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 Executive
Director – Core Services

CORPORATE FINANCIAL PERFORMANCE – QUARTER ENDING 31st December 2017

1. Purpose of Report

1.1 To consider the financial performance of the Authority during the first nine months of the year ended December 2017 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 £0.993M in 2017/18;
- The overall position for the Council in 2017/18 is a projected operational underspend of £2.907M in 2017/18 after allowing for the projected underspend on the capital financing budget. However this underspend is largely one off in nature and therefore unless service pressures are addressed, the Council's budget will be unbalanced in the future;
- The position on agreed 2017/18 savings is 91.9% against target, amounting to an adverse variance of approximately £0.344M which is mainly within the People Directorate;
- The potential impact of the monitoring position on the Council's MTFS is shown at section 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 £0.888M historic debt as shown at section 6.3;
- Approve the budget virements at Appendix 1;
- Note the potential impact of the Quarter 3 monitoring position on the Council's MTFS at section 7;
- Receive an update on the Council Reserves Strategy as part of the 2018/19 Budget Process.

3. <u>Overall Position to the Quarter Ending December 2017</u>

3.1 The table below provides the monitoring position for the Council as at the end of December 2017 broken down between the 'in year' operational position for 2017/18 and the FYE 2018/19 position. This takes into account one-off 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.

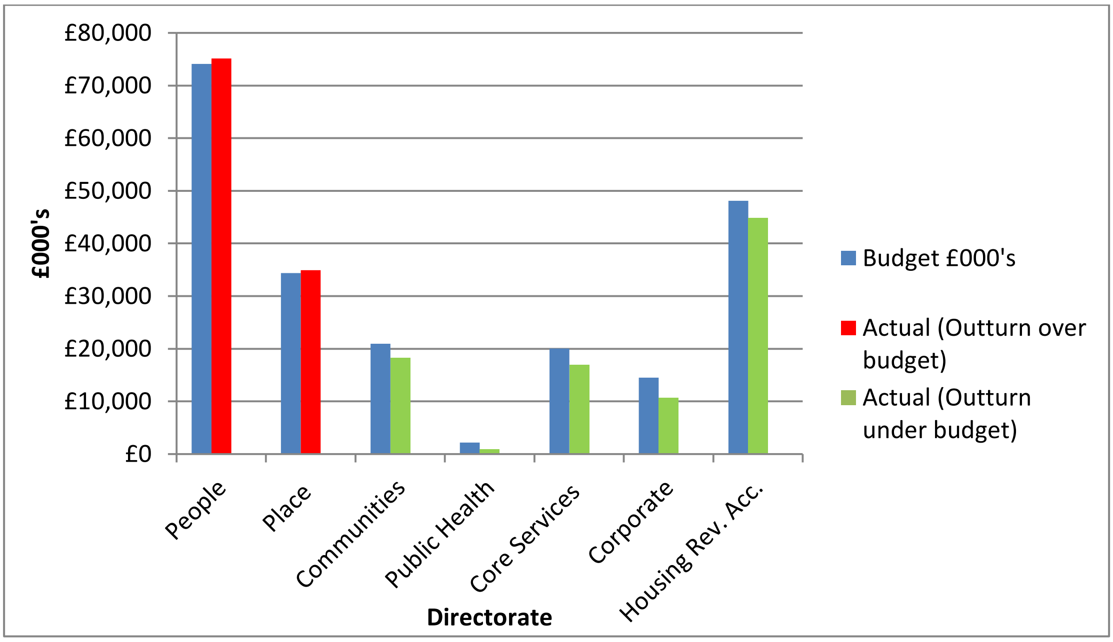
3.2 There is a projected overspend on Directorate budgets of £0.993M in 2017/18. This is offset by an anticipated underspend on Corporate Budgets of £2.000M relating to the FYE savings on MRP. This gives an overall Council underspend of £2.907M.

DIRECTORATE	Approved Gross Expenditure Budget 2017/18 (after Virement) £'000	Approved Gross Income Budget 2017/18 £'000	Approved Net Budget 2017/18 £'000	Projected Net Outturn 2017/18 £'000	Forecast Deficit / (Surplus) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / (Surplus) £'000	FYE (18/19) * £'000
People	216,023	(141,939)	74,083	75,135	1,052	27	1,079	500
Place	76,581	(42,178)	34,403	34,915	512	185	697	310
Communities	42,327	(21,391)	20,936	18,261	(2,675)	2,207	(468)	-
Public Health	9,459	(7,256)	2,204	901	(1,303)	1,303	-	-
Core Services	157,648	(137,585)	20,063	16,951	(3,112)	2,798	(314)	-
Service Totals	**502,038**	**(350,349)**	**151,689**	**146,163**	**(5,526)**	**6,519**	**993**	**810**
Corporate / General Items	30,244	(15,733)	14,512	10,612	(3,900)	-	**(3,900)**	-
Sub Total – Council	**532,282**	**(366,081)**	**166,201**	**156,775**	**(9,426)**	**6,519**	**(2,907)**	**810**
HRA			48,109	44,811	(3,298)	2,296	(1,001)	-

*Note: Core Services includes the payment of Housing Benefit and Council Tax Support

3.3 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 2017/18 Future Council Savings Proposals

4.1 In addition, a total of £4.228M of new 2017/18 efficiency savings are expected to be delivered in this financial year. Directorates are currently reporting 91.9% delivery against this target at the end of the 3rd quarter, resulting in an adverse variance of £0.344M. This is broken down as follows:

	Directorate	Quarter 3 £M
2017/18 Efficiencies		
Reduce Double Handed Care	People	0.240
Relocation of Children's Disability Team	People	0.016
Charging for Newsome Ave Respite unit	People	0.048
Total People		**0.304**
Selective Licensing	Communities	0.040
Total Communities		**0.040**
Total 17/18 Efficiencies		**0.344**

4.2 It should also be noted that a number of actions were put forward by the Place Directorate to mitigate/replace previously undelivered efficiencies and service pressures of £1.9M as at the end of 2016/17. At Quarter 3 it is expected that £1.250M of savings will be delivered during 2017/18 with a further £0.580M being delivered in 2018/19 as shown below:-

Efficiency Saving	Expected to be delivered during 2017/18 £M	Expected to be delivered during 2018/19 £M	Full Year Effect £M
Various Income Generating proposals	0.361	0.010	0.371
Car Parking Income	0.120	-	0.120
Restructure and Management of Overtime	0.083	-	0.083
Saving on LED Utility Costs	0.276	-	0.276
Transfer Loading Station	-	0.300	0.300
Waste – Direct delivery to waste disposal site	-	0.100	0.100
Travel Training	-	0.075	0.075
Highways Materials	-	0.075	0.075
Vacancy Management*	0.200	-0.200	-
Contract Procurement and other savings (5% target given to all service managers)	0.210	0.220	0.430
TOTAL	**1.250**	**0.580**	**1.830**

***** Vacancies currently being reviewed as part of delivery of 2018/19 efficiency target therefore no full year effect anticipated

5. Corporate Resources

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 table below shows the estimated collection rates for Quarter 3 compared to the stretch targets that have been set:

	2016/17 Actual	2017/18 Stretch Target	Quarter 2	Quarter 3	Variance Q3 to Target
Council Tax	95.78%	96.4%	95.92%	95.97%	-0.43%
Business Rates (local share)	97.34%	97.4%	97.72%	97.55%	+0.15%

5.2 Current Council Tax collection rates are forecast to fall short of the stretch target by 0.43% in 2017/18. 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 forecast that the collection rate (on current projections) will outstrip 2016/17 performance, which takes the following into account:

- Barnsley is ranked as the 37th most deprived authority in England, out of 326;
- An increase in the annual council tax charge of 4.9% for 2017/18;
- The roll out of full Universal Credit on 15 September 2017.

