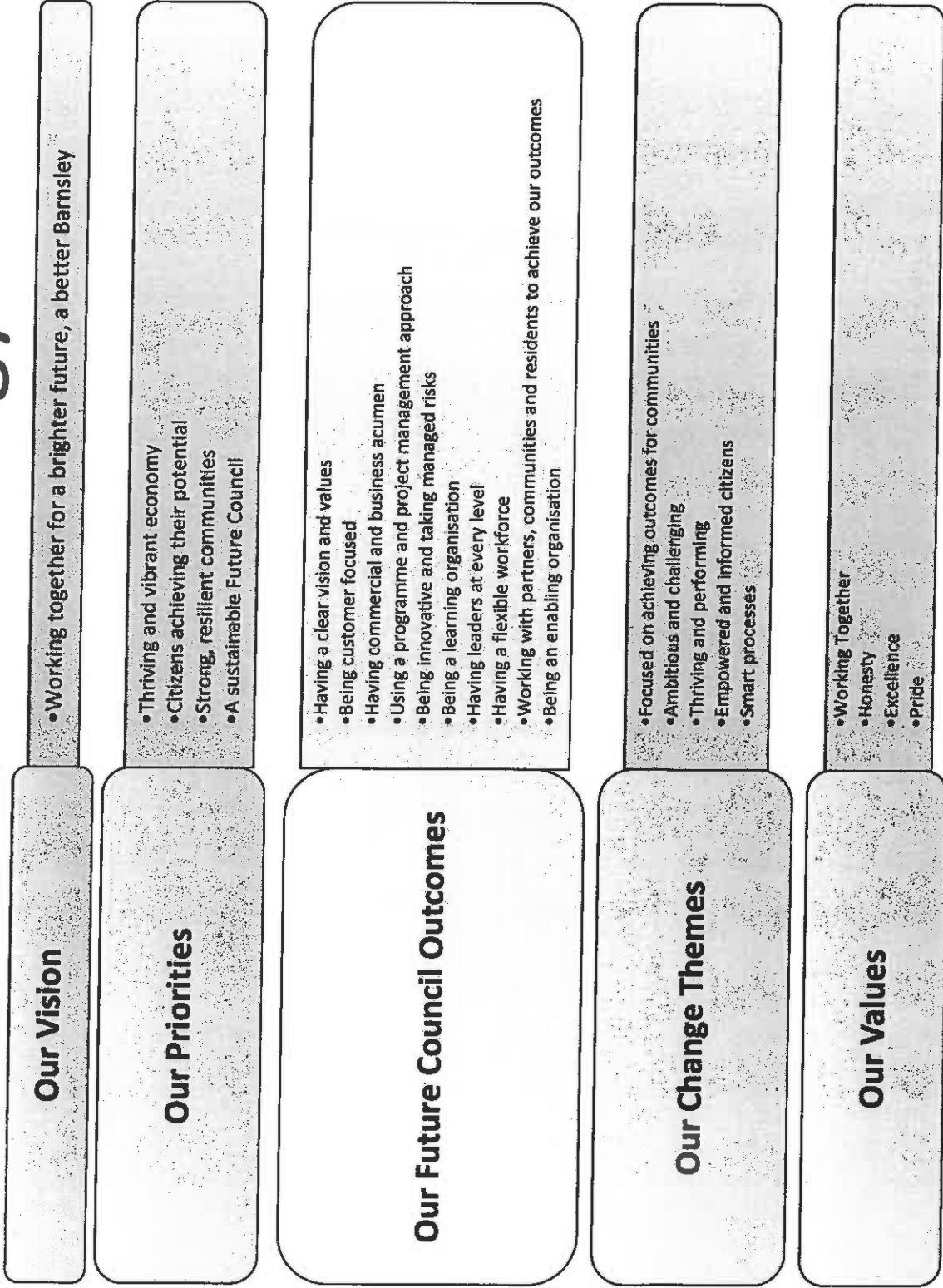
Following completion of the business modelling and assessment of the 9 building blocks, the strategy for developing a plan to deliver a balanced budget over the remaining three years will concentrate around a number of elements.

- Agreement of areas that need to be moved towards self-reliance for each year of the planning period and arrangements for their effective implementation
- Agreement of Core / Statutory Functions and consideration of
 - Right size
 - Method of delivery
- Fundamental review of all remaining options for co-production to prioritise within the reducing funding envelope. This work will continue to influence the size of the statutory core. The statutory core alongside the prioritised services will become the 'Core Council' of the future.
- Ongoing review of the structure of the organisation to deliver 'Future Council' going forward.

The Senior Management Team will lead on this work and reports on progress will be brought to members at the appropriate time.

