BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

Report of the Director of Finance, Assets and Information Services

CORPORATE FINANCIAL PERFORMANCE – QUARTER ENDING 30th JUNE 2016

1. Purpose of Report

1.1 To consider the financial performance of the Authority during the quarter ended June 2016 and assess the implications against the Council's Medium Term Financial Strategy (MTFS). The key headlines are:

- The position for Council services is a projected operational overspend of £7.708M in 2016/17;
- The overall position for the Council including Corporate budgets is a projected operational underspend of £15.1M in 2016/17;
- After allowing for grant fall out and other non-recurrent savings there is an underlying overspend of £0.5M that will materialise in 2017/18 without corrective action;
- The position on agreed savings is 90% against target, amounting to an adverse variance of approximately £1.0M mainly within the Place Directorate;
- The potential impact of the monitoring position on the Council's MTFS is shown at paragraph 7.

2. Recommendations

2.1 It is recommended that Cabinet:

- Request that Executive Directors/ Directors (where appropriate) provide detailed plans on how their forecast overspends will be brought back into line with existing budgets on a recurrent basis;
- Approve the write off of £0.997M of historic bad debts as shown at paragraph 6;
- Approve the budget virements at Appendix 1;
- Note the potential impact of the Quarter 1 monitoring position on the Council's MTFS at paragraph 7;
- Note the updated reserves position as outlined at paragraph 8 which has also been incorporated into an updated Medium Term Financial Strategy (MTFS) which will be reported separately to Cabinet in due course; and
- Approve the Invest to Grow schemes provided in the table at Section 8.

3. Overall Position to the Quarter Ending June 2016

3.1 The table below provides the monitoring position for the Council as at the end of June broken down between the 'in year' operational position for 2016/17 and the FYE 2017/18 position taking into account one-off funding (e.g. Care Act Funding) and non-recurrent savings dropping out as well as the assumptions that have already been factored into the Council's 2017-2020 Medium Term Financial Strategy.

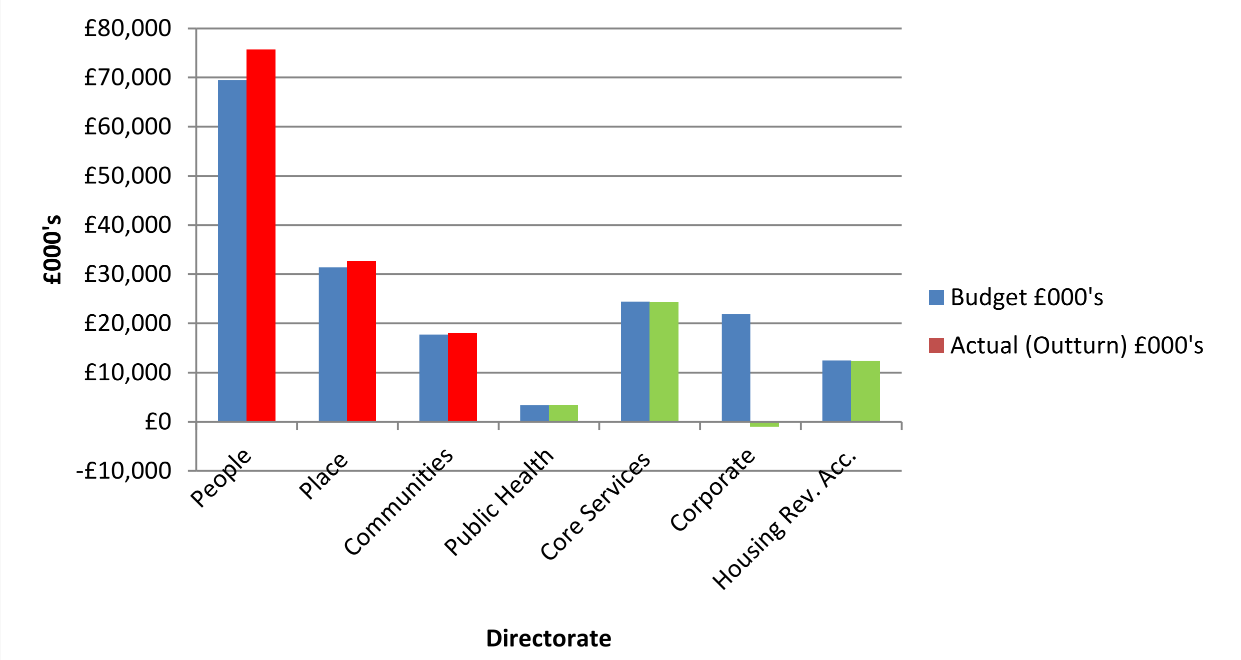
3.2 There is a projected overspend on Directorate budgets of £7.7M in 2016/17, mostly relating to anticipated social care pressures. This is offset by an anticipated underspend on Corporate Budgets of £22.8M mostly relating to the previously reported change in debt accounting. This gives an overall Council underspend of £15.1M.

3.3 The major part of this underspend is one-off in nature and and after allowing for the assumptions currently built into the Council's 2017-2020 MTFS, there will be an unplanned overspend of approximately £0.450M in 2017/18 unless corrective actions are put into place to rectify this situation.

DIRECTORATE	Approved Gross Expenditure Budget 2016/17 (after Virements) £'000	Approved Gross Income Budget 2016/17 £'000	Approved Net Budget 2016/17 £'000	Projected Net Outturn 2016/17 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (17/18) * £'000
People	213,196	(143,689)	69,507	75,665	6,158	35	6,193	-
Place	75,007	(43,637)	31,370	32,703	1,333	-	1,333	450
Communities	36,807	(19,071)	17,736	17,532	(204)	498	294	-
Public Health	11,428	(8,081)	3,347	2,646	(701)	701	-	
Core Services	173,554	(149,069)	24,485	23,758	(727)	615	(112)	
Service Totals	**509,992**	**(363,547)**	**146,445**	**152,304**	**5,859**	**1,849**	**7,708**	**450**
Corporate / General Items	30,658	(8,828)	21,830	(948)	(22,778)	0	**(22,778)**	-
Sub Total – Council	**540,650**	**(372,375)**	**168,275**	**151,356**	**(16,919)**	**1,849**	**(15,070)**	**450**
Housing Revenue Account**	85,746	(73,312)	12,434	4,196	(8.238)	(8,200)	(38)	-

3.4 The chart below provides an overview of the overall position for the Council which breaks down the budget against actuals for People, Place, Communities, Public Health, Core Services and Corporate budgets.

Summary Directorate Position – Budget v Actual



4. Delivery of 2016/17 Future Council Savings Proposals

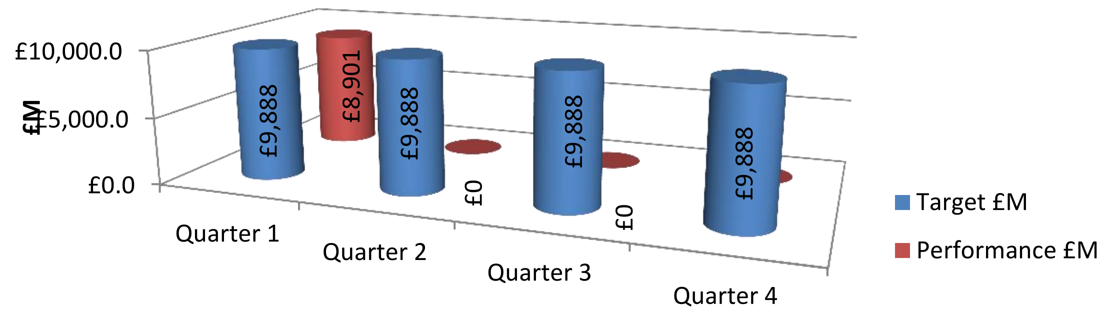
4.1 The Council's 2016/17 budget is dependent upon the delivery of its budgeted savings proposals. The 2016/17 approved savings target is £9.888M with Directorates currently reporting 90% delivery against target at the end of the 1st quarter, resultiing in an adverse variance of £0.987M.

4.2 The overall adverse variance can be summarised as follows:-

	Directorate	**Quarter 1 £M**
Waste PFI savings/HWRC	Place	0.350
Additional income generation from selling recycled materials	Place	0.120
Creation of transfer loading station	Place	0.140
Contract management savings e.g. surface dressing, grit	Place	0.114
Other Place savings	Place	0.214
Delay in delivering BSF savings	Core	0.049
Sub Total – 1st quarter monitoring position		***0.987***

4.3 The following chart summarises the Quarter 1 savings position against target for 2016/17:

Overall Position for Approved Savings –first quarter



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Target £M	£9,888	£9,888	£9,888	£9,888
Performance £M	£8,901			

5. <u>Corporate Resources</u>

5.1 The Council's major sources of discretionary income are Business Rates and Council Tax. The Council's financial health is therefore almost completely reliant upon the collection of both Council Tax and Business Rates. The following table shows the estimated collection rates for Quarter 1 compared to the stretch targets that have been set:

	2015/16 Actual	2016/17 Stretch Target	Quarter 1	Variance
Council Tax	96.01%	96.4%	96.12%	-0.28%
Business Rates (local share)	97.08%	97.4%	97.22%	-0.18%

5.2 Current Council Tax collection rates are forecast to fall slightly short of the stretch target by around 0.3% in 2016/17. Although the current collection rate would allow the Council to meet its budget requirements, there is potential to generate a further £0.1M for every 0.1% improvement in collection.

5.3 Despite estimating a shortfall against target, it is still estimated that the collection rate (on current projections) will outstrip 2015/16 performance which previously benchmarked 2nd in its comparator cohort.

5.4 This is reflective of the investment in both time and resources in this area over the last 12 months to improve and develop processes and recovery methods. Moreover, the new methods adopted by the Council (including charging orders, a new enforcement framework and bankruptcy and petitions) should over time help us to move ever nearer to our challenging stretch target for 2016/17 and beyond.

5.5 The position for Business Rate collection is again forecast to be slightly below the stretch target set for 2016/17. However, the current forecast is higher than the final collection rate achieved in 2015/16. As mentioned previously the position on business rates remains volatile due to a number of issues outside of the Council's direct control (e.g appeals, reliefs, business failures etc). These issues continue to be monitored and any significant changes that impact on the collection rates / levels will be reported into a future Cabinet.