5.4 There may be an impact on collection rates following the Universal Credit roll out. This could affect approximately 13,000 council tax accounts which are currently receiving localised council tax support.

5.5 The current Business Rate collection rate exceeds the stretch target set for 2017/18 by 0.15%, which is due to using a more targeted approach to collecting high value debts.

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, with increased joint working across Council Departments and other agencies/partners.

75% Business Rate Retention

5.7 Under the current Business Rate Retention scheme, the Council is able to retain 50% of business rates collected from within the area. It was previously announced by the Chancellor in his 2015 Autumn Statement that by 2020 all Local Authorities will be able to retain 100% of business rates collected. However, the recent Chancellor of the Exchequer's budget statement has indicated that this will now change to 75% retention from 2020. Further details are awaited from DCLG in relation to this issue.

Brexit

5.8 Following the move to 75% 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 the EU will be, economists are continuing to indicate that it will create a negative impact on economic growth over the medium term.

6. Arrears Management

6.1 Total Arrears

The table below shows that the overall overdue debt position at the end of December was £29.2M. This is comprised of old debt of £15.1M and New Year debt of £14.1M, showing £4.0M of old debt has been collected during this quarter. The performance target for historic debt is to collect 40% of all arrears, with performance currently at 37.8% towards this annual target.

Type of Debt	Pre-17/18 Arrears £M	2017/18 Arrears £M	TOTAL Arrears £M	Bad Debt Provision £M	Write Offs For Approval £M
Opening 2017/18 Position (position as at 31.03.2017)	24.234	n/a	24.234	13.258	
Total as at end of June	23.025	7.012	30.037	18.163	0.673
Total as at end of September	19.056	8.412	27.468	16.621	0.547
Total as at end of December	15.062	14.097	29.159	15.224	0.707
MOVEMENT from Opening to December	(9.172)	14.097	4.925	1.966	
MOVEMENT from September to December	(3.994)	5.685	1.691	(1.397)	

6.2 Bad Debt Provision

Historic debt is traditionally much more difficult to collect and this quarterly improvement indicates that the measures being taken to improve debt recovery are having a positive 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 £15.2M, this shows an overall decrease of £1.4M from the end of September 2017. We would expect to see this trend continue until the end of quarter 4, as we move 'in year' arrears through the recovery process.

6.3 **Write Offs**

The Service Director - Finance (Section 151 officer) is now also seeking approval to write off debt amounting to £0.888M which has become uneconomical to pursue. (£0.181M of which relates to former tenant rent arrears). This is summarised in the table below:

Type of Dept	**Value of Write off (£M)**
Council Tax	0.091
Business Rates	0.125
Trade Debt General Fund	0.325
Trade Debt HRA	0.047
Housing Benefit Overpayment	0.119
Total (Collected by BMBC)	**0.707**
Former Tenant Rent Arrears- HRA	0.181
Total (Including Tenant Rent Arrears)	**0.888**

7. Impact on MTFS/Reserves

7.1 An updated 2018-20 MTFS forecast will be presented into Cabinet in February 2018 for approval. This has been updated for a number of pressures and mitigations and will show a balanced position. This position does make some provision for future demands on services but largely assumes that the current service pressures, outlined in this report, will be contained prior to 2018/19. To the extent that these are not fully contained by services there will be a corresponding adverse on the updated MTFS position.

7.2 An updated reserves position/ strategy will also be included in the 2018/19 budget papers and this position will be continually monitored including reflecting the 2018/19 likely outturn.

CONTENTS

SECTIONS

APPENDICES

SECTION 1 - Executive Director's Statement for People

Executive Director's Statement

i. Overview

The revised 2017-18 approved budget envelope for the People Directorate is £74.083M and includes schools related budgets of £5.5m. Based on current projections, the Directorate is anticipating a net operational overspend of **£1.079M** in the current financial year**.** This is an increase of £0.085m compared to the reported position for Q2, and relates to increased pressures in Children Social Care.

The projected overspend is mainly attributable to pressures in Children Social Care (LAC residential care placements) and Adult Social Care (efficiency targets not fully delivered in Learning Disabilities). The key significant variances across the People Directorate are explained below.

Quarter 3 position to the end of the quarter ending December 2017

DIRECTORATE	Approved Net Budget 2017/18 £k	Projected Net Outturn 2017/18 £k	Forecast Deficit / (Surplus) £k	Adjustment for Slippage & Transfer to Reserves £k	Operational Deficit / (Surplus) £k	FYE (18/19) * £k
Education, Early start & Prevention	5,489	5,545	56	-	56	-
Adult Social Care & Health	39,639	39,822	183	27	210	-
Children Social Care & Safeguarding	23,576	24,389	813	-	813	500
ED People	(128)	(127)	-	-	-	-
	68,576	**69,561**	**1052**	**27**	**1079**	**500**
Schools	5,507	5,507	-	-	-	
Total - People	**74,083**	**75,135**	**1,052**	**27**	**1,079**	**500**

ii. Key Variances

Education, Early Start & Prevention

A **£56k** overspend position is currently forecast for the Education, Early Start & Prevention Business Unit (an increased pressure compared to the balanced position reported for Q2). An explanation of the key variances in quarter 3 are detailed below:

- Inclusion Services (+£60k) this forecast overspend is mainly due to staffing cost pressures within the SEN Assessment & Review team i.e. the interim service manager cover costs as well as increased use of agency staff in order to meet statutory responsibilities associated with implementing the new education, health &

care plans. The trading surplus in the Education Psychology service previously applied to mitigate the above cost pressure has now been committed to address increased capacity / staffing costs (i.e. locum staff costs) that has arisen within the service.

- Targeted Youth Support (-£46k) the forecast underspend for this service area has mainly arisen from staff vacancy savings as well as planned reduced spend within the Targeted Youth Service. This has been offset by pressures within the Youth Offending Team (YOT) arising from reductions in Youth Justice Board funding and partner agencies contributions (circa £61k).

- Education Welfare (+£22k) the forecast overspend for this service area has arisen due to reduction in planned trading income (from the loss of two significant contracts with schools). The latest position is an improvement compared to the £64k pressure reported in Q2 and reflects the part year savings from the staffing structure changes implemented in this quarter.

- Early Start & Family Centers (-£10k) this projected underspend has arisen mainly from staff turnover / vacancies and reduced operating spend across the service area. The reported position is roughly consistent with Q2.

- Other Variances (+£30k) comprised of a number of cost pressures across the business unit including Commissioning, Governance & Partnership; unfunded business support costs, etc.

Adult Social Care & Health

An overall net overspend of **+£210k** is currently projected for the Adult Social Care & Health Business Unit and mainly relates to the cost of care provision & support. The current forecast is a reduction of £168k compared against the reported position in Q2. An explanation of the forecast overspend and the key budget issues faced by the Business Unit are outlined below:-

- Care provision costs (OP/LD/PD/MH) (+£312k) – a net overspend is currently forecast across the Older People, Learning Disabilities and Mental Health adult social care client groups. This overspend is over and above the provision allowed for demographic growth and fee uplift costs. It should be noted that the reported position is a reduction of £165k compared to Q2 and reflects ongoing efforts since the beginning of the year by the Business Unit to manage down cost pressures.