Future Council Strategy

ANNEX 1



	FORECAST 2015/16 £M		FORECAST 2016/17 £M		FORECAST 2017/18 £M	
EXPENDITURE:						
1. Base Net Expenditure (Net of Schools)						
Base Expenditure	187,262	186,959	186,959	191,499	191,499	
2. Fixed and Ongoing						
Pay Award, National Insurance & Increments, Pay assumed at 1%	0.776					
Pension - Actuarial Assessment 2014-7	-1.742					1.804
Other Inflation (inc BSF)	0.823		2.441			0.258
Financing Capital New Starts Programme (including FYE from Previous Years)	0.500		0.162			0.823
Review of Capital Financing Budget (after 2013/14 outturn)	-0.700		1.097			0.500
			0.500			
				4.200		3.385
3. Future Council Proposals						
Phase 1 Proposals						
Phase 2 Proposals						
4. Investment & Other Decisions						
Education - Children in Care	2.000					
Insurance Fund savings	-0.960					
Unbudgeted Corporate items	-1.000		0.340			
				0.000		0.000
				0.340		0.000
5. TOTAL EXPENDITURE	186,959	186,959	191,499	194,884		
RESOURCES:						
6. Core Resources						
Council Tax						
Council Tax Income	73,027		75,417		76,807	
Business Rates Retention (BRR) scheme						
Local Share - Business Rates (net 50% share)	24,767		25,451		26,201	
Local Share - Top Up Grant	25,939		26,655		27,405	
RSG including Rolled in Grants / CTF Grant	61,991		44,035		31,278	
				96,141		84,884
S31 Grant						
S31 Grant for 2% Capping - Top Up / Local Share						
S31 Grant - SBRR	0,538		0,538		0,538	
	1,000		1,000		1,000	
Core Resources by						
Change in Resources						
Council Tax increase @ 2%	1,390		1,390		1,390	
Council Tax Increased Base / Collection Fund Surplus	1,000					
				1,390		1,390
Business Rates Retention (BRR) scheme						
Local Share - Business Rates (net 50% share) - capped at 2%	0,684		0,750		0,000	
Top Up Grant - Capped at 2%	0,716		0,750		0,750	
RSG including Rolled in Grants / CTF Grant	-17,956		-12,757		-10,846	
				-11,257		-10,096
				163,229		154,523
8. TOTAL RESOURCES	173,096	173,096	163,229	154,523		
NET SHORTFALL	13,863	13,863	28,270	40,361		
SHORTFALL IF PERMANENT SAVINGS ANNUALLY	13,863	13,863	14,407	12,091		