5.6 It is hoped that the Council's 2020 plans and investment to accelerate growth in jobs and businesses will result in increased business rate yield over the period of the MTFS. However, there are also a number of other issues on the horizon that could potentially impact on the levels of business rates collected namely:-

Business Rate Revaluation

The ratable value of business properties within the Borough are reviewed and adjusted by the Valuations Office every 5-7 years. The next revaluation is currently taking place with revised rateable values to be implemented from 1st April 2017. A draft list of revised ratable values will be available form September 2016. This will impact on the bills for our local businesses although the impact on the Council is anticipated to be fiscally neutral.

100% Business Rate Retention

Under the current Business Rate Retention scheme, the Council is able to retain 50% of business rates collected from within the area. The Chancellor announced in his 2015 Autumn Statement that by 2020 all Local Authorities will be able to retain 100% of business rates collected. In addition, Sheffield City Region is currently exploring piloting the new scheme in advance of full roll out in 2020. The implications of this are currently being assessed but it will be clearly critical that we have the right people, processes and systems in place to effectively manage these resources moving forward.

Brexit

Following the move to 100% retention of business rates, the Council will become more exposed to fluctuations in tax revenue resulting from economic downturns. Whilst it is still early to determine what the economic impact of the vote to leave Europe will be, economists are still largely indicating that it will create a negative impact on economic growth, particularly in the short term.

Arrears Management

6.1 Bearing in mind the uncertain economic climate, it has become more important than ever to manage the Council's debtors effectively. It is equally important to recognise that the overall debt position is constantly changing as debt moves through the various stages of recovery and new debts are raised.

6.2 The table below shows that the overall overdue debt position at June was £31.5M. This is comprised of old debt of £24.1M and new year debt of £7.4M. Some £9.6M of old debt has been collected during this quarter which is encouraging. The performance target for historic debt is to collect 70% of all arrears. The performance in Quarter 1 has delivered 29% towards this annual target and it is currently envisaged that the target will be met by the end of the financial year.

6.3 Historic debt is traditionally much more difficult to collect and this quarterly improvement indicates that the measures being introduced to improve debt recovery are starting to have an effect. Nevertheless, it remains good financial management to provide for non-recovery of some of these debts and the current provision for bad debts stands at £15.6M. The Director of Finance, Assets and Information Services is now also seeking approval to write off historic debt amounting to £0.997M which have become uneconomical to pursue. This is summarised in the table below:

Type of Debt	Pre-16/17 Arrears £M	2016/17 Arrears £M	TOTAL Arrears £M	Bad Debt Provision £M	Write Offs For Approval £M
Opening 2016/17 Position (position as at 31.03.2016)	33.773	n/a	33.773	15.523	
Total as at end of June	24.072	7.388	31.460	15.582	0.997
MOVEMENT	(9.701)	7.388	(2.313)	0.059	

7. Impact on MTFS

7.1 The updated MTFS for the period 2017-2020 is the subject of a separate report which will be submitted to Cabinet later this month. This report has outlined demographic pressures and non delivered savings in the Place Directorate that are not currently factored within the updated MTFS. To the extent that these remain unaddressed there will be an underlying FYE overspend for the Council as a whole of £0.5M that will impact on the MTFS as follows:-

	2017/18	2018/19	2019/20	TOTAL
Current MTFS **	**£4.1M**	**£6.4M**	**£6.9M**	**£17.4M**
Underlying implications of June monitoring	**£0.5M**	**-**	**-**	**£0.5M**
Revised MTFS position if uncorrected	**£4.6M**	**£6.4M**	**£6.9M**	**£17.9M**

** Position for 2017/18 and beyond is currently under review as part of the Council's 2020 Plan.

8. Impact on the Council's Reserves Strategy

8.1 The updated reserves strategy to be reported separately to Cabinet later this month has identified 'banked' revenue reserves of £20.9M which are now available for one-off investment opportunities linked to achieving the Council's 2020 outcomes and / or as a temporary bridging strategy for the funding gaps identified in the MTFS.

8.2 Over and above this and again in line with the updated Reserves Strategy the latest projection for 2016/17 is for a further increase in revenue reserves of around £15.1M. It should be noted that this is a one-off situation related to the 2016/17 financial year as any ongoing savings have been built into the updated MTFS for 2017/18 and beyond.

8.3 Finally, there still remains the risk of unexpected expenditure items to materialise in the remainder of this financial year which may impact on the levels of available reserves. This positon will be updated throughout the year before being finalised as part of 2016/17 accounts closure / audit procedures. In addition, there is anticipated to be a £0.5M overspend in 2017/18 which has not currently been built into the updated MTFS. If uncorrected this would reduce the reserves potentially available by this amount in that year. This position is summarised in the table below:

	2016/17	2017/18	TOTAL
Revised position as at end of 2015/16	£20.9M	-	£20.9M
2016/17 underspend as projected at Q1	-	£15.1M	£15.1M
Full Year Effect of 2016/17 Q1 position if uncorrected	-	-£0.5M	-£0.5M
Revised Total	**£20.9M**	**£14.6M**	**£35.5M**

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SECTIONS

SECTION 1 - Executive Director's Statement for People

Executive Director's Statement

i. Overview

The latest revised 2016-17 approved budget envelope for the People Directorate is £69.5M and includes schools balances (£5M) brought forward from 2015/16. Based on current projections, the Directorate is anticipating a net operational overspend of **£6.2M** in the current financial year, with £7.8M estimated for 2017/18.

The projected overspend is mainly attributable to ongoing recurrent pressures on Looked after children placement costs and demographic pressures on Adult Social Care (i.e. Older People, Disabilities and Mental Health). It should be noted that the Care Act grant (£1.8M) and additional CCG funding (£0.7M) used to mitigate Adult social care pressures in 2015/16 are no longer available.

The key significant variances across the People Directorate are explained below.

Quarter 1 position to the end of the quarter ending June 2016

DIRECTORATE	Approved Net Budget 2016/17 £'000	Projected Net Outturn 2016/17 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to Reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (17/18) * £'000
Education, Early start & Prevention	13,846	13,846	-	-	-	-
Adult Social Care & Health	35,496	38,812	3,316	35	3,351	-
Children Social Care & Safeguarding	19,852	22,694	2,842	-	2,842	-
ED People	313	313	-	-	-	-
Total – People	**69,507**	**75,665**	**6,158**	**35**	**6,193**	**-**

ii. Key Variances

Education, Early Start & Prevention

No significant variances are currently projected for this Business Unit.

Adult Social Care & Health

An overall net financial risk of **+£3,351k** is currently projected for the Adult Social Care & Health Business Unit, which is mainly attributable to recurrent demographic pressures associated with cost of care packages for Older People and people with Disabilities and

Mental Health. The projected forecast takes into account the additional council tax precept funding of £1.5m incorporated into the budget in 2016/17, which has mainly been used in mitigating the impact of the increase in fee payments to care providers (fee uplift for residential / nursing and domiciliary care as agreed by the Council).

An explanation of the key financial risks / pressures faced by the Business Unit are outlined below:-

- Assessment & Care (Older People) – (+£1,664k) – this projected overspend (which is at a similar level to 2015/16) is an ongoing recurrent pressure mainly attributable to the increased cost of care packages and placements for older people receiving care / supported by the Council. It should be noted that a proportion of the reported pressure is attributable to the ongoing effect of the non-achievement of the 2015-16 KLOE savings (£0.5m) aligned against the OP purchasing budget.

  The overall number of Older People (aged 65+) in receipt of care and supported by the Council (both in residential and community based support) has increased over the last 12 months – see table below:

	Q1 15-16	**Q2 15-16**	**Q3 15-16**	**Q4 15-16**	**Q1 16-17**
RES/NUR	863	873	880	886	895
COMM	1174	1149	1128	1147	1213

  Although the overall number of older people in residential care has increased, the new admission rates have been in line with the corporate performance target, which aims to bring our performance in line with the national average. The objective is to reduce the rate of admissions, at a time when the over 65 population is increasing. The rate of admissions locally has fallen over the last five years. In 2014/5 it was above the national average but below the regional average.

  There have been an increased number of high cost placements requiring 1-1 supervision to manage challenging behaviours and the associated risks, the cost of these placements is exerting pressure on the Older People care cost budget. There is also an increased pressure linked to the rise in number of care packages as a direct result of supporting more people at home with more complex needs resulting in higher costing care packages. The increased cost of these placements (net of the anticipated contribution from health i.e. s117 funding) is exerting pressure on the Older People care cost budget.

- Assessment & Care (Disabilities) (+£1,206k) – this forecast overspend (increase of £200k compared to 2015/16 reported position) reflects the ongoing recurrent demographic pressures within learning and physical disabilities purchasing budgets. There is a continuing increase in the number of people supported (and therefore cost) within the community when compared to residential / nursing care – which is a more cost effective care provision option.

	Q1 15-16	**Q2 15-16**	**Q3 15-16**	**Q4 15-16**	**Q1 16-17**
RES/NUR	74	75	79	80	79
COMM	513	525	528	528	536

The increasing number of service users / client costs can partly be explained by the increasing number of young people with disabilities transitioning into Adults services, particularly young people with autism and challenging behaviour requiring intensive support.

- Assessment & Care (Mental Health) (+£488k) – this forecast position represents an increase of £150k in the reported position in 2015/16, and reflects ongoing pressure against the care budgets due to a small but steady increase in the number of high cost care placements (full year effects of last year placements plus new admissions). It should be noted that efforts are continuing in reviewing these high cost placements (through the use of the care funding calculator) to ensure value for money as well as maximising funding contributions from health towards care costs e.g. s117 funding.