  This forecast overspend is mainly attributed to planned efficiency targets (relating to the double handed care KLOE and the LD transformation plan) that are not fully deliverable in the current year. In addition, whilst overall number of people in receipt of care / support has remained broadly stable during the year, the service has had to manage changes in cost of care package from new and existing provisions. For example respite costs (short term support) of approx. £600k have been managed within the overall reported position.

The above in-year pressures and non-delivered targets have been have been significantly offset by the following actions / measures:

1. Additional grant funding and health contributions;

2. Bringing forward the KLOE implementation of the removal of the £150 cap on weekly client contributions originally planned for 2018/19;

3. Increased claw-back from direct payments managed accounts in excess of the KLOE target for 2017-18;

4. Day services underspend of -£140k (previously reported in Communities Directorate) has been reflected within the overall adult social care position for Q3;

5. Review of individual care support plans during the year and reductions in cost of care packages.

- Service Director / Commissioning (-£102k) – the forecast underspend is based on staff turnover / vacancy savings within the Adult Joint Commissioning Unit and uncommitted funds within the management account.

Children's Social Care & Safeguarding

An overspend of **£813k** is currently forecast for the Children Assessment and Care Management Business Unit. This is an increase of £197k when compared against the projected outturn for Q2. The following are the key variances for the year:

- Children in Care (+£741k) – an overspend is currently projected for looked after children placements due to a rise in the number of residential care (x5) and supported accommodation placements (x2) since the last quarter. This increased cost is over and above the additional funding (£3.1m) provided through the MTFS to address demographic pressures. Barnsley's looked after children (LAC) population is 297 as at the end of December 2017 – which is an increase compared to the Q2 position of 283 but is still below the average number assumed in the placement strategy (299). This reflects ongoing actions to manage LAC numbers in an effective manner.

  Whilst overall LAC numbers is consistent with the strategy, the overspend can be explained by the recent rise in residential care placements and cost. The rise in LAC numbers regionally (and nationally) means there is competition amongst LAs for very limited placement vacancies (driving prices up). Also, the difficulty of placing older children (with multiple and complex needs) with in-house and external foster carers means greater reliance on external / more expensive residential care provision. The table below compares projected LAC costs for Q3 to the targets in the strategy:

	Plan	Q1	Q2	Q3
Placements to date	259	234	235	251
Fostering placements £M	5.9	5.9	5.8	5.8
Residential care placements £M	2.8	2.9	3.8	4.0
Other placements £M	3.8	3.7	3.8	3.9
Forecast LAC costs	**12.5**	**12.5**	**13.4**	**13.7**

1. The number of placements in external independent fostering agencies continues to fall and is expected to fall to 68 for the year (72 in Q2). This is however still short of the target number (35) assumed in the strategy.
2. The number of placements with in-house foster carers continues to rise reflecting concerted work undertaken during the year to boost recruitment of new carers. Number of children placed with in-house carers at Q3 is 142, compared to 126 at Q2.
3. The number of residential care placements by the end of the year is forecast at 18, which exceeds the target assumed in the sufficiency strategy of 15. This reflects the ongoing increase in residential placements since Q2.
4. The increase use of Independent Fostering Agencies (IFAs) as opposed to in-house foster carers still continues to be an issue. The strategy assumes circa 68% of the LAC population would be placed in BMBC foster carers, actual performance for Q3 stands at 50%.

- Assessment & Care – Other Costs (+£61k) – this forecast cost pressure is mainly attributable to the following; staff travelling / mileage costs; s17 payments and accommodation costs (increased rental costs of occupying LIFT/PFI funded buildings by the locality teams). The above cost pressures have been negated by staff vacancy savings reported to date. The successful implementation of the recruitment strategy continues to minimise the use of agency staff across all assessment & care teams, thereby significantly reducing agency costs.

- Other variances (+£11k) – comprised minor variances across the following services Children with Disabilities (increased direct payments and reduced health income); Safeguarding (staff vacancy savings and additional income) and Future Directions (s24 and care leavers accommodation costs).

Schools

The latest approved schools DSG budget for 2017/18 totals £101.6m, comprised of the budget delegated directly to maintained schools to manage of £84.7m, with the balance i.e. £16.9m managed centrally by the Council on behalf of schools.

Delegated schools' budgets:
Total funding delegated to maintained schools for the year is £84.7m and comprises of elements allocated to individual schools through the local schools funding formula, as well as high needs and early years funding. Latest position, based on submitted quarter two returns, showed a projected surplus balance of **£1.1M** for the current financial year. The projected schools surplus balances for 2017/18 is made up of:

- primary schools £1.2M
- secondary schools -£0.1M

The above position includes 4 primary and 1 secondary schools with reported planned budget deficits for the year. Agreed recovery plans are in place to manage the deficits over a set timeframe. A support plan has been proposed to Penistone Grammar School to address the ongoing sustainability issue over the medium term.

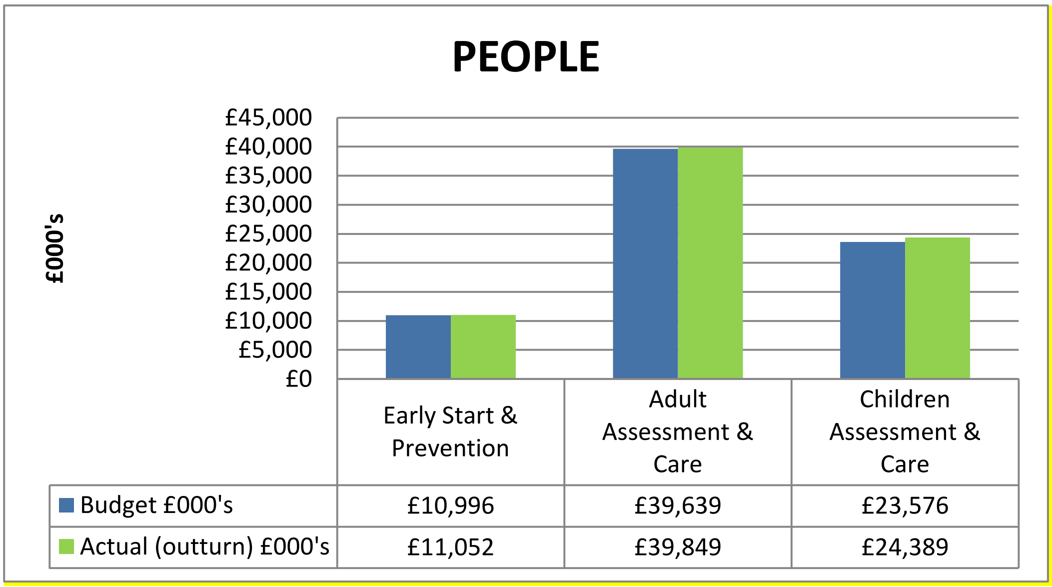
Centrally retained schools budget
There are a number of DSG budgets (£16.9M) that are managed centrally by the Council where it is cost-effective to do so as opposed to delegating them to schools directly. The nature of expenditure that can be charged against centrally retained DSG is regulated by the School Finance Regulations, whilst the decision making responsibility rests with the Schools' Forum. The latest position across all the centrally retained DSG budgets showed an indicative financial pressure of **+£5.2M**, mainly relating to the high needs funding block. The key pressures can be explained as follows;

- Carry forward deficit (+£1.6M) – this pressure relates to the reported 2016/17 net budget deficit on the high needs budget which was carried forward into the current financial year (as approved by the Schools Forum). This deficit currently represents an over-commitment against the 2017/18 high needs budget.