SENSITIVITY ANALYSIS - 2015-2018 FORECAST

ANNEX 3

FORECAST ITEMS & DESCRIPTION	POTENTIAL FOR CHANGE	RISK ANALYSIS	LEVEL OF IMPACT	WORST CASE 2015/16 £m	MEDIUM CASE** 2015/16 £m	BEST CASE 2015/16 £m	WORST CASE 2016/17 £m	MEDIUM CASE** 2016/17 £m	BEST CASE 2016/17 £m	WORST CASE 2017/18 £m	MEDIUM CASE** 2017/18 £m	BEST CASE 2017/18 £m
EXPENDITURE												
<u>Fixed and Ongoing</u>												
Pay Award, NI & Increments.	Pay inflation currently based on 1% increase in 2015/16 and beyond. Provision for pay inflation is also subject to change to the extent that future budget savings impact on staffing levels. Each 1/2% variation is likely to have a +/-£0.5m effect.		HIGH	1.276	0.776	0.276	2.941	2.441	1.941	2.304	1.804	1.304
Pensions	2014/15 - 2016/17 takes account of agreed changes resulting from the actuarial review in 2014. There is a possibility that costs might change between this period as a result of academy conversions but in general costs should remain relatively stable for the actuarial period. The cost is offset by a reduction in budgeted pension costs assumed in the 2014/15 budget resulting from the final actuarial evaluation. The next actuarial evaluation is 2017 and no provision has been made for additional employer costs at this point.		HIGH	-1.242	-1.742	-1.742	0.162	0.162	0.162	1.258	0.258	0.258
Living Wage	Adjustment to reflect BMBC commitment to support the living wage. There is potential for change but the impact is likely to be small.		LOW	0.100	0.000	0.000	0.100	0.000	0.000	0.100	0.000	0.000
Other Inflation (inc BSF)	Provision for other non pay inflation (eg contract) - potential for significant change if inflation changes especially where there are contractual commitments in relation to future inflation. Sensitivity assumes +/-£0.250m.		HIGH	1.073	0.823	0.573	1.347	1.097	0.847	1.073	0.823	0.573
Financing capital new starts programme (inc PTE from previous years)	Potential for change according to a number of variables (eg interest rate fluctuations, spend profiles etc). Currently interest rates are very low and only likely to increase. Whilst most economic forecasts believe they will remain at this level until 2015 there is a real risk that they could increase before then. Sensitivity assumes +£0.100m change to reflect interest rate changes on the New Starts programme only.		MEDIUM	0.600	0.500	0.500	0.600	0.500	0.500	0.600	0.500	0.500
Review of Capital Financing Budget (after 2013/14 outcome)	Current savings are being achieved by using short term/ temporary borrowing rather than fixing out at higher rates. The level of future savings will therefore will be affected by increases in future interest rates. The sensitivity assumes a 0.5% (+£0.5m) increase pa for the 4 year period and applies to the total Capital Financing budget.		HIGH	-0.200	-0.700	-1.200	0.500	0.000	0.000	0.500	0.000	0.000
Future Council Budget Reduction												
Key Lines of Enquiries	This reflects a wide range of service and cross cutting savings both in 2014/15 and going forward. Non achievement will have a significant impact on future forecast deficits and a £1m under achievement is assumed as worst case.		HIGH	1.000	0.000	0.000	1.000	0.000	0.000	1.000	0.000	0.000
Investments & Other Decisions												
PTA Levy	PTA are reviewing their budgets to determine potential savings to the PTA levy. No provision has been built into the forecast at this stage although this is part of Council's Transport review. A +/- £0.200m has been assumed at this stage.		LOW	0.200	0.000	-0.200	0.200	0.000	-0.200	0.200	0.000	-0.200
Education - Children in Care	Provision has been included in the forecast to take account of the demographic impact of children in care. A +/- £0.200m change has been assumed.		HIGH	2.200	2.000	1.800	0.200	0.000	-0.200	0.200	0.000	-0.200
Insurance Fund savings	Contribution from the Fund to reflect lower claim costs than estimated. Additional provision built into 2016/17 costs.		LOW	-0.960	-0.960	-0.960	0.340	0.340	0.340	0.000	0.000	0.000
Unbudgeted Corporate Items	Savings resulting from unbudgeted corporate items. No significant change expected.		LOW	-1.000	-1.000	-1.000	0.000	0.000	0.000	0.000	0.000	0.000
LCTS - demographic pressures	The forecast does not include a provision for additional claimants for the Local Council Tax Subsidy. A £0.3m variation is built in to reflect the potential demographic impact although based on evidence to date this is considered a low risk.		LOW	0.300	0.000	0.000	0.300	0.000	0.000	0.300	0.000	0.000
TOTAL CHANGE IN EXPENDITURE				3.347	-0.303	-1.953	7.690	4.540	3.390	7.535	3.385	2.235

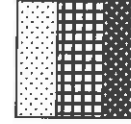
SENSITIVITY ANALYSIS - 2015-2018 FORECAST

ANNEX 3

FORECAST ITEMS & DESCRIPTION	POTENTIAL FOR CHANGE	RISK ANALYSIS	LEVEL OF IMPACT	WORST CASE 2015/16 £m	MEDIUM CASE** 2015/16 £m	BEST CASE 2015/16 £m	WORST CASE 2016/17 £m	MEDIUM CASE** 2016/17 £m	BEST CASE 2016/17 £m	WORST CASE 2017/18 £m	MEDIUM CASE** 2017/18 £m	BEST CASE 2017/18 £m
RESOURCES												
Assumes Council Tax increases of 2%	The current referendum limit is 2% so increases above this level will trigger a referendum requirement which the Council is keen to avoid. There is little prospect of the current government altering this policy in the near future. As such, future council tax income could be maximised. This however might change with a new government after May 2015. A 1% reduction in future Council Tax increases is assumed as the worst case.		HIGH	-0.695	-1.390	-1.390	-0.695	-1.390	-1.390	-0.695	-1.390	-1.390
Council Tax increased base and and CF surplus	Provision for additional base income or use of the Collection Fund is assumed in 2015/16. A +/- £0.5m is assumed in 2015/16 with a further £0.5m assumed thereafter.		HIGH	-0.500	-1.000	-1.500	0.000	0.000	-0.500	0.000	0.000	-0.500
NNDR Grants												
Business Rates (net 50% share)	The future forecast is based on an assumed increase in the multiplier (based on RPIx). However predictions for retaining local share is subject to a number of variables such as the level of mandatory and charitable reliefs, the level of appeals, new businesses and closures etc. As such it is very difficult to predict and subject to potential wide variations. A +/- £0.5m variation is assumed for future years.		HIGH	-0.184	-0.684	-1.184	-0.250	-0.750	-1.250	0.500	0.000	-0.500
Business Rates Top up grant	In order to establish an initial neutral position the government will pay top up grant or impose tariffs to reflect an Authority's current position. Future forecasts are based on a 3% increase on an assumed inflation factor which might be change.		HIGH	-0.477	-0.716	-0.955	-0.750	-0.750	-0.750	0.000	-0.750	-0.824
Revenue Support Grant	2014/15 and 2015/16 RSG levels are based on the final and draft LG settlements. Future forecasts for 2016-18 are based on a total 24% cut. There is potential for this to change especially if there is a change in government after May 2015. A +/- 5% change is shown in 2016-8.		HIGH	17.956	17.956	17.956	14.957	12.757	10.557	12.446	10.846	9.246
Total Change in Resources				16,100	14,166	12,927	13,262	9,867	6,667	12,251	8,706	6,032
TOTAL				19,447	13,863	10,974	20,952	14,407	10,057	19,786	12,091	8,267
TOTAL - ASSUMING PREVIOUS YEARS' DEFICITS NOT BRIDGED				19,447	13,863	10,974	40,399	28,270	21,031	80,185	40,361	29,298