	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Q1 16-17
RES/NUR	26	25	26	26	29
COMM	51	51	53	77	76

- Deprivation of liberty safeguards (DOLS) (+£600k) – a financial cost pressure is currently forecast in relation to DOLS – due to the fall out of non-recurrent funding available in 2015/16 (including Government grant funding). The forecast cost pressure of £600k reflects the agreed increase in staffing capacity (Best Interest Advisers and business support) to deal with the current backlog and expected increase in number of reviews / assessments to be undertaken. There are significant pressures in this area including rising numbers of applications as well as more demand for paid representatives and more Court of Protection challenges to DOLs authorisations. It is envisaged that this requirement would be funded from currently uncommitted BCF (Care Act) monies – see paragraph below.

- Uncommitted BCF funding (-£700k) – total Better Care Funding assumed within the overall revenue budget for Adult Social Care for 2016/17 is £9.5m (same level as in 2015/16). Included within this allocation is £700k to cover ongoing commitments of the new burdens under the Care Act, which is currently uncommitted and has been set aside to cover the funding requirement for DOLS.

Children's Social Care & Safeguarding

A net financial risk of £2.8m is projected for the Children Assessment and Care Management Business Unit mainly attributable to:

- Children in Care placement costs (+£2,391k) - a financial pressure of £2.4m is currently forecast for the year based on expected costs of the current number of children looked after by the Council. The total LAC number as at the end of quarter 1 is 308, which represents an increase when compared to 285 reported for the year to end of March 2016. The increase in LAC numbers in the first quarter of this financial year continues the upward trend in admissions witnessed last financial year when numbers rose from a stable average of 250 in 2015 to 285. It should be noted that the current forecast spend is comparable to and within the estimate of £2.9m assumed in the recently refreshed Sufficiency and Placement strategy. The strategy would form the basis for monitoring financial performance during the year and the effectiveness of the action plan such as; reduced reliance on external fostering placements and an increase in the number / choice of internal foster carers. It should be noted that despite the recent increase, Barnsley's LAC numbers are still well below the average for its statistical neighbours, although they now stand closer to the national average. Good performance of permanency planning, adoption and SGO's continues to help manage the numbers of children in care and overall cost.

- Assessment & Care - Legal Fees (+£350k) – a forecast recurrent pressure is anticipated in Assessment & Care due to increased legal costs. The increase in LAC numbers and in legal proceedings necessary to safeguard children, resulted in an increased spends of £950k on legal fees in 2015/16 (against a budget of £450k). Legal Services are looking to reconfigure the child care legal team and revise the approach to the management of that team to ensure that more advocacy is delivered in house. It is expected that this would significantly reduce the cost of Counsel's fees to Children's Social Care and Safeguarding by 50% over a two year period (25%+ within this plan period). The introduction of a framework agreement will ensure that where it is necessary to outsource legal work, the client will benefit from a transparent process that will deliver best value for money.

- Assessment & Care – Other Costs (+£100k) – an overspend is currently forecast across the main Assessment & Care district teams due to increased accommodation costs. The budget available is insufficient to cover the rising rent cost of occupying the LIFT PFI funded primary care centres (Worsborough, Cudworth, with some limited allocated workspace at Goldthorpe and Hoyland).

Schools

The latest confirmed schools budget for 2016/17 totals **£109.5m** (includes £1m base budget contribution by the council), of which the budget delegated directly to maintained schools to manage is £94.6m (after adjustment for academies), with the balance i.e. £14.9m managed centrally by the Council on behalf of schools. The above excludes the carry forward of £5m from 2015/16 and other grant funding to schools such as pupil premium grant, post 16 funding, etc.

Delegated schools' budgets:

Total funding delegated to maintained schools for the year is **£94.6m** and comprised elements allocated to individual schools through the local schools funding formula, as well as high needs and early years funding. The latest forecast surplus balance position for all maintained schools based on the submitted 2016-17 approved budgets is **£0.9M** (comprised of £1.1m for primary schools and a deficit balance of £0.2m for secondary schools).

The above reported surplus position needs to be considered in the context of the £5.0m surplus position reported at year end 2015-16 (£3.2m after adjusting for ICT lifecycle refresh funding devolved to secondary schools in 2015/16). It shows a marked reduction in forecast surplus balance position for schools, and is reflective of the increasing financial challenges faced by schools such as pension and national insurance costs and the use of carry forward balances to mitigate these pressures.

The above position includes 4 schools that have submitted deficit budgets for the year and will be taking actions during the year to manage down such deficits and to achieve sustainability within the agreed timeframe. Financial support will be provided to these schools from the DSG contingency fund to meet any severance or redundancy costs that have arisen as part of implementing a recovery plan to address deficit budgets.

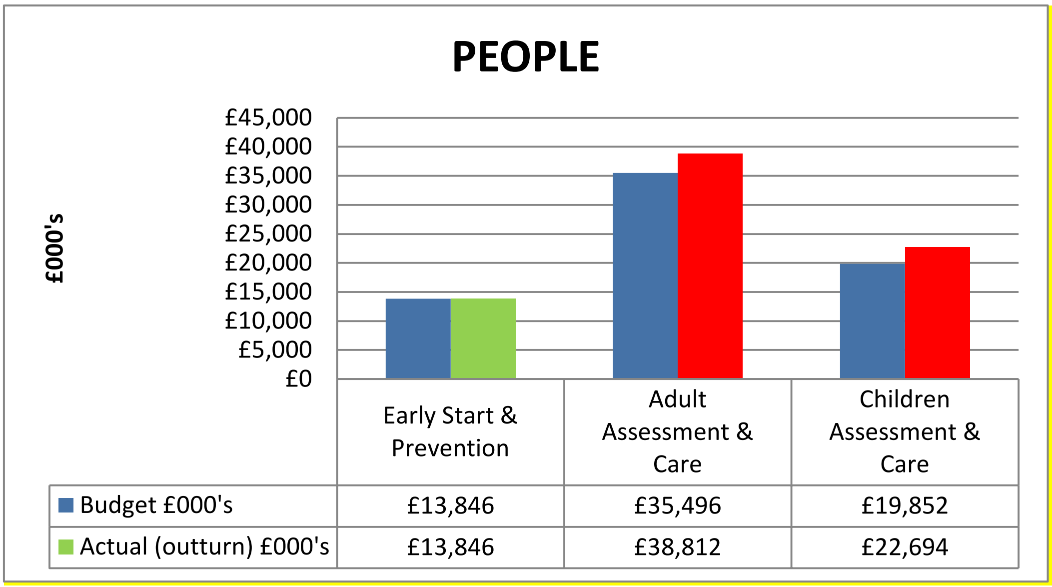
Centrally retained schools budget

There are a number of DSG budgets/ funding **(£14.9m** in total) that are managed centrally by the Council where it is cost-effective to do so as opposed to delegating them to schools directly. The nature of expenditure that can be charged against centrally retained DSG is regulated by statute (School Finance Regulations), whilst the decision making responsibility rests with the Schools' Forum. Early review (based on last year's spend levels) has identified the following financial risks across an number of centrally managed DSG budgets:

- staff cover costs maternity cover) +£300k;
- out of authority SEN placements +£500k;
- post 16/FE colleges high needs +£100k;
- early years 3 / 4 year old free entitlement +£250k

It is envisaged that slippage on the use of 2015-16 carry forward DSG resources (£0.5m) and underspends across some DSG centrally managed budgets should provide scope and flexibility for managing the above financial risks. In the event of an overspend, current regulations allow the authority to carry forward DSG overspends to the following year. This will represent the first call on DSG resources in the following year (subject to approval of the Schools Forum).

Directorate Position – Budget v Actual



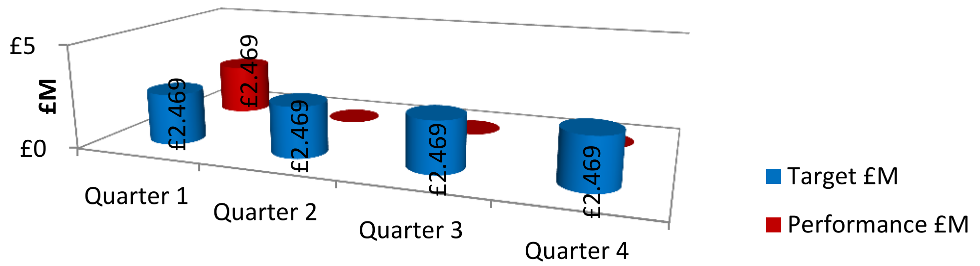
iii. Approved savings position

The total approved savings target for the People Directorate for 2016/17 is **£2.469M**, made up of the following:

- Reconfiguration of Early Childhood Provision £2M;
- Reconfiguration of Integrated Adolescent Support Service £150k
- Contract management related savings (e.g. Young carers, short breaks) £119k
- Independent Living at Home reduction in contract value £200k

All savings are on target for full delivery in the year.

Forecast Efficiency – Performance v Target



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Target £M	£2.469	£2.469	£2.469	£2.469
Performance £M	£2.469	0	0	0

iv. Corrective Actions

The following outline key actions being undertaken by the Directorate to address the identified pressures on a recurrent basis:

Children Assessment & Care

- A service review has been completed with resources aligned appropriately to areas of demand to increase staff capacity to deal with increased caseloads and reduced reliance on agency staff. Agency staff will only be used to cover vacancies and other absences. A recruitment strategy is in place to recruit into vacant positions and allows for an over-recruitment to help manage turnover in social workers. This is a cost effective option as it reduces the use of more expensive agency staff;

- Work is ongoing in legal services aimed at reducing the use of external counsel for advocacy and thereby reduces legal fees on LAC and children safeguarding work.

Children in Care – LAC costs

- The Sufficiency & Placement strategy has recently been refreshed and now reflects latest projections on growth in LAC numbers and cost. The revised strategy now includes an action plan with clear measurable targets.

- A project board has been set up and would receive monthly updates on the following: tracking process for all children in care in commissioned placements (numbers, placement reviews and care plans); budget / financial costs projections; monthly performance data; etc.

- Progress the independent review of the fostering service / team.

.Adult Social Care & Health

- Reviewing team - a reviewing team has been established to review adult social care packages and long term placements to determine if assessed need can be provided in a more cost effective manner. The reviewing team is to comprise 2 Experienced Social Worker/Health Practitioners and 4 Assistant Social Care Practitioners. This team will purely focus on the completion of reviews, creating efficiencies where possible and assist the management of the Adult Social Care budget for 2016/17.