- External SEN placements (+£3.7M) – an overspend is currently forecast against the out of authority SEN placements budget and reflects the ongoing recurrent pressure faced in this service area. The increased overspend is a consequence of the increasing number (and significant cost) of SEN pupils / learners placed in external specialist institutions / schools mainly due to lack of suitable places within the authority.

Whilst the development of the SEND sufficiency strategy including the proposed commissioning intentions would help stem the growth in external SEN placements over the medium term, however there is still an ongoing sustainability issue that would need to be address by the overall schools budget over the medium term.

Directorate Position – Budget v Actual



iii. Approved savings position

The approved 2017/18 savings target for PEOPLE directorate totals £1.6M, analysed across the respective business units as follows:

- Education, Early Start & Prevention £0.2M;
- Adult Social and Health care £1.2M;
- Children Social Care & Safeguarding £0.2M;

All 2017/18 approved savings proposals are on target to be fully delivered in the current financial year, with the exception of the following where a shortfall is currently anticipated:

BU2 E2 Double Handed Care (£240k)

Work commenced in January 2017 with SWYPFT to review identified 161 care packages where service users receive care from 2 carers, aimed at reducing packages of care through the use of equipment. The latest indication, based on completed reviews / re-assessments is that there is limited scope to reduce care packages and therefore double handed provision. In cases where changes have been identified the level of reduction is minimal.

BU3 E3 Re-location of the children disability team (£16k)

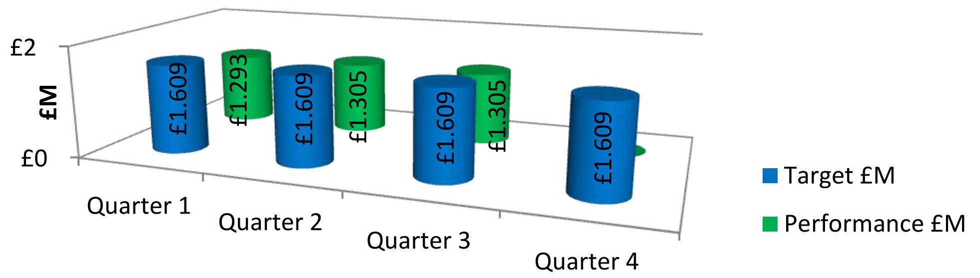
A shortfall of £16k is currently projected against the savings target of £32k for the year; mainly due to slippage in the effective date of the re-location of the team from Barnsley Academy (would take place over the summer break i.e. by September 2017).

BU3 E2 Charging for Newsome Avenue Respite Unit (£48k)

A shortfall of £48k is anticipated against the income generation target set for the Newsome Ave respite unit (for disabled children). This shortfall is being mitigated through staff turnover / vacancy savings.

It should be noted that the above KLOE shortfall amounts have been managed by the directorate and contained within the overall reported position.

Forecast Efficiency – Performance v Target



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Target £M	£1.609	£1.609	£1.609	£1.609
Performance £M	£1.293	£1.305	£1.305	£0.000

iv. Corrective Action

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

Education, Early Start – Inclusion services

- A strategic review of high needs placements have been undertaken and has informed the development of the SEN(D) sufficiency strategy and a set of commissioning intentions. This would provide the framework for addressing the projected pressures within the high needs budget over the medium to long term.

Children in Care

- To continue with the strands of activities instigated last year to manage placements in an effective and safe manner and ensure that costs are contained within approved budget envelope including; tracking of placements by the Placement Oversight Resource Panel;
- Engaging with independent foster care agencies (IFAs) to discuss the better use of local based agencies for Barnsley's LAC placements. Through this process to identify local IFA carers for those LAC ready to be 'stepped down' from their current residential placements; to get early notification of potential IFA carer vacancies within the Barnsley area; to explore the use of IFA carers for emergency placements in Barnsley;
- Continue to engage with our in house foster carers and future foster carers to encourage them to consider older young people – looking to put in place a new foster carer payments scheme that would incentivise carers to take older young people;
- Exploring (with Berneslai Homes) the potential development of accommodation and support for care leavers;

- As part of the refresh of the LAC sufficiency strategy, consider the procurement option of block purchase arrangements with local IFAs in Barnsley to secure greater local family placements for LAC and reduce external residential use;

- Explore with local IFA potential carers for those LAC ready to be 'stepped down' from their current residential placements where there is no in house provision; to get early notification of potential IFA carer vacancies within the Barnsley area; to explore the use of IFA carers for emergency placements in Barnsley;

- Deploy Family Group Conferencing investment and resource on LAC in external residential provision with the aim of identifying alternative carers within local family networks).

<u>Adult Social Care & Health</u>

- The implemented staffing restructure of adult social care will allow for the continuation of the Review team in 2017/18 and beyond (funded from the improved BCF monies). This would mean existing work on reviewing care packages will continue, thereby delivering on the cost reduction targets for the year.

- Continued drive to increase and maximise the level of health contributions towards the cost of care new and existing packages e.g. the review of the Section 117 funding protocol; recovery of costs from point of hospital discharge for clients requiring continuing health care assessments until a decision is made on their eligibility and funding.

<u>v. Future Outlook</u>

The main risks in 2017/18 and for future years mainly relate to demand-driven pressures. The following summarises the future outlook for the directorate going forward:

<u>Education, Early Start, & Prevention</u>
The main financial risk for the Business Unit in 2018/19 mainly relate to the potential reduction / fallout of government grant funding, such as the Youth Justice Board (YJB) funding. There are capacity issues to be addressed within the Inclusion Service in relation to meeting statutory responsibilities to have education, and health care plans in place for all assessed SEN children.

<u>Adult Social Care & Health</u>
The recurrent pressure currently reported for ASC (Disabilities) of £210k mainly relates to underlying efficiency and intervention savings yet to be delivered or fully realised. The Council's 3 year MTFS includes provision in 2018/19 for demographic growth and the impact on provider fees of an increase in national living wage. Also, the additional improved BCF monies made available by the Government has allowed for non-recurrent investment to meet ASC needs and sustain the local care market, as well as provide some flexibility to cover increased cost pressures.

Children social care & safeguarding

A recurrent cost pressure of £0.5M FYE is currently forecast for 2018/19, which is mainly attributable to increased residential care placements and cost. It is envisaged that the ongoing work undertaken by the service in relation to better tracking / planning of LAC placements would address this cost pressure over the medium term.

SECTION 2 – Executive Director's Statement for Place

Executive Director's Statement

i. Overview

The latest revised 2017/18 approved budget envelope for the Place Directorate is £34.403M. Based on current projections, the Directorate is anticipating a net operational overspend of **£0.697M** in the current financial year.