Key - Level of Risk

- Risk unlikely to happen & action plans in place to reduce the chance of it happening
- Risk likely to happen & action plans in place to reduce the chance of it happening
- Risk likely to happen & no plans in place to reduce the chance of it happening



Key - Impact of Risk based on Budget Variation

- Costs > £750,000 HIGH
- Costs > £500,000 but < £750,000 MEDIUM
- Costs < £500,000 LOW

DIRECTORATE SUMMARY

Proposal Theme	PEOPLE Full Year Effect £	COMMUNITIES Full Year Effect £	PLACE Full Year Effect £	PUBLIC HEALTH Full Year Effect £	CORE SERVICES - HR, PERFORMANCE & COMMUNICATIONS Full Year Effect £	CORE SERVICES - FINANCE, ASSETS & INFORMATION SERVICES Full Year Effect £	TOTAL Full Year Effect £
Public Health Switch Funding	-	-	-	3,194,000	-	-	3,194,000
Contracts / Third Party Spend	198,000	2,075,000	2,045,000	233,000	52,000	1,157,000	5,760,000
Transport	-	-	1,453,000	-	-	-	1,453,000
BULL / TCL Contract	-	-	-	-	-	3,000,000	3,000,000
Customer Services Review	3,000	270,000	170,000	-	-	410,000	853,000
Business Support	-	-	-	-	760,000	-	760,000
	201,000	2,345,000	3,668,000	3,427,000	812,000	4,567,000	15,020,000

* An additional £400,000 is due to be saved in 2017/18 if the MI Card scheme is ceased.

PEOPLE

Section 3a)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
<u>Education & Early Start Prevention</u>						
<i>Contracts / Third Party Spend</i>						
PEOPLE 1	Paediatric First Aid & Safety Training	The Early Childhood Service is currently working with BMBC Adult Education to deliver paediatric first aid courses. The service will undertake a review of the arrangements, with the intention to introduce further charges whilst remaining competitive and retaining the high quality in-house training.	8,000	-	8,000	119,000
PEOPLE 2	Procurement Advice to Schools	A review will be undertaken to consider the options that exist for ongoing provision of education procurement advisory services in future. The review will attempt to answer, whether the service is required at all and whether a business case could be presented for the in-house service to be self-funded.	50,000	50,000	100,000	160,000

Adult Assessment & Care Management

No proposals for this business unit

PEOPLE

Section 3a)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
Children Assessment & Care Management						
<i>Contracts / Third Party Spend</i>						
PEOPLE 3	Short Breaks	All contracts for delivery of short break services are to be reviewed and prioritised in accordance with need with an increase in personalisation through greater use of personal budgets and direct payments.	4,000	46,000	50,000	453,000
PEOPLE 4	Young Carers	A review of the contracts for delivery of key social care services (recognised as best practice when delivered at arm's length from the Local Authority) will be undertaken with a view to completing a new procurement exercise.	20,000	20,000	40,000	116,000
<i>Customer Services Review</i>						
PEOPLE 5		A review of the Council's interaction with its customers - supporting the changing relationship between the Council and its Communities delivering an improved customer experience.	-	3,000	3,000	N/A
PEOPLE DIRECTORATE - PHASE 1 SAVINGS			82,000	119,000	201,000	

COMMUNITIES

Section 3b)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
Customer Services						
<i>Contracts / Third Party Spend</i>						
COMMUNITIES 1	Food	A review of the schools' catering service is being undertaken to ensure that Value for Money is achieved when procuring food. This includes benchmarking with other Local Authorities.	30,000	70,000	100,000	4,239,000
COMMUNITIES 2	Worklessness	Revise the approach to the support provided on worklessness.	25,000	-	25,000	80,000
<i>Customer Services Review</i>						
COMMUNITIES 3		Proposal to change the way in which the Council interacts with its customers - supporting the changing relationship between the Council and its communities, delivering an improved customer service by creating a single / joined-up point of access for all services.	-	220,000	220,000	N/A
Community Safety and Enforcement						
<i>Contracts / Third Party Spend</i>						
COMMUNITIES 4	DAAT / Substance Misuse Review	The Council currently has a number of contracts with external providers who support people with substance misuse problems. A strategic review is being undertaken to revise (and re-procure) the delivery model e.g. with greater emphasis on peer support, involving third sector providers.	200,000	800,000	1,000,000	5,282,000