- Maximisation of health funding / contribution to care costs. This involves ensuring that all health funded clients in relation to continuing health contributions and s117 funding are identified in a timely manner and the correct level of contributions reflected against their care plans.

- Continue with the review (that commenced in 2015/16) of expensive MH residential placements using the Care Funding Calculator (CFC), with a view to negotiating down placement fees with providers.

- Resource Allocation Panels in relation to Older People, Disabilities and Mental Health will continue to be held on a regular basis to consider all high cost packages of care and placements to provide checks and challenge to ensure the support to be provided is both appropriate and cost effective.

- A new respite policy is currently being developed which should lead to greater consistency and potentially reduce the cost of some care packages.

- Monthly meetings are in place with finance and the service along with managers who hold budgetary responsibility to monitor expenditure in relation to care packages, placements, reviews and cases approved at the resource allocation panel to ensure more accurate budget projections.

iv. Future Outlook

The main risks in 2016/17 and for future years mainly relate to demand-driven pressures. The following summarises the future outlook for the directorate going forward:

Education, Early Start, & Prevention
The Business Unit in 2017/18 will face recurring pressures from cuts and reduction in government grant funding, particularly the Education Services Grant (ESG) and the Youth Justice Board (YJB) funding. Increasing academisation of schools in Barnsley and the proposed reduction in the ESG funding for education support services / functions will place significant pressures on the Council. A strategic response will be required to how the Council fulfils and discharges its statutory duties / roles in respect of schools as outlined in the Government White Paper: Educational Excellence Everywhere.

Adult Social Care & Health
A net recurrent cost pressure of £4.8m is currently forecast for 2017/18, and reflects forecast increase in recurrent demographic pressures across the main client groups i.e. Older People, people with Disabilities and Mental Health (increasing client numbers and cost of care packages) and the ongoing impact of the introduction of the national living wage. This forecast cost pressure has already been reflected within the Council's Medium Term Financial Plans (2020 Council). In the interim, efforts are continuing within the Directorate to manage down these pressures and include a number of 'invest to improve' proposals that have been put forward (e.g. creation of the reviewing team) to help in identifying efficiencies and managing demand.

Children social care & safeguarding
A FYE recurrent cost pressure of £2.9m is currently forecast for 2017/18, which is mainly attributable to the LAC placement costs (as per the recently refreshed Placement & Sufficiency Strategy). It is expected that other recurrent costs / financial challenges such as legal fees, accommodation or staff agency costs would be managed / contained by the Directorate.

It is envisaged that LAC placement costs would continue to present a challenge in 2017/18 and over the medium terms, which would need to be addressed as part of the Council's medium term financial strategy.

SECTION 2 - Executive Director's Statement For Place

Executive Director's Statement

i. Overview

The approved 2016/17 resource envelope for the Place Directorate totals £31.370M. The total forecast position as at the end of the first quarter is £32.703M resulting in a net over-spend of £1.333M. This position assumes the in year delivery of corrective action proposals totaling £0.800M in Environment & Transport and cost pressures identified within the other Business Units estimated to be £0.361M being contained. If these savings do not materialise the Directorate will overspend by £2.494M.

Quarter 1 Position to the end of the quarter ending June 2016

DIRECTORATE	Approved Net Budget 2016/17 (after Virements) £'000	Projected Net Outturn 2016/17 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage, Grant balances & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (17/18) * £'000
Executive Director	188	188	0	-	0	-
Economic Regeneration	2,786	2,786	0	-	0	-
Culture, Housing & Regulation	1,515	1,515	0	-	0	-
Environment & Transport	26,881	28,214	1,333	-	1,333	450
Total – Place	**31,370**	**32,703**	**1,333**	-	**1,333**	450
Housing Revenue A/C	49,496	41,257	(8,239)	8,200	(39)	-

ii. Key Variances

There are a number of contributing factors that have resulted in this position. The key variances by Business Unit are set out below:

Economic Regeneration

Economic Regneration is currently forecasting a breakeven position. The key issues and variances are highlighted below:

- Employment & Skills - The service is facing cost pressures of around £0.261M in 2016/17. This is primarily due to the costs associated with the running of the authority's Resource Centres for which there is currently inadequate base budget provision and the increased costs of accommodation following the Service's move to Wellington House. However, it is currently anticipated that these pressures will be addressed by vacancy management and the generation of additional external income during the year from various sources including the Sheffield City Region Jobs Programme and West Yorkshire Combined Authority Headstart Programme.

- Building Control Income Shortfall (£0.026M) - during the first quarter fewer than anticipated applications for Building Control inspections have been received resulting in a shortfall in fee income. This shortfall has been addressed by freezing a vacancy within the team (-£0.026M).

- Planning Fee Income - the budget for Planning application fees was increased by a further £50k in 2016/17 as part of Future Council savings proposals. At this early stage it is forecast that actual income will reach the budgeted level but the position will need to be monitored closely throughout the year.

Culture, Housing & Regulation

Culture, Housing & Regulation is also projecting a balanced budget at the end of the year. The key issue within the service is highlighted below:-

- PLACE 13 Income generation in Culture – Although the service is currently forecasting that it will generate sufficient commercial income to meet its target in 2016/17 including the additional £0.050M efficiency saving, this will need to be carefully monitored during the year especially as there was a £0.119M income shortfall during 2015/16. Existing income streams together with new income generating opportunities continue to be explored.

  These include an anticipated increase in income from wedding ceremonies following increased bookings, a review of car parking charges at the various cultural establishments, increased rental income from room bookings.

Environment & Transport

Environment & Transport is currently projecting an overspend of £2.133M. However a number of in year mitigations are currently being explored (as detailed in section iv) meaning that the net overspend projected this financial year totals £1.333M. The key variances and corrective action proposals are highlighted below.

- Transport (£0.576M) – This overspend is the result of an increased demand for Home to School Transport and the non-delivery of certain KLOE related savings initiatives. These include:

  - PLACE 26 Post 16 Transport (£0.040M)
  - PLACE 28 Travel Training (£0.225M)
  - PLACE 29 Route Optimisation (£0.065M)

  A Task and Finish group has been established with participants from Place, Communities, People, Finance/Procurement, HR & Legal. Four key work streams will focus on; i. reducing present operating costs to mitigate the forecasted overspend; ii re-procurement of a new framework; iii re-writing the present Home to School Transport Policy; and iv. collaborating the ongoing transport review with SYPTE.

  Specifically to reduce the forecasted overspend, the T&F group is focused on reducing demand for expensive taxi's/ escorts; challenging schools about what journeys are reimbursable; a review of all existing routes to aggregate and reduce the numbers; and seek to travel train a cohort of children. It is anticipated that these initiatives could deliver savings of between £0.100M to £0.150M.

In addition to this the current transport policy is also under review. It is intended that, following consultation and approval, a new policy will be in place from 1st April 2017. This will complement a new procurement framework that will seek to increase competition and reduce costs per route thus providing a more sustainable service. It is expected that this will further reduce the number of journeys currently being conducted with an estimated cost saving of £0.350M from 2017/18.

After careful review £0.105M of previously approved efficiencies are unfeasible to deliver. Alternative proposals are currently being considered by the service. These include the auction and sale of many surplus items of plant which is expected to generate between £0.010M and £0.030M of income over the year.

- Construction (£0.379M) – This estimated shortfall is the result of the non-delivery of the following savings proposals:

  - PLACE 14 Highways Materials (£0.270M)
  - PLACE 38 Contracts Management (£0.114M)

  Whilst this is expected to be only an in year pressure, a number of measures are currently being progressed to reduce this overspend. These include:

  - Benchmarking performance with adjacent authorities to establish the productivity of our own staff.
  - Work flow – process mapping is to be undertaken to identify and address current pinch points early and address these through better planning.
  - Collaborative work with adjacent authorities to drive out efficiencies e.g. Midlands Highways Alliance.
  - Contract Procurement Review. Working alongside our new Corporate Procurement Team to identify opportunities such as utilising existing and new procurement frameworks to generate savings on contracts and materials.
  - Working with Rotherham MBC to use their materials framework to access preferential rates and working with YPO who are developing a regional framework for highways specific materials.
  - Increase utilization of new printing facilities to reduce spending outside of the authority for signs, banners etc.

  It is anticipated that these measures above will deliver £0.250M in efficiency savings during the year.

- Contracts Management (£0.780M) - This overspend is due in part to a shortfall in the income from the sale of recyclable materials (£0.343M). This is as a direct consequence of a number of factors;
  - the recycling income target has been increased (by £200k) over the last 2 years;
  - the forecast tonnage of the key income generating stream (kerbside collected paper) continues to decline annually; and
  - national and global commodities prices for glass, metals, plastics, continue to be suppressed resulting in lower sale prices for the authority

  During the 2015/16 financial year a re-tendering of the contract for Organic Waste Disposal realised a gate fee reduction in the disposal price per tonne which has helped to mitigate these losses.