Quarter 3 position to the end of the quarter ending December 2017

DIRECTORATE	Approved Net Budget 2017/18 (after Virement) £'000	Projected Net Outturn 2017/18 £'000	Forecast Deficit / (Surplus) £'000	Adjustment for Slippage, Grant balances & Transfer to reserves £'000	Operational Deficit / (Surplus) £'000	FYE (18/19) * £'000
Executive Director	192	192	-	-	-	-
Economic Regeneration	4,104	4,004	(100)	-	(100)	-
Culture, Housing & Regulation	1,550	1,282	(268)	185	(83)	-
Environment & Transport	28,557	29,437	880	-	880	310*
Total – Place	**34,403**	**34,915**	**512**	**185**	**697**	**310**
Housing Revenue A/C	48,109	44,811	(3,298)	2,296	(1,001)	-

**Specifically provided for in the MTFS*

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 Regeneration is currently forecasting a -£0.100M underspend at the end of the financial year. The key issues and variances are highlighted below:

- Employment & Skills
  The service is currently predicting a balanced budget at the end of the financial year. There are no major areas of concern to report at this time.

- Planning, Policy & Building Control
  The Planning service is forecasting an underspend of -£0.100M at the end of the financial year. This includes an estimated increase in Planning and Building Control Fee income of -£0.083M and -£0.022M respectively and staff savings across the service of -£0.090M. However, £0.095M of this has been used to offset expected additional costs associated with the preparation of the Local Plan.

  In addition to the above, the national increase in the level of Planning Fees originally planned for a July implementation date will now be introduced from 17th January 2018. Any additional income generated from this increase must be reinvested in the Planning Service during Quarter 4.

- Economic Development
  Economic Development is also currently predicting a balanced budget at the end of the financial year. There are no major areas of concern to report at this time.

Culture, Housing & Regulation

Culture, Housing & Regulation is projecting a -£0.083M underspend at the end of the year. This compares to an underspend of -£0.100M reported at the end of Quarter 2. However there remains a number of key issues within the service as highlighted below:-

- Culture & The Visitor Economy
  Culture are currently anticipating a -£0.016M underspend at the end of the financial year compared to a Quarter 2 reported position of -£0.046M. Overspends on town center visitor events (£0.030M) due in part to the abortive costs associated with the Christmas Lights switch on have been offset by savings on staffing costs (-£0.053M) and other overheads (-£0.023M). Finally additional financial support requested by the Wentworth Trust has been built into the outturn (£0.030M).

- Regulatory Services
  Regulatory Services is forecasting a -£0.045M underspend at the end of the financial year. The early implementation of an efficiency saving BU5 E3 together with other vacancy management and a reduction in overhead costs is generating a saving of £0.090M. It is proposed to earmark £0.045M to continue to implement the changes required following the recent audit by the Food Standards Agency.

- Housing & Energy
  The service is forecasting an underspend of -£0.022M at the end of the financial year. This is the result of anticipated savings on staff costs (-0.022M). It is also estimated that expenditure and grant funding relating to the HCA Local Capacity Fund (approx. £.0120M) will slip into 2018/19.

Environment & Transport

Cabinet have recently received numerous updates on the ongoing financial position within the Environment & Transport Business Unit. At the end of Quarter 1 the business unit reported a forecast overspend of £1.311M and were tasked to explore a number of actions to mitigate this. Following extensive work during the summer/autumn the overspend is now forecast to be £0.880M an improvement to date of £0.431M.

The key variances and further corrective action proposals are highlighted below:

- Transport (£0.600M) – As previously reported, the service continues to experience a significant rise in demand for the Home to School transport service. To mitigate this a total of £0.633M of additional resources have been provided via the MTFS with further provision being made up to 2020.

  The overspend has however increased by 0.173M from Quarter 2 (£0.427M). This movement relates to a further increase in the demand for Home to School escorts due to out of borough placements together with a delay in the implementation of a number of actions by the service to reduce the overall cost, for example the deployment of travel training. However, whilst this should result in better cost management it is unlikely to generate real cost savings ongoing due to the increasing demand for the service. The business unit will therefore continue to work on other options to mitigate this pressure.

- Fleet (£0.044M) - This overspend is due to the projected increased cost of maintaining the Council's aging fleet of vehicles. The ongoing vehicle replacements programme should serve to mitigate this ongoing cost. Two more RCVs were replaced in the quarter in mitigation of this risk. Further challenges remain for Neighborhood Services to procure replacement plant items last financed by service surpluses as they have no future surpluses to procure plant items, and are not part of the vehicle replacement plan.

- Highways, Engineering & Transportation Services (-£0.533M) – whilst showing a significant underspend there remains a £0.316M shortfall in the trading position of Construction Services. This does however reflect a significant improvement on the Quarter 2 position, of £0.513M. Key changes included the review of the schedule for rates. The review of this service is ongoing with a number of corrective actions in the process of being delivered. Further updates will be provided in later reports.

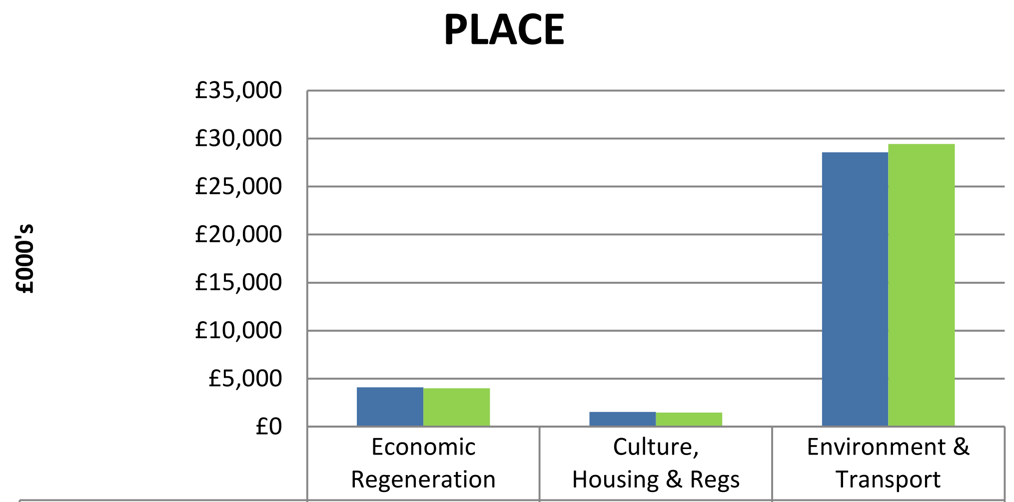
  The trading position is mitigated by an underspend on Highways Maintenance (-£0.275M) resulting from the energy savings achieved by the service's replacement Type B LED programme, together with an underspend on staffing costs (-£0.555M) though this underspend is non-recurrent.

  Finally, it is likely there will be an overspend against the Council's Winter Road Maintenance Budget due to the prolonged period of freezing temperatures over the winter so far. To the end of December the service has carried out 287 grits using 2,326 tons of grit, compared to 144 grits and 1,058 tons over the same period last year, an increase of 143 grits and 1,268 tons of grit.

- Commercial & Operational Services (£0.841M) – The recent service review update presented to Cabinet further highlighted the challenges encountered by the service with regards to the fall in market prices for recyclable materials together with the ongoing costs associated with the procurement of new and replacement household wheeled bins. This issue may be compounded further as a result of China's decision to ban the import of recycled plastics.

  A number of actions continue to be progressed, including the new policy to charge housing developers for the cost of bins, the delivery of the Transfer Loading Station (not expected until May 2018/19) and the ongoing contract procurement review.

Directorate Position – Budget v Actual



	Economic Regeneration	Culture, Housing & Regs	Environment & Transport
Budget £000's	£4,104	£1,550	£28,557
Actual (outturn) £000's	£4,004	£1,467	£29,437

iii. Approved Savings Position

2016/17 Ongoing Pressures

As highlighted in previous reports a total of £1.8M of proposals spanning over two years to mitigate the 2016/17 ongoing pressures within the Directorate were put forward at the end of March 2017. These are highlighted in the table below and remain on track to be fully delivered by the end of 2018/19.