FUTURE COUNCIL INITIAL PROPOSALS

COMMUNITIES

Section 3b)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Fall Year Effect £	2014/15 Current Gross Budget £
Community Safety and Enforcement (Continued)						
<i>Customer Services Review</i>						
COMMUNITIES 5		Develop a single point of contact including greater use of alternatives to face-to-face.	-	50,000	50,000	N/A
Community Engagement						
<i>Contracts / Third Party Spend</i>						
COMMUNITIES 6	Public Health Development Service - Smoke Cessation / Prevention; Health Trainer / Weight Management Service	Develop a specification for an integrated Wellness Service to provide a range of support services which are de-medicalised and procured via a range of community based / third sector providers or local community groups.	700,000	-	700,000	1,768,000
COMMUNITIES 7	Advocacy	Revise the specification for Advocacy Services and re-procure.	200,000	-	200,000	660,000
COMMUNITIES 8	SWYFT - Healthy Settings	Revise and reduce the Healthy Settings contract and identify the extent to which services are commissioned, based on a robust understanding of need and the extent to which, services are meeting the needs of customers and are delivering value for money.	50,000	-	50,000	284,000
COMMUNITIES DIRECTORATE - PHASE 1 SAVINGS			1,205,000	1,140,000	2,345,000	

FUTURE COUNCIL INITIAL PROPOSALS

PLACE

Section 3c)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
Economic Regeneration						
<i>Contracts / Third Party Spend</i>						
PLACE 1	Provision of Enterprise Coaching / Business Support to start-ups	As part of the adoption of the Jobs and Business Plan a reprofiled Economic Strategy Budget (ESB) was agreed. This enables the base budget (which was used to match ERDF funding) to be replaced by ESB. As part of Future Council there is the possibility of evolving current delivery with the emerging Sheffield City Region Growth Hub model in order to focus on supporting existing businesses to grow. This would still require match funding to be provided by BMBC which is factored into ESB Phase 2.	340,000	-	340,000	1,900,000
PLACE 2	Ambition Barnsley - Pathways to Participation	A review of Ambition Barnsley is to be undertaken to explore how savings and efficiencies can be achieved without impacting negatively on service delivery. Additionally, in order to embed principles of best value and invest to save in the 14-19 agenda, other IKIC initiatives will also be considered in 2015/16.	3,000	7,000	10,000	2,719,000 gross expenditure budget / 315,000 net of grants
PLACE 3	Inspirational Leaders - "I Know I Can"	The Inspirational Leaders (Alumni Project) contract has not been renewed for 2014/15 with resources re-allocated. Other non-staffing spend specifically within the 14-19 service area (relating to youth unemployment) will be reviewed to identify savings.	45,000	-	45,000	2,719,000 gross expenditure budget / 315,000 net of grants - see also PLACE 2

FUTURE COUNCIL INITIAL PROPOSALS

PLACE

Section 3c)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
<u>Economic Regeneration (Continued)</u>						
PLACE 4	Maintenance of Shopping Centre Doors	As part of redevelopment of the Town Centre, the current shopping centre doors will be replaced which ultimately will not require maintenance to current levels.	24,000	-	24,000	112,000
PLACE 5	South Yorkshire Mining Advisory Service	This service is funded jointly by the four South Yorkshire authorities. It is proposed that budget will reduce by 5% in 2015/16. To be agreed by The South Yorkshire Leaders Group.	2,000	-	2,000	42,000
PLACE 6	South Yorkshire Archaeology Service	This service is funded jointly by the four South Yorkshire authorities. It is proposed that budget will reduce by 5% in 2015/16. To be agreed by The South Yorkshire Leaders Group.	1,000	-	1,000	22,000
PLACE 7	<u>Customer Services Review</u>	A review of the Council's interaction with its customers - supporting the changing relationship between the Council and its Communities delivering an improved customer experience.	-	31,000	31,000	N/A
PLACE 8	BPL	Consideration of options to reduce subsidy payment provided to BPL.	150,000	150,000	300,000	877,000
<u>Culture, Housing & Regulatory Services</u>						
<u>Contracts / Third Party Spend</u>						