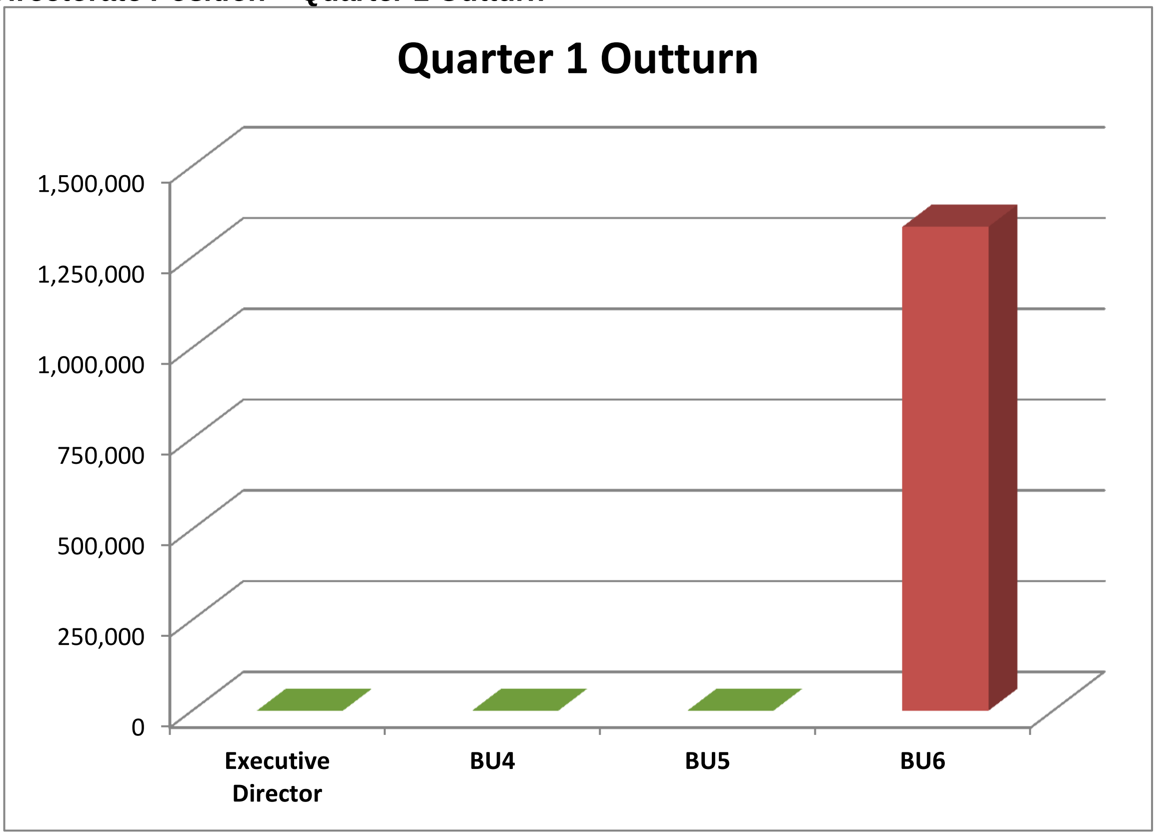
In addition, whilst the efficiency savings in respect of the Waste PFI Contract were realised in 2015/16, a forecast increase in the waste disposal costs in 2016/17 will mean that the 2016/17 savings proposal on the contract will not be achieved this year (£0.350M). The performance of the Royalty arrangement at present is forecasted to achieve a similar level of income as last year (£0.120M). There are also a number of other minor overspends in the service totaling £0.100M.

- Operational Service Support (£0.156M) – This relates to the additional cost of leasing an increasing number of replacement wheeled bins. Whilst the number of leased bins is expected to fall over time to reflect a reduction in the number of replacements bins being procured it is anticipated that the cost of the existing bins in circulation will continue at this level for the short to medium term.

- Neighbourhood Services (£0.242M) – This overspend is due to an estimated shortfall in internal and external income. The service has a total income target in 2016/17 of £2.1M. During 2015/16 £0.320M of environmental work was commissioned by Berneslai Homes however during 2016/17 only £0.060M has been commissioned to date and it is unlikely that this will exceed £0.150M, a minimum loss of £0.170M. In addition to this the income targets for Neighbourhood Services have been increased by £0.300M over the last 2 financial years but income performance levels have not been able to achieve this level with last year's performance being £0.050M short of target.

  In addition to the mitigations mentioned above, a number of positions are currently being held vacant across the Business Unit, pending a restructure. It is expected that this will generate savings in the region of £0.350M in this financial year.

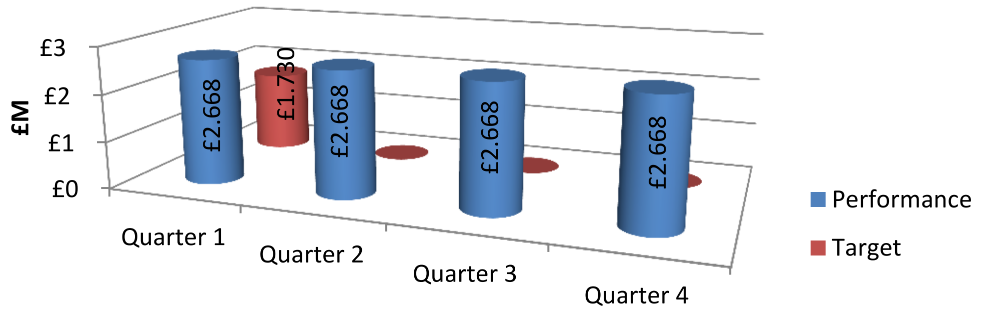
Directorate Position – Quarter 1 Outturn



iii. Approved savings position

The 2016/17 budget reductions target for the Directorate totals £2.668M. The current position is that £0.938M is currently not on target to be delivered during the financial year. Key variances are highlighted above.

Forecast Efficiency – Performance v Target



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Performance	£2.668	£2.668	£2.668	£2.668
Target	£1.730			

Housing Revenue Account

The latest forecast outturn shows an improvement of £0.039M in the financial position compared to the approved budget.

The major variations are outlined below:-

Reduced Costs/Increased Income

- £0.040M increase in income due to a higher estimated Renewable Heating Incentive income than originally anticipated.
- £0.008M higher income from service charges expected based on current predictions.
- £0.225M approved funding for the Family Intervention Service.

Increased Costs/Reduced Income

- £0.225M increase in Management Fee due to approved funding for the Family Intervention Service.
- £0.008M reduction in income due to lower than budgeted court fees,

Revenue Contributions to Capital

At this update £8.2M of the planned revenue contribution to capital, has been carried forward in the HRA working balance to fund commitments on the 5 year approved programme. This is mainly due to slippage on the HRA residential investment fund.

Overview

The latest forecast outturn shows an improvement of £0.039M in the financial position. This sum if realised will be available to support the 30 year Self Financing Business Plan.

iv. Corrective Action

As highlighted above a number of budget reduction proposals are not currently expected to deliver against their targets. However, to mitigate this, a number of alternative proposals and initiatives are currently being examined. These can be summarised as follows:

Summary of Mitigations to Place Quarter 1 Outturn

	£M
Quarter 1 Outturn Projection 2016/17 (before mitigations)	**2.133**
2016/17 Mitigations	
Transport – Stricter enforcement of existing transport policy	-0.100
Car Parking – review of fees and charges policy	TBD
Vacancy Management/Staff Turnover	-0.350
Replacement Efficiency Savings Proposals	-0.100
Contracts Review – Highways	-0.100
Highways Maintenance – Reduction in costs	-0.150
	1.333
2017/18 Mitigations	
Delayed implemention of 2016/17 Efficiencies	-0.533
Implemention of revised Transport Policy	-0.350
	0.450
2017/18 Outturn Postion	
Transport service demographic pressures	0.150
Recycling income shortfall	0.300
	0.450

v. Future Outlook

The current Government's policy to grant greater freedom and discretion to Local Planning Boards with a view to stimulating increased development may moving forwards result in additional costs to the Council where Members decide in favour of developers and against officer advice. This has recently happened in the case of an area of land off Huthwaite Lane, Thurgoland and the Council will now have to pay the appellants legal costs. This situation could occur more frequently in future and there is currently no budget provision for such expenditure.

Whilst the Directorate is forecasting an in-year deficit of £1.3M it is expected that the majority of this will be mitigated by the start of 2017/18. However, there remains a number of service pressures that still need addressing, in particular costs associated with the increase in service users of the Home to School Transport service together with the reduction in the income received from recyclable materials.

In addition to the above the Council's wider Housing Growth policy will also add additional service delivery pressure to the Directorate, specifically in relation to additional waste generated from any new properties together with the cost of maintaining and newly adopted road networks from new housing estates. The impact of this will be monitored closely and reported to Cabinet in due course.

SECTION 3 - Executive Director's Statement for Communities

Executive Director's Statement

i. Overview

The total net budget for the Directorate is £17.736M. Total forecast net expenditure is £17.532M, resulting in a forecast underspend before earmarking's of £0.204M. Of this sum £0.498M is proposed for earmarking, resulting in an estimated operational overspend for the year of £0.294M.

Quarter 1 Position to the end of the quarter ending 30 June 2016

DIRECTORATE	Approved Net Budget 2015/16 (after Virements) £'000	Projected Net Outturn 2015/16 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (17/18) * £'000
Customer Services	9,058	9,367	309	-	309	-
Safer, Stronger, Healthier	8,678	8,165	(513)	498	(15)	-
Total – Communities	**17,736**	**17,532**	**(204)**	**498**	**294**	**-**

ii. Key Variances

Customer Services

Customer Services is currently projecting an overspend of £0.309M after proposed earmarking's as follows:-

- Customer Services Management £0.051M – this over spend is largely associated with part of the 2016/17 KLOE savings not yet been identified although this has been partly mitigated by the early delivery of other 2015/16 KLOE.

- Customer Services £0.012M – this over spend relates to unachievable income within the Contact Centre and Customer Services due to a downturn in multimedia income and library fines which is in part mitigated by overachievement in income within Registrars.

- Staffing – £0.246M – the Customer Services Business Unit has had a number of staffing pressures throughout last year and the early part of the year due to agency staff being used in Day Services. Of most significance however are the pressures currently being felt within Supported Living – estimated £200k as a full year effect. Cabinet have already taken the decision to outsource this service from April 17 however in managing this change the service is experiencing increasing levels of staff absence which is driving up costs due to agency charges. Mitigations are being considered with commissioners in the People Directorate.

  An update on this positon will be provided in the Quarter 2 monitoring report.

Safer, Stronger & Healthier Communities

The Business Unit is currently projecting an operational underspend of (£0.015M) after earmarking's as follows:-

- Safer, Stronger and Healthier Communities – Part Year Vacancies (£0.047M) – This underspend is associated with part year vacancies. This is a non-recurrent under spend.

- Contract Savings (£0.063M) – This underspend represents an over achievement of savings on Advocacy/Prevention and Supporting People. To the extent that these savings are recurrent they will be used to contribute towards the balance of the savings targets for the Business Unit in 2016/17 only.

- Safer/Stronger Management £0.087M – This over spend is as a result of the balance of the 16/17 KLOE, that is currently to be identified, which should be contained within the overall underspend of the Business unit for 16/17. This will be a recurrent problem in future years until savings are identified.