Efficiency Saving	Expected to be delivered during 2017/18 £M	Expected to be delivered during 2018/19 £M	Full Year Effect £M
Various Income Generating proposals	0.361	0.010	0.371
Car Parking Income	0.120	-	0.120
Restructure and Management of Overtime	0.083	-	0.083
Saving on LED Utility Costs	0.276	-	0.276
Transfer Loading Station	-	0.300	0.300
Waste – Direct delivery to waste disposal site	-	0.100	0.100
Travel Training	-	0.075	0.075
Highways Materials	-	0.075	0.075
Vacancy Management*	0.200	-0.200	0.000
Contract Procurement and other savings (5% savings target given to all service managers)	0.210	0.220	0.430
TOTAL	**1.250**	**0.580**	**1.830**

*Vacancy Management is one year only pending a wider Business Unit Restructure

2017/18 Efficiency Savings

In addition to the above, a total of £0.722M additional savings were approved for 2017/18. These savings have been delivered in full during the year.

Housing Revenue Account

The latest forecast outturn shows a net improvement of -£1.001M in the financial position compared to the approved budget.

The major variations are outlined below:-

Increased Income

- £0.104M increase in Renewable Heating Incentive income above the budget estimates.
- £0.100M revised estimate for Solar PV income
- £0.200M Increase in dwellings rent due to lower RTB sales than anticipated

Reduced Income

- £0.050M Lower than forecast income from District Heating charges

Reduced Cost

- Savings of £0.448M on the budget for bad debts due to impact of rolling out of universal credit not being as high as anticipated in 2017/18.
- Lower financing costs of £0.200M due to higher interest rate budget assumptions used compared to the actual variable interest rates.

Increased costs

- £0.040M forecast increase in Council Tax charges for empty properties.

Revenue Contributions to Capital

At this update £2.296M 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 capital schemes funded from revenue.

iv. Corrective Action

As highlighted above, the Business unit has worked extremely hard on cost management and income generation over the last period to mitigate the pressures currently being faced. This has included a challenge to all managers to save 5% against their respective budgets which has proved extremely successful together with delivering a number of other mitigating actions. This work will continue throughout the remainder of the year and beyond with a view to delivering an ongoing balanced position. Future reports will update on progress against this.

v. Future Outlook

The main area of concern ongoing continues to be pressures within the Home to School Transport function. Whilst further provision has been made within the Council's MTFS to compensate for this, this will be closely monitored moving forwards with updates provided to Cabinet as necessary.

In addition, the levels of recycled household waste combined with a shortfall in the income from the sale of recyclable materials continues to cause concern. This will be monitored closely ongoing. A number of initiatives have already been implemented including a targeted marketing campaign to new homes and global communication on recycling and waste generally is being undertaken via social and other types of media. Further options for cost savings will be proposed as and when required.

SECTION 3 - Executive Director's Statement for Communities

Executive Director's Statement

i. Overview

The total net budget for the Directorate is **£20.936M**. Total forecast net expenditure is £18.361, resulting in a forecast under spend before earmarking's of £2.675M. Of this sum £2.207M is proposed for earmarking resulting in an operational underspend for the year of £0.468M.

When compared to Q2, the Q3 outturn forecasts a further reduction in the overall underspend for Communities of £0.079M (an under spend of £0.547M was estimated in Q2).

The amended positon is primarily as a result of:

- **Day Opportunities** – the £0.141M underspend previously reported by Communities has now been transferred to the budget monitoring report for the People Directorate. This is in order to bring together a more holistic picture of spend on Adult Social Care services.
- **Catering Services –** the underspend has increased by a further £0.052M compared as a consequence of vacancy retention.
- **Stronger Communities** – delays in implementation of Area Commissioning contracts has resulted in an £0.062M increase in underspend.
- **Area Based Community Services** – continued vacancy retention has added a further £0.058m to the expected underspend.
- **IT Services –** the overspend position has increased from £0.045M to £0.112M. This increase relates to the ongoing rectification of issues related to the recording of contract costs as opposed to any actual increase in the number or value of contract agreements.

Quarter 3 position to the end of the quarter ending December 2017

DIRECTORATE	Approved Net Budget 2017/18 (after Virement) £'000	Projected Net Outturn 2017/18 £'000	Forecast Deficit / (Surplus) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / (Surplus) £'000	FYE (18/19)* £'000
Customer Services	6,809	6,420	(389)	(169)	(220)	-
Safer, Stronger, Healthier	7,870	5,472	(2,398)	(2,038)	(360)	-
IT	6,257	6,369	112	-	112	
Total – Communities	**20,936**	**18,261**	**(2,675)**	**(2,207)**	***(468)**	**-**

*Outturn excludes £0.140m underspend on Day Opportunities – now reported on the People Directorate's Monitoring report.

ii. Key Variances

Customer Services

CS are currently projecting an operational underspend of (£0.220M) for the year.

The key contributors to this position are described below.

- Removal of Day Opportunities Underspend – a net 'nil' positon is now reflected in this report (reasons provided above) therefore reducing Communities overall underspend positon by £0.141M compared to Q2.

- Customer Support and Development (underspend £0.085M**)** - per last quarter it is anticipated that a combination of vacancy retention and a minor restructuring exercise will result in the underspend reported.

- Catering Services (underspend £0.080M) – this largely as a result of staff turnover and vacancy retention.

- 'Various' underspends of less than £0.050M (combined underspends totaling £0.055M) **–** this includes overachievement of income, cost capitalization and other relatively minor areas of underspend.

Safer, Stronger & Healthier Communities (SSH)

- Vacancy Retention (underspend £0.360M) - the BU's underspend largely relates to underspends on staffing. Post restructuring Safer, Stronger, Healthier services continue to retain a significant number of vacancies.

IT Services

IT are currently projecting an over spend for the year of £0.112M.

As indicated above this represents an increase of £0.067M when compared to Q2's reported position of £0.045M.

The reasons for the over spend are as follows:

- Software License and Equipment Costs (£0.514M overspend) **–** factors such as license increases and changes in the contracting arrangements offered by external providers have led to significant cost increases - work is ongoing to review licensing arrangements with a view to reducing future costs.

  In terms of equipment there is currently insufficient funding available to support a growing requirement to upgrade/replace hardware and infrastructure. Again this is an area that is to be further considered as part of the future service redesign process.