FUTURE COUNCIL INITIAL PROPOSALS

PLACE

Section 3c)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
<u>Culture, Housing & Regulatory Services (Continued)</u>						
PLACE 9	Third Party Contributions to Various Entities' Running Costs	Within the context of Future Council, a review is being undertaken to identify whether these contributions can be sustained. An element may fall within the remit of Area Councils.	70,000	70,000	140,000	700,000
<u>Environment & Transport</u>						
<u>Contracts / Third Party Spend</u>						
PLACE 10	Various Items of Plant / Equipment	A review the current plant requirements (not included within the Transport Review) to determine a more appropriate, effective and efficient service delivery.	75,000	-	75,000	2,000,000
PLACE 11	Waste PFI etc.	To develop a 3-5 year plan for the Waste PFI programme in relation to the strategy to reduce the amount of residual waste presented to the new facility. The review will assess options to maximise the financial potential associated with spare capacity to the benefit of the Authority, the three Local Authority partners and the PFI operator – 3SE.	300,000	300,000	600,000	7,500,000
PLACE 12	Wheellie Bins	A review of the current contractual relationship for the provision of wheellie bins across BMBC, together with reviewing the relationship that residents have with their multiple wheellie bins.	50,000	-	50,000	290,000

FUTURE COUNCIL INITIAL PROPOSALS

PLACE

Section 3c)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
<u>Environment & Transport (Continued)</u>						
PLACE 13	Town Centre New Markets Waste	A review is being undertaken to determine that the design of the new market effectively considers recycling as part of the servicing needs to minimise waste disposed as residual.	25,000	25,000	50,000	1,000,000
PLACE 14	Highways Materials	A review of the current contracting arrangements with Key Partners to develop a future purchasing strategy and develop a clearer understanding of best value from the array of purchasing bodies, frameworks, & joint initiatives. This will include an overhaul of the present specifications and purchasing arrangements to reflect a more equitable risk sharing approach with providers.	270,000	-	270,000	3,500,000
PLACE 15	Household Waste Recycling Centres	A review of the potential to reduce the costs associated with the management of household waste recycling centres and identify opportunities for enhanced VIM through increasing income and reducing disposal costs.	50,000	50,000	100,000	1,100,000
PLACE 16	Hanging Baskets	The Council has 420 Summer baskets and 80 Spring baskets regularly grown, placed and watered in various locations throughout the Borough. The baskets were originally maintained by BMBC staff. However, the watering requirement have become onerous and not cost effective. The review will therefore look at alternative delivery of this service, potentially commissioned via Area Councils if still required.	28,000	-	28,000	28,000

PLACE

Section 3c)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
<u>Environment & Transport (Continued)</u>						
PLACE 17	Provision of Skips for Waste Removal / Recycling	A review of the existing arrangements for the removal of waste and recycled materials from the town centre market facility and Berneslai Homes via the existing contractual arrangements, to determine if alternative arrangements exist within BMBC for the treatment and / or disposal of these waste materials.	6,000	4,000	10,000	15,000
<u>Transport Review</u>						
PLACE 18	MI Card Scheme	Phase MI Card scheme out from 2015/16. Savings achieved by increasing fares by 10p per annum (15/16 @ 50p and 16/17 @ 60p). * An additional £400,000 is due to be saved in 2017/18 if the MI Card is ceased.	200,000	200,000	400,000	800,000
PLACE 19	SYPTTE Levy	Review of current levy /contract with SYPTTE. All 4 SY Councils have given SYPTTE a targeted saving for 2015/16.	35,000	165,000	200,000	13,258,000
PLACE 20	Adults PD Transport Provision	Cessation of transport provision to Carlton Day Centre however there will still be a requirement to re-provision day services for physically disabled clients.	40,000	-	40,000	75,000
PLACE 21	Free Provision for Pre-School Children	Cease provision of free transport for pre-school children.	3,000	-	3,000	1,677,000
PLACE 22	Adults External Contracts for Transport	Review of external contracts for the provision of Transport services for Adult social care clients with a view to bringing service in-house if more cost effective.	30,000	-	30,000	252,000
PLACE 23	Road Fund Licence Registration	Cease registration with RFL of the Council's accessible minibuses as Disabled Passenger Vehicles.	2,000	-	2,000	2,000
PLACE 24	Smithies ECO Stars	Implement ECO Stars Roadmap Actions - Key areas includes a reduction in fuel consumption and fleet operating costs.	50,000	-	50,000	1,200,000