The service has proposed earmarking's of £0.498M as follows:

- Think Family (£0.403M) – This position reflects the longer term nature of the programme and funding which is linked to a multiyear financial forecast and for which any unutilized resources will be earmarked and carried forward into future financial years for the ongoing delivery of the Think Family programme.

- Local Welfare Assistance Scheme (£0.087M) – The Government funding for provision of this scheme ended in 2014/15. It was agreed that the balance of funding at that point in time would be carried forward into subsequent years to maintain some provision pending the outcome of a wider review of welfare provision which is likely to be implemented in full from 2017/18.

- Safer Communities (£0.008M) – Represents the balance of unspent ear marking from 2015/16 for the temporary 12 month post of a licensing officer, due to late recruitment. In subsequent years this post will either come to an end or with ratification from the DCLG, the service will be able to undertake a Rented Property Licensing Scheme and be self-financing through the new licensing fees that it will be able to be charge. This will be subject to a further cabinet report.

Directorate Position – Budget v Actual (FYE)

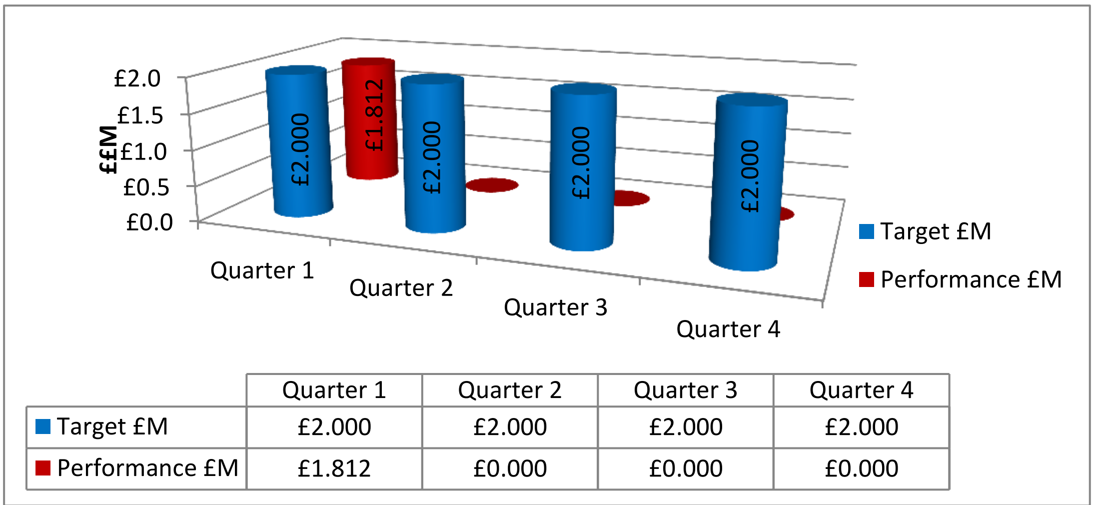
	Customer Services	Safer, Stronger and Healthier Communities
Budget £000's	£9,058	£8,678
Actual (Outturn) £000's	£9,367	£8,165

iii. Approved Savings

The Directorate has total approved savings of £2M to deliver in 2016/17. There is a delay in delivery of COM11 – Review of Health Improvement of £0.137M as the Safer Barnsley restructure is not due to take place until mid-year but this should be mitigated by in year vacancies and contract savings for 16/17.

There has been part delivery of £0.216M savings for COM 3 – Customer Service Council Interaction but there are currently savings of £0.051M still to be identified. All other savings have either all been delivered in full or are on target to be delivered by the end of 2016/17.

Forecast Efficiency – Performance v Target



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Target £M	£2.000	£2.000	£2.000	£2.000
Performance £M	£1.812	£0.000	£0.000	£0.000

iv. Corrective Action

As indicated above Supported Living, in its present form, represents the most significant area of potential overspend. This service is currently under review. Progress against that review will be reported into the Quarter 2 monitoring report

The above aside, there are currently no major corrective actions required in relation to the financial forecasts outlined in this report.

v. Future Outlook

Work is ongoing to consider how to balance financial pressures within the Directorate in the current year that will impact on the future year financial position. None of the under spends highlighted above will be recurrent in future financial years as they are either one off in nature or represent existing savings targets.

There is an expectation that the Directorate will ultimately take the necessary measures to ensure that it operates within its approved resource envelope for 2016/17.

It should be noted however that the following represents an additional financial risk that will require management during 2016/17 and beyond:

- Independent Living at Home (ILAH) Trading 2016/17 estimated trading deficit £0.512M – the ILAH company continues to face some significant financial pressures.

  A service review is currently being undertaken to consider the options for cost reductions and a report setting out the future options for the company is currently being compiled.

  Whilst £0.330M has been earmarked to support a significant proportion of the ILAH deficit, based on the company's latest outturn a further £0.182M may be required in 2016/17.

SECTION 4 - Executive Director's Statement For Public Health

Executive Director's Statement

i. Overview

The total net budget for the Directorate is £3.347M however the majority of Public Health spend is funded from Public Health grant. Total forecast net expenditure is £2.646M resulting in a net forecast under spend before earmarkings of £0.701M. This amount will be proposed for earmarking as it is fully committed against future year requirements, resulting in an operationally balanced position for the year.

Quarter 1 Position to the end of the quarter ending June 2016

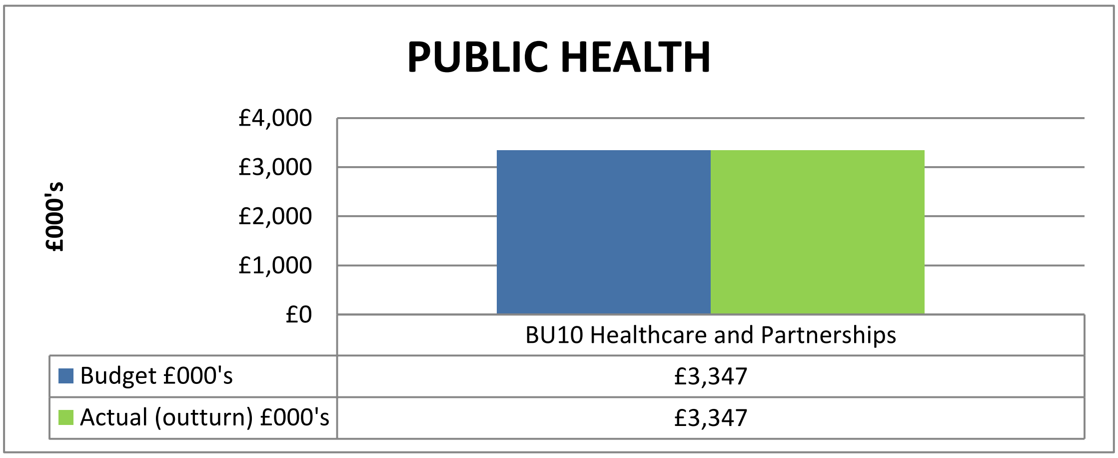
DIRECTORATE	Approved Net Budget 2016/17 (after Virements) £'000	Projected Net Outturn 2016/17 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (17/18) £'000
BU10 – Healthcare & Partnerships	3,347	2,646	(701)	701	-	-
	3,347	**2,646**	**(701)**	**701**	**-**	**-**

ii. Key Variances

As set out above there is a forecast under spend of £0.701M for the current year, however this is a planned under spend as part of the Public Health 4 year plan and is required to be carried forward into future years to meet existing spend commitments.

The service will also be given responsibility and specific funding for the provision of 0-5 services from October 2016 and is currently in the process of tendering these services along with other 5-19 services to create a single 0-19 service contract. There is some uncertainty over the future year funding levels for the 0-5 provision; however the service is currently considering options for funding the whole 0-19 service provision and is likely to take a prudent approach when determining the final resource envelope.

Directorate Position – Budget v Actual



iii. Approved Savings

The Directorate has no approved savings to deliver in 2016/17.

iv. Corrective Action

There are no current major corrective actions required in relation to the financial forecasts for the current financial year.

v. Future Outlook

It is anticpated that the current 4 year plan will be broadly balanced.

SECTION 5 - Director's Statement For Legal and Governance

Director's Statement

i. Overview

The total net budget for the Directorate is £3.065M. Total forecast net expenditure is £3.114M resulting in a forecast over spends of £0.049M for the year.

Quarter 1 Position to the end of the quarter ending June 2016

DIRECTORATE	Approved Net Budget 2015/16 (after Virements) £'000	Projected Net Outturn 2015/16 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (17/18) £'000
Legal Services	985	1,051	66	-	66	-
Elections	507	490	(17)	-	(17)	-
Council Governance	1,573	1,573	-	-	-	-
Total – Legal	**3,065**	**3,114**	**49**	**-**	49	-

ii. Key Variances

Legal

Legal services are projecting an over spend of £0.066M associated in the main with the backfill of vacancies using locum staff and legal costs surrounding child safeguarding barrister fees. The service are beginning to let the locum staff leave, where possible, due to a recent recruitment drive to fill the substantive posts.

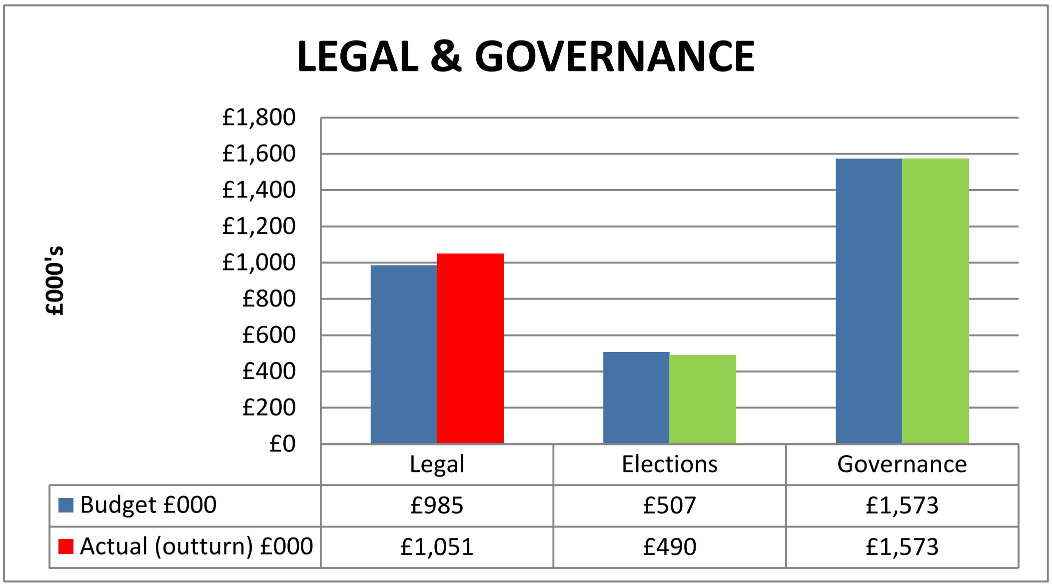
Elections

Elections are projecting an under spend of £0.017M which is largely related to the delayed recruitment at lower grade of the new Elections Manager.