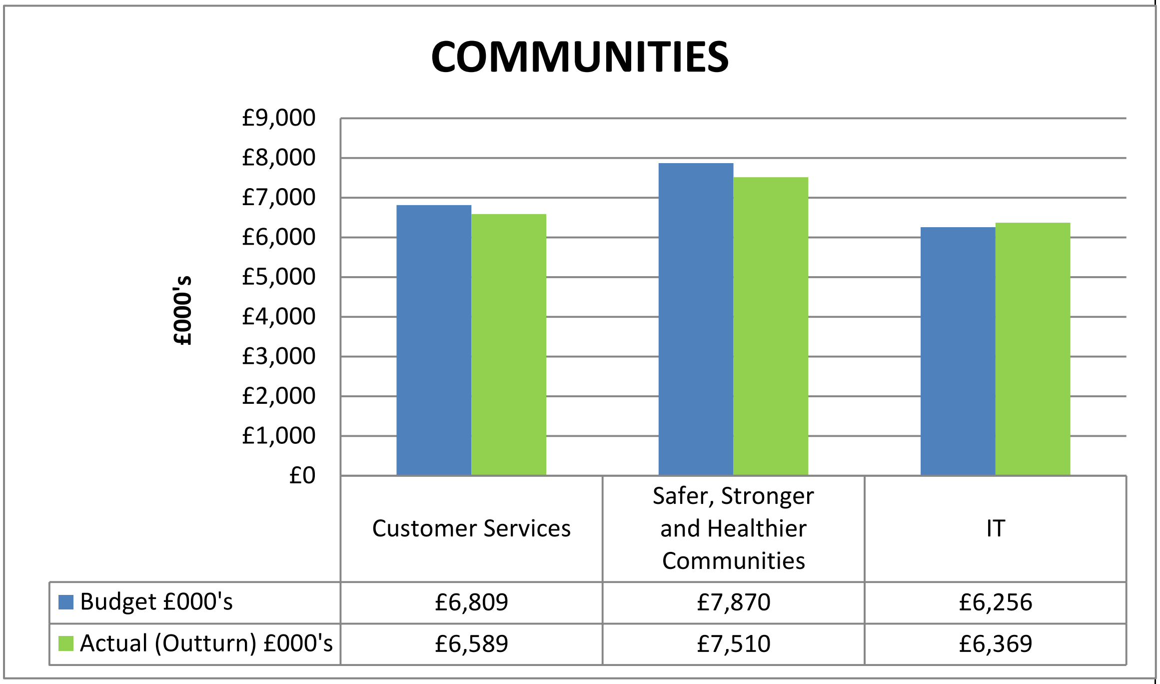
The above over-spends have been mitigated to a degree through:

- Vacancy/Agency/Contractor Reduction (£0.202M underspend) – this is sustainable over the short term but is predicated on IT focusing on maintenance rather than developmental roles.

- <u>A Dividend Contribution from Code Green of £0.200M.</u>

Section V of this report provides a summary of all current earmarking requests.

Directorate Position – Budget v Actual

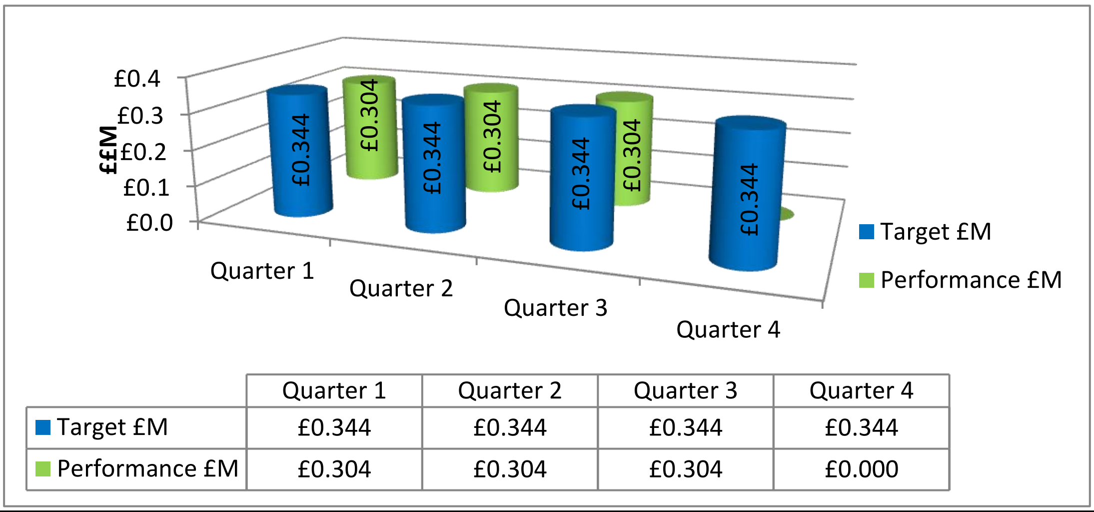


<u>iii. Approved Savings</u>

The Directorate had total approved savings of £0.344M to deliver in 2017/18.

All savings will be achieved in year as expected with the exception of Selective Licensing. The savings target of £40k associated with Selective Licensing in 2017/18 will now be met through vacancy retention.

Forecast Efficiency – Performance v Target



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 2017/18.

v. Summary of Earmarking Requests

Communities has proposed earmarking's of £2.207M, comprising:

- Think Family (£0.683M) – this position reflects the longer term nature of the program 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.
- Healthier Communities Contracts (£0.070M) – carry forward underspend due to a delay in implementing the decommissioning of contracts to meet the 2018/19 KLOE BU8 E4.
- Local Welfare Assistance Scheme (£0.260M) – this represents the balance of Government funding that has been carried forward since the original scheme ended in 2014/15. It is anticipated that the outstanding balance of funding will be fully utilized in 2017/18 in support of welfare provision activities.
- Devolved Area Council / Ward Alliance Funding (£0.740M) – this represents the carry forward balance of Commissioning and Ward Alliance budgets. It was previously agreed that any balances would be earmarked and carried forward into subsequent years.
- Stronger Families Crowdfunding (£0.020M) – the earmarking represents a cash balance to be used to 'match' contributions raised through community Crowdfunding exercises.
- Area Based Community Safety (£0.070M) – the earmarking is being sought to provide funding for the replacement of equipment essential to effective service delivery this includes the procurement of a graffiti removal vehicle.
- Controlling Migration (£0.194M) – this represents funding issued by DCLG to cover a 4 year period. The funding has been granted to directly support of those local areas facing pressures linked to migration.
- Customer Services (£0.045M) – earmark funding to employ staff to resource consultation and community development with regards to the Library Review.
- Customer Support and Development (£0.044M) – Extension of Digital Champions & Be Well Barnsley posts and delay in recruiting Customer Feedback post.
- Transformation Fund balances (£0.080M) – this represents the balance of a funding 'pot' designed to support emerging service pressures.

vi. Future Outlook

Staff and services provided by ILAH ("Assisted Living Technology" and "Reablement" were transferred back in-house on 1 October 2017.

Final accounts for ILAH are currently being compiled and the impact of the transfer will be considered in greater detail in the fourth quarter budget monitoring report.

A break-even position is currently estimated for the delivery of these services in 2017/18 - this position being achievable due to a one-off allocation of £250k from Adult Social Care funding.

Work is ongoing to reduce the future operating costs of these services – going forward any future service deficits will now fall directly on the Communities Directorate.

IT will continue to work hard to reach a balanced budget positon – with work ongoing to prepare the ground for the implementation of the service's 'Digital First Strategy – a strategy that aims to radically re-work the way in which the Council uses IT.

Generally across the Directorate work is ongoing to maintain a robust budget position and lay the ground work for 2019/20 when the bulk of Communities KLOE's are due for delivery.

SECTION 4 - Director's Statement for Public Health

Director's Statement

i. Overview

The total net budget for the Directorate is **£2.204M**. Based on financial performance to date (Quarter 2) and forecast activity for the remainder of the year an operational under-spend of (**£1.303M)** has been estimated.

This underspend largely comprises i) a planned underspend of £0.555M - to be earmarked to support future year Public Health Commitments (as per the PH 4 year plan), ii) an underspend of £0.664M linked to the transfer of the 0-19 Service into BMBC. These are further explained below.