PLACE

Section 3c)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
Environment & Transport (Continued)						
PLACE 25	Childrens "Half Pay" Escort	Review of this area including consideration of ceasing Children's "half pay" escort retainer payments during school holidays.	18,000	-	18,000	1,677,000 - see also PLACE 21
PLACE 26	Post 16 Transport	Current provision of post 16 transport contravenes policy which states parental contributions are required for post 16 children. Introduce parental contributions at 75%.	40,000	-	40,000	N/A - Income Generation Opportunity
PLACE 27	Adult Client Charging	Review the charging regime and introduce stricter charging for transporting clients to and from centres and day activities (currently a contribution of £1 per journey is made).	30,000	-	30,000	N/A - Income Generation Opportunity
PLACE 28	Travel Training	Introduce "Travel Training" in lieu of transport provision across Physical and Learning Disability and Older People services and Children's services.	150,000	75,000	225,000	2,415,000
PLACE 29	Route Optimisation	Review CYPF external contracts for the provision of Council escorts.	25,000	50,000	75,000	1,677,000 - see also PLACE 21
PLACE 30	Replace Tranman	Replace the Tranman system with SAP and therefore reduce system servicing / repair costs.	10,000	-	10,000	10,000
PLACE 31	Car Body Repair Contract	Re-tender current car body repair contract with a view to making a 10% saving.	27,000	-	27,000	270,000
PLACE 32	Track You Usage	Remove trackers from existing fleet not being used and restrict monitoring to those Refuse and Bernalia Homes vehicles in use. In addition review the usage by Refuse Vehicles in order to reduce second collection call-outs.	32,000	18,000	50,000	100,000

FUTURE COUNCIL INITIAL PROPOSALS

PLACE

Section 3c)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
Environment & Transport (Continued)						
PLACE 33	Fleet Workshop	Review the provision of vehicles under SLA's. Review shift patterns / workshop opening times to reduce the level of requirement for replacements.	50,000	-	50,000	2,062,000
PLACE 34	Cleaning & Repairs	Review tender cleaning and repair works to determine whether delivery can be more cost effective.	3,000	-	3,000	30,000
PLACE 35	Lease Vehicles	Establish a fast-track process of issuing out lease vehicles to increase external income levels.	50,000	-	50,000	2,062,000 - see also PLACE 33
PLACE 36	Industrial Shredder and Bailing	Review the machine usage which is currently under utilised with a view to potentially selling service.	5,000	5,000	10,000	N/A - Income Generation Opportunity
PLACE 37	Woodchipper	Wood chip stocks currently exceed requirements. Consider selling this equipment to save on fuel / repair costs.	20,000	20,000	40,000	N/A - Income Generation Opportunity
PLACE 38	Transport Services Structure	Review the current transport services structure specifically with a view towards having a single structure.	100,000	-	100,000	1,100,000
PLACE 39	<u>Customer Services Review</u>					N/A
		A review of the Council's interaction with its customers - supporting the changing relationship between the Council and its Communities delivering an improved customer experience.		139,000	139,000	
PLACE DIRECTORATE - PHASE 1 SAVINGS			2,359,000	1,309,000	3,668,000	

PUBLIC HEALTH

Section 3d)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
<u>Public Health</u>						
<u>Contracts / Third Party Spend</u>						
HEALTH 1	School Nursing	A review of the School Nursing Service will identify the extent to which services are commissioned, based on a robust understanding of need and the extent to which services are meeting the needs of customers and delivering value for money.	233,000	-	233,000	1,088,000
<u>Public Health Switch Funding</u>						
HEALTH 2		Switch funding of Public Health Grant to fund services currently funded by base budget	3,194,000	-	3,194,000	14,243,000
Public Health Sub Total			3,427,000	-	3,427,000	
PUBLIC HEALTH DIRECTORATE - PHASE 1 SAVINGS			3,427,000	-	3,427,000	

CORE SERVICES - HR, PERFORMANCE & COMMUNICATIONS

Section 3e)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
Human Resources						
<u>Contracts / Third Party Spend</u>						
HR 1	Recruitment & Advertising	A review of expenditure and contracts to ensure value for money.	20,000	-	20,000	794,000
<u>Business Support</u>						
HR 2		A review of business support across the Council with a view to operating on a pooled resource basis.	760,000	-	760,000	2,158,000
Performance						
<u>Contracts / Third Party Spend</u>						
PERF 1	Equality Forum Support Services	This contract is due for renewal in 2014/15. It is proposed that a reduction in overall cost of 10% will be secured.	6,000	6,000	12,000	70,000
Communications						
<u>Contracts / Third Party Spend</u>						
COMMS 1	Marketing & Promotional Goods	A review of expenditure in line with the transfer of responsibility for managing this category of spend to Corporate Communications.	20,000	-	20,000	139,000
CORE SERVICES - HR, PERFORMANCE & COMMS - PHASE 1 SAVINGS			806,000	6,000	812,000	