Council Governance

Council governance are forecasting a balanced position which will continue to be considered during 2016/17.

Directorate Position – Budget v Actual



iii. Approved Savings

The Directorate has no approved savings to deliver in 2016/17.

iv. Corrective Action

There are no major corrective actions required in relation to the financial forecasts for the current financial year as any minor pressures are being managed across the financial position for the Directorate.

v. Future Outlook

Work is ongoing to consider how to balance a number of minor financial pressures across the Directorate for 2016/17.

There are no further 2016/17 approved KLOE savings to be delivered.

The Directorate has identified a number of specific pressures moving into 2016/17, which have been reported into SMT, as follows:

Elections

- Staffing requirements associated with the Annual Write Out (Canvass) process and registration requirements leading up to elections £0.077M
- Additional Printing and Postage costs associated with the Annual Write Out (Canvass) process £0.030M

There is potential to mitigate some of these costs in 2016/17 and 2017/18 through claims for elections, however the full additional cost would likely need to be met in 2018/19 when there are no combined elections and the cost of the local elections would also need to be met.

Legal Services

- Additional staffing costs associated with high level commercial and related advice and a significant increase in requirements associated with child protection work is likely to place a financial pressure of £0.108M on the service. Some of the increase cost associated with child protection should result in reduced costs of Legal Counsel charges to ‘People’ Directorate.

SECTION 6 - Director's Statement for Finance, Assets & IT

Director's Statement

i. Overview

The total net budget for the Directorate is £14.4M. Total forecast net expenditure is £13.8M resulting in a forecast underspend before earmarking's of £0.6M for the year. There is slippage on a number of key developments within the directorate of £0.6M resulting in a balanced budget for the year.

Quarter 1 Position to the end of the quarter ending June 2016

DIRECTORATE	Approved Net Budget 2016/17 (after Virements) £'000	Projected Net Outturn 2016/17 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (17/18) * £'000
Assets	3,504	3,486	(18)	16	(2)	-
Information Technology	6,112	6,212	100	-	100	-
Finance	4,818	4,119	(699)	599	(100)	-
Total – Finance	**14,434**	**13,817**	**(617)**	**615**	**(2)**	

ii. Key Variances

Assets

Assets are forecasting a balanced budget. However, this is heavily dependent on delivery of the Asset Disposal programme planned for 2016/17 together with the achievement of rental income targets from the Council's Industrial Estate and Business Centre portfolio.

Information Technology

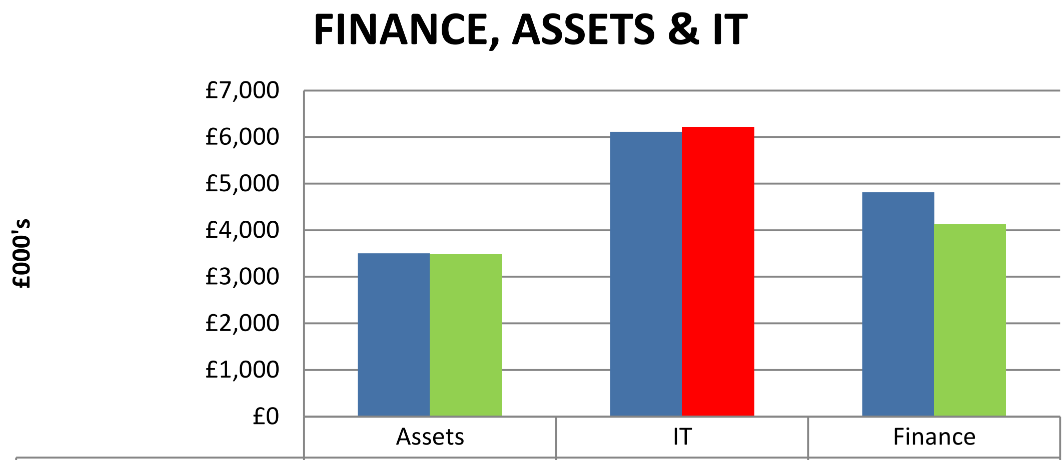
Information Technology are currently forecasting an over spend of £0.100M. This is largely related to delays in the recruitment of a number of positions within the new structure. As a result the service has needed to use agency staff to backfill these vacancies to ensure service continuity, the costs of which exceed the resources available for the substantive posts. The service has recently engaged with a number of recruitment agencies and is therefore confident that the vacant posts will be filled over the next quarter.

Finance

Financial Services are currently forecasting an underspend of £0.700M. This is a result of high staff turnover and the holding of vacant posts pending a restructure as part the Business Unit's 2020 plans together with delays in the roll out / transfer of Housing Benefits to the DWP.

It is proposed to earmark £0.600M of this underspend to support the delivery of the system upgrade together with managing the impact of a reduction in Council Tax and Housing Benefit administration grant funding and the transition of Housing Benefit to DWP.

Directorate Position – Budget v Actual

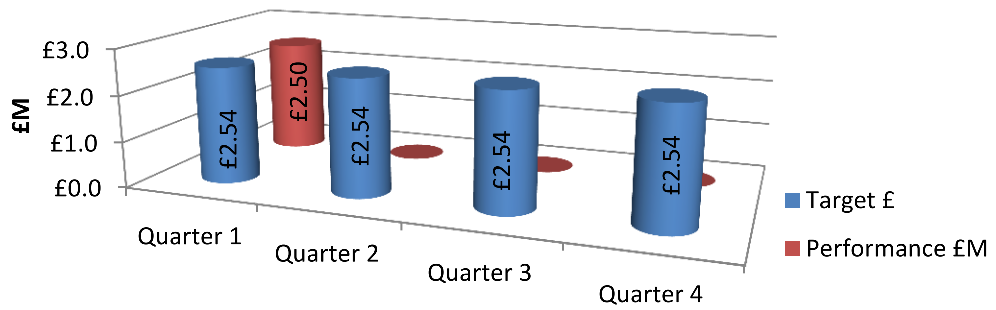


	Assets	IT	Finance
Budget £000's	£3,504	£6,112	£4,818
Actual (outturn) £000's	£3,486	£6,212	£4,119

iii. Approved Savings

The Directorate had total approved savings of £2.554M to deliver in 2016/17. There is a delay in delivery of ASS4 – BSF savings of £0.049M although this has been mitigated by the holding of a vacant post and general staff turnover. All other savings have either all been delivered in full or are on target to be delivered by the end of 2016/17.

Forecast Efficiency – Performance v Target



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Target £	£2.544	£2.544	£2.544	£2.544
Performance £M	£2.495			

iv. Corrective Action

There are no major corrective actions required in relation to the financial forecasts for the current financial year.

The Directorate is expecting to deliver against its approved savings target position for 2016/17.

v. Future Outlook

A detailed review is being finalised across the Council's portfolio of properties to consider the costs of operating the various properties and the income levels where these are subject to rental charges. This will inform financial planning moving into 2017/18.

There is a risk that the current transfer of housing benefit functions to the DWP will have a financial impact in the future with a potential reduction in grant funding for administration of the scheme that is in effect used to fund the whole Benefits and Taxation team, not just the administration of housing benefit. Funding is proposed to be earmarked to assist with the financial impact and any implementation requirements in the first year.

There are no further adverse issues within the Directorate that will impact on the future year financial position.

SECTION 7 - Director's Statement For HR, Performance and Communication

Director's Statement

i. Overview

The total net budget for the Directorate is £5.89M. Total forecast net expenditure is £5.696M resulting in a forecast under spend for the year of £0.194M.

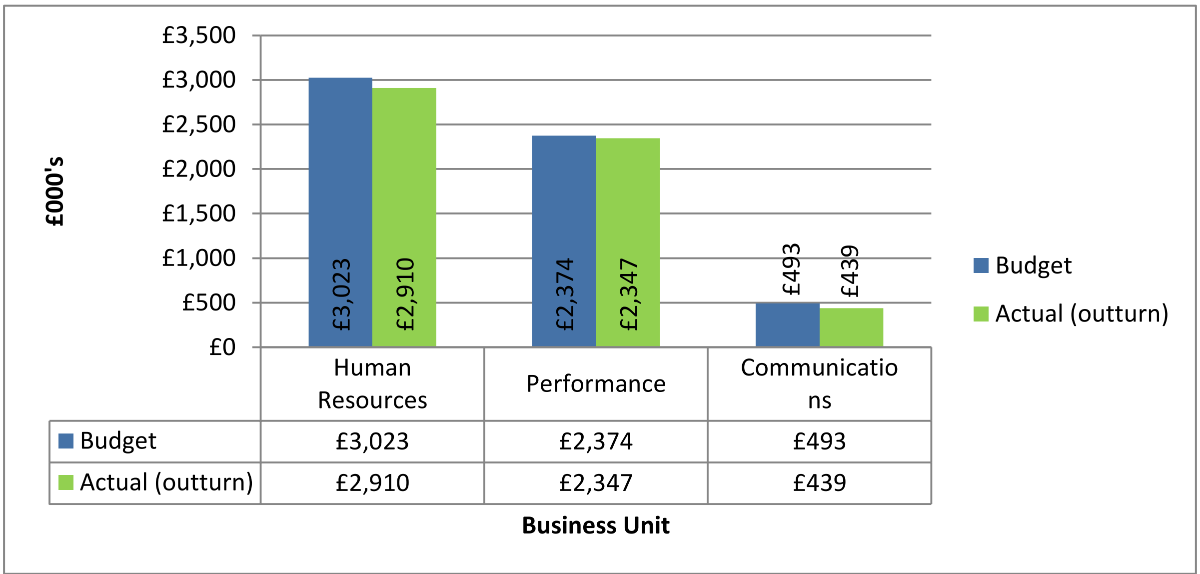
Quarter 1 Position to the end of the quarter ending June 2015

DIRECTORATE	Approved Net Budget 2016/17 (after Virements) £'000	Projected Net Outturn 2016/17 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (17/18) £'000
Human Resources	3,023	2,910	(113)	-	(113)	-
Performance	2,374	2,347	(27)	-	(27)	-
Communications	493	439	(54)	-	(54)	-
Total - HR	**5,890**	**5,696**	**(194)**	**-**	**(194)**	**-**

ii. Key Variances

The Directorate is forecasting an under spend for the year of £0.194M. This is largely related to part year vacancies across the service resulting from staff turnover and the holding of posts pending consideration of the 2020 future council proposals.