CORE SERVICES - FINANCE, ASSETS & INFORMATION SERVICES

Section 3f)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
Finance						
<u>Contracts / Third Party Spend</u>						
FINANCE 2	Subscriptions	A review of all spend incurred in respect of subscriptions to journals, magazines and organisations with a view to only procuring where there is an identified need / requirement with measurable outputs.	15,000	65,000	80,000	459,000
FINANCE 3	Insurances	The insurance services currently procured are to be re-tendered in 2014/15 and 2015/16 with a view to reducing the overall contract value.	35,000	50,000	85,000	850,000
<u>Customer Services Review</u>						
FINANCE 4		A review of the Council's interaction with its customers - supporting the changing relationship between the Council and its Communities delivering an improved customer experience.	410,000	-	410,000	N/A

CORE SERVICES - FINANCE, ASSETS & INFORMATION SERVICES

Section 3f)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
Assets						
<i>Contracts / Third Party Spend</i>						
ASSETS 1	Facilities Management	All FM services delivered by both the Council and through its Partnership with Barnsley Norse and NPS Barnsley will be reviewed to; identify the clarity of service provision, reduce duplication of functions, ensure the Council is achieving VFM in the FM contracts it lets and restructure the whole FM function to meet the needs of Future Council.	130,000	270,000	400,000	1,700,000
ASSETS 2	Stationery	A Council-wide review of all office stationery (excluding printing / paper) is being undertaken with a view to identifying alternative provision.	15,000	15,000	30,000	395,000
ASSETS 3	Travel	A review of the Council's travel requirements is being undertaken including the booking contract for travel / accommodation, identifying and advising on alternative travel methods, encouraging the most effective booking arrangements and encouraging environmentally friendly travel.	11,000	11,000	22,000	106,000
ASSETS 4	BSF Review - FM Contract	A review into the scope of the existing service (especially facilities management) with BSF Schools and rationalise the scope, renegotiate contracts or if necessary, re-tender.	200,000	140,000	340,000	5,769,000
ASSETS 5	Agency Staff	Proposal around the utilisation and management of the current Agency contract with Matrix to identify savings / efficiencies. This will also incorporate a refresh of the relevant policies / principles relating to the use of agency staff in order to reduce / negate demand.	50,000	50,000	100,000	1,992,000

CORE SERVICES - FINANCE, ASSETS & INFORMATION SERVICES

Section 3f)

Business Unit / Reference	Proposal Theme	Brief Description of Proposal	2015/16 Saving £	2016/17 Saving £	Full Year Effect £	2014/15 Current Gross Budget £
Information Services						
<i>Contracts / Third Party Spend</i>						
IS 1	BULL / TCL Contract	A review of the existing provision of IT services under the BULL TCL contract is being undertaken to identify areas of savings.	1,000,000	2,000,000	3,000,000	8,049,000
IS 2	Mobile Phones / Landlines	A review of all of the Council's landlines and mobile phone usage in order to cleanse the assets held (lines and devices), identify cheaper contracts and introduce new mobile phone policy.	56,000	44,000	100,000	738,000
CORE SERVICES - FINANCE, ASSETS & INFO SERVICES - PHASE 1 SAVINGS			1,922,000	2,645,000	4,567,000	
GRAND TOTAL - PHASE 1 SAVINGS			9,801,000	5,219,000	15,020,000	

SECTION 4

SERVICE AND FINANCIAL PLANNING 2015/16 – 2016/17

RECOMMENDATIONS

- 1.1 The proposals for the development of the 'Future Council' at **Section 1** be noted;
- 1.2 The Medium Term Financial Strategy (including the detailed Medium Term Financial Forecast attached at Annex 2) at **Section 2** be noted;
- 1.3 That subject to appropriate consultations the following be agreed;
 - a) The Future Council Phase 1 proposals set out in **Section 3 (a) – People** totalling £201,000;
 - b) The Future Council Phase 1 proposals set out in **Section 3 (b) – Communities** totalling £2,345,000;
 - c) The Future Council Phase 1 proposals set out in **Section 3 (c) – Place** totalling £3,668,000;
 - d) The Future Council Phase 1 proposals set out in **Section 3 (d) – Public Health** totalling £3,427,000;
 - e) The Future Council Phase 1 proposals set out in **Section 3 (e) – Human Resources, Performance and Communications** totalling £812,000;
 - f) The Future Council Phase 1 proposals set out in **Section 3 (f) – Finance, Assets and Information Services** totalling £4,567,000.
- 1.4 The Director HR, Performance and Communications be requested to take appropriate action in relation to the specific Future Council Phase 1 proposals above to issue appropriate notifications for consultations with staff and trade unions.
- 1.5 That SMT undertake appropriate impact assessment analysis and consultation with reference to its public sector equality obligations and that further reports are submitted to the Cabinet as appropriate.
- 1.6 SMT be requested to identify additional Phase 2 proposals in their respective Future Council Business Plans to address the specific remaining forecast gap for 2015-17 for further consideration as part of the service and financial planning process.