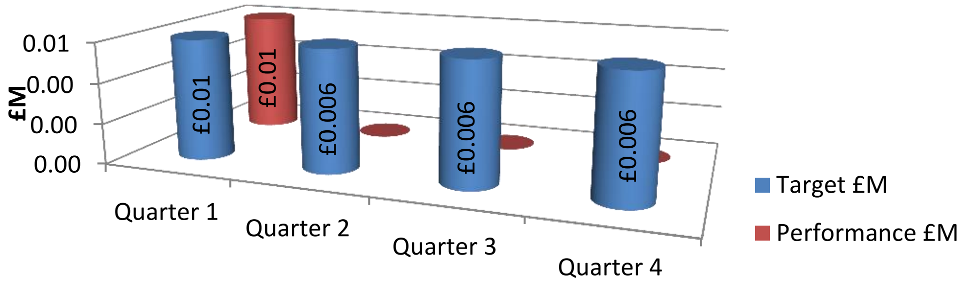
Directorate Position – Budget v Actual



iii. Approved Savings

The Directorate had total approved savings of £0.006M to deliver in 2016/17. These have all been delivered in full.

Forecast Efficiency – Performance v Target



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Target £M	£0.006	£0.006	£0.006	£0.006
Performance £M	£0.006			

iii. Corrective Action

There are no major corrective actions required in relation to the financial forecasts for the current financial year.

iv. Future Outlook

There are no adverse issues within the Directorate that will impact on the future year financial position. The service is currently preparing its plans to deliver the future council priorities and outcomes.

SECTION 8 - Commentary on Corporate/ Authority Wide Budgets

i. Overview

The total net budget for Corporate items is £21.830M broken down as follows:-

Quarter 1 Position to the end of the quarter ending June 2016.

BUDGET	Approved Net Budget 2016/17 (after Virements) £'000	Projected Net Outturn 2016/17 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage, Grant balances & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (17/18) £'000
Capital Financing	38,054	22,582	(15,472)	-	(15,472)	-
CDC	766	766	-	-	-	-
Levies	1,098	1,098	-	-	-	-
Corporate Items	(2,757)	(2,757)	-	-	-	-
Provisions	25,227	17,921	(7,306)	-	(7,306)	-
Provisions – Pension Deficit	7,668	7,668	-	-	-	-
Contributions from Balances	(48,226)	(48,226)	-	-	-	-
Total – Corporate Budgets	**21,830**	**(948)**	**(22,778)**	**-**	**(22,778)**	-

ii. Key Variances

Capital Financing (-£15.5m)

It is currently forecast that the operational Capital Financing budget will underspend in 2016/17 by £1M as a result of being able to take advantage of low interest rates and short term borrowing.

However in addition to this and as previously reported to Cabinet, the Council changed its MRP policy during 2015/16. It was estimated that this would release a £14.5M saving during 2016/17. This estimate remains accurate and will contribute to corporate reserves but only in 2016/17. Any ongoing savings relating to MRP beyond 2016/17 have already been factored into the MTFS.

Other One-off Corporate Items & Grants (-£7.3m)

The Council has recently received confirmation of the New Homes Bonus (NHB) to be awarded in 2016/17 which totals £6.7M. A review of NHB is currently the subject of government consultation and whilst this has not been finalised it is anticipated that future levels of NHB available to local authorities could reduce significantly.

In addition there is a forecast underspend on PFI contract inflation (£0.400M) together with a delay in the implementation of the apprenticeship levy which was expected to be implemented in 2016/17 (£0.200M).

Debt Collection & Management

Bearing in mind the uncertain economic climate, it has become more important than ever to manage the Council's debtors effectively. It is equally important to recognise that the overall debt position is constantly changing as debt moves through the various stages of recovery and new debts are raised.

The table below shows that the overall overdue debt position at June was £31.5M. This is comprised of old debt of £24.1M and new year debt of £7.4M. Some £9.6M of old debt has been collected during this quarter which is encouraging. The performance target for historic debt is to collect 70% of all arrears. The performance in Quarter 1 has delivered 29% towards this annual target and it is currently envisaged that the target will be met by the end of the financial year.

Historic debt is traditionally much more difficult to collect and this quarterly improvement indicates that the measures being introduced to improve debt recovery are starting to have an effect. Nevertheless, it remains good financial management to provide for non-recovery of some of these debts and the current provision for bad debts stands at £15.6M. The Director of Finance, Assets and Information Services is now also seeking approval to write off historic debt amounting to £0.997M which have become uneconomical to pursue. This is summarised in the table below:

Type of Debt	Pre-16/17 Arrears £M	2016/17 Arrears £M	TOTAL Arrears £M		Bad Debt Provision £M		Write Offs For Approval £M
Opening 2016/17 Position (position as at 31.03.2016)	33.773	n/a	33.773		15.523		
Total as at end of June	24.072	7.388	31.460		15.582		0.997
MOVEMENT	(9.701)	7.388	(2.313)		0.059		

iv. Future Outlook
The Council will continue to monitor corporate resources and seek to implement proactive actions to minimise future costs.

v. Other Items

External Trading
During 2015/16 the Council set up a number of subsidiary companies for the purposes of trading with the wider external marketplace. The narrative below details the Quarter 1 position:-

BMBC Services Ltd
BMBC Services Ltd currently delivers Financial, HR and IT services to the wider business community including schools, academies and to a lesser extent the commerical sector.

The company overall is projecting a forecast year end profit of £212k after an estimated tax liability of £56k. Whilst the company continues to trade with a reasonable profit, the position remains heavily predicated on the retention of its existing client base - predominately schools. There is a specific risk to the company's main income source in relation to the Government's ongoing academy conversion programme since most schools that fall under academy trusts tend to deliver their support services in house.The company board will be reviewing the business model over the coming year in the light of this position.

In addition, an approach for distributing year end profits as dividends back to Council services balanced against the Company's investment needs of the company, is currently being worked up. This may impact on the outturn positions currently reported in Finance, IT and HR.

ILAH Barnsley Ltd
In May Members were notified that ILAH Barnsley would be operating a deficit budget of £476k To date, £176K of this deficit remains unfunded for 2016/17 and £406k in the years thereafter. The current estimated deficit outcome for the year is £517k which means that a further £42k in funding, in addition to the £176k unfunded deficit for the year, would need to be found to support

the service. This is included in Communities outturn position outlined earlier in the report.

A number of options are currently being considered including action around restructuring and/or alternative delivery methods.

£3 Million Invest to Grow Fund

As part of the 2015/16 final accounts process, Members approved the earmarking of a £3M invest to improve fund. Following initial proposals, services/ SMT have now identified the following schemes which are subject to Cabinet approval.

Ref	Proposal Theme	2016/17 Investment £
PEOPLE		
	Children Social Care & safeguarding	
BU1 I1	Service redesign - children's fostering service	38,100
	Sub Total Childrens Social Care & Safeguarding	***38,100***
	Adult Social Care & Health	
BU2 I1	Targeted reviews - direct payments and high cost residential placements, particularly OP/MH	217,500
	Sub Total Adult Social Care	***217,500***
TOTAL PEOPLE INVESTMENTS		**255,600**
PLACE		
	Economic Regeneration	
BU I4	Barnsley Digital Media Centre	10,000
	Sub Total Economic Regeneration	***10,000***
	Culture, Housing & Regulatory Services	
BU5 I5	Town Centre Events Programme .	50,000
BU5 I7	Pet Crematorium	10,000
BU5 I14	Private Sector Home Energy Efficiency	25,000
	Sub Total Culture, Housing & Regulatory Services	***85,000***
	Environment & Transport	
BU6 I4	Waste & Recycling	40,000
BU6 I19	Project management support - Creation of a waste transfer loading station	25,000
BU6 I20	Project Management Support – Transport	25,000
BU6 I21	Asset Tagging: -Mapping and Management	30,000
BU6 I23	Private Drain Clearance Service	40,000
	Sub Total Environment & Transport	***160,000***
TOTAL PLACE INVESTMENTS		**255,000**
COMMUNITIES		
	Customer Services	
BU7 I3	Digital Champions	75,118
BU7 I5	To develop a pilot Home Share scheme in Barnsley	34,000
	Sub Total Customer Services	***109,118***
	Safer, Stronger & Healthier	
BU8 I1	Reconfigure of staff teams across safer and healthier to assess strategic functions and operational function	29,730
BU8 I2	Public Service Hub	35,000
BU8 I3	All Age Early Help	35,000
BU8 I4	Crowdfunder Barnsley	12,500
BU8 I5	Young Person Housing Transition worker - joint proposal with People	28,000
	Sub Total Safer, Stronger & Healthier	***140,230***
TOTAL COMMUNITITIES		**249,348**
CORPORATE & CORE		
BU13 I1	**Energise Barnsley – Investment in the Barnsley Solar Bond**	**50,000**
GRAND TOTAL		**809,948**