Quarter 3 position to the end of the quarter ending December 2017

DIRECTORATE	Approved Net Budget 2017/18 (after Virement) £'000	Projected Net Outturn 2017/18 £'000	Forecast Deficit / (Surplus) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / (Surplus) £'000	FYE (18/19) £'000
BU10 – Healthcare & Partnerships	2,204	901	(1,303)	(1,303)	-	-
	2,204	**901**	**(1,303)**	**(1.303)**	-	-

ii. Key Variances

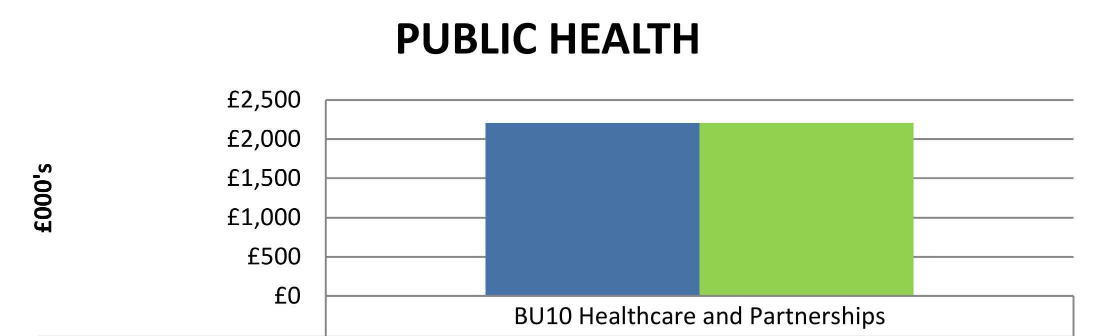
As indicated above there is a forecast underspend of £1.303M for the current year. This largely comprises:

- The Planned Underspend Against 4 Year Plan Commitments (£0.555M) – this is intrinsic to the fulfilment of the Public Health 4 year plan – the intention being to carry forward the underspend into future years to meet identified commitments.

- Future Year Project Requirements (£0.063M) – the earmarking of funds to support the promotion of Dental Health (£0.034M) and the Smoke-Free project (£0.029M).

- 0-19 Service Underspend (£0.664M) - the service Transferred from SWYFT to BMBC in October 2016, during and since the transfer a considerable number of staff have left the service. Vacancies have been largely retained during this period pending the outcome of a full review of the staffing structure of the service. Savings identified from the review will be used to support the delivery of KLOE PH E2 'Review of Contracts and Commissioning' (see below).

Directorate Position – Budget v Actual

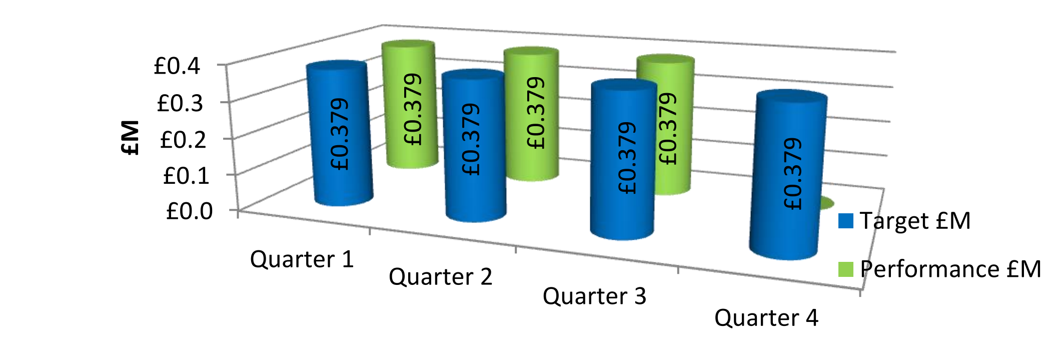


	BU10 Healthcare and Partnerships
Budget £000's	£2,204
Actual (outturn) £000's	£2,204

iii. Approved Savings

The Directorate had total approved savings of £0.379M to deliver in 2017/18. All savings have either been delivered in full or are on target to be delivered by the end of 2017/18.

Forecast Efficiency – Performance v Target



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Target £M	£0.379	£0.379	£0.379	£0.379
Performance £M	£0.379	£0.379	£0.379	£0.000

iv. Summary of Earmarking Requests

The request is for the entire underspend to be earmarked to support the delivery of the Public Health four year plan.

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 2017/18.

v. Future Outlook

Over the entire four year plan period (to 2020/21) additional funding will be made available from the Council to help to mitigate the impact of planned reductions in Public Health Grant.

It is envisaged that the provision of additional funding from the Council, use of earmarkings and delivery of identified savings will enable the service to continue to maintain a modest surplus position to 2020/21.

SECTION 5 - Executive Director's Statement For Core

Executive Director's Statement

i. Overview

The latest approved budget for 2017/18 for the Core Directorate is £20.063M. Based on current projections the Directorate is forecasting an outturn of £16.951M as at the end of quarter 3, resulting in an under-spend, before earmarking's of £3.112M. Of this £2.798M is proposed for earmarking resulting in an overall estimated operational under-spend of **£0.314M** for 2017/18.

Quarter 3 Position to the end of the quarter ending 31st December 2017

DIRECTORATE	Approved Net Budget 2017/18 (after Virement) £'000	Projected Net Outturn 2017/18 £'000	Forecast Deficit / (Surplus) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / (Surplus) £'000	FYE (18/19) * £'000
Assets	5,028	3,733	(1,295)	1,182	(113)	-
Finance	5,260	3,866	(1,394)	1,275	(120)	-
HR	3,666	3,415	(251)	191	(60)	-
Business Imp & Comms	2,786	2,636	(150)	150	0	-
Legal Services	840	912	73	0	73	-
Elections	706	615	(91)	0	(91)	-
Council Governance	1660	1,654	(6)	0	(6)	-
Joint Authorities	(10)	(8)	2	0	2	-
ED Account	127	127	0	0	0	-
Total – Core	**20,063**	**16,951**	**(3,112)**	**2,798**	**(314)**	**-**

The operational under-spend across the Directorate has decreased by £0.031M since the position reported at quarter 2. This predominately relates to the improved position within the Assets business unit offset by the requirement for earmarking's within both the HR and Business Improvement & Communications business units, to support Business Unit delivery plans, now anticipated to slip into 2018/19.

ii. Key Variances

There are a number of factors that contribute towards the forecast under-spend, the key variances are set out by business unit below:

Assets

The Assets Business Unit is forecasting an overall under-spend for the year of £0.113M after proposed earmarking's, a significant improvement from quarter 2 which reported £0.119M overspend. The main changes are as follows:

- Building Services £0.011M Financial pressures associated within the running of the Council's assets portfolio, have since been offset by substantial utility reimbursements due to the changeover of gas provider, and substantial Business Rate reimbursements associated with the redevelopment of the town centre and closure of the Met Centre whilst works are completed. Corrective action is being taken to address ongoing pressures within this area, a number of buildings have been handed back to external landlords over the current year with more to follow in the next 12 months which will bring significant savings to the service once realised in full in 2018/19.

- Contract Management an overspend of £0.057M is due to a loss of income associated with the NPS and Norse profit sharing arrangement and reduction in ESG grant funding to school asset support.

- School PFI / BSF An Insurance rebate (£1.182M) through both the PFI & BSF gain share arrangements and performance deductions against the contractor have been received, which will be earmarked to support the affordability of the whole life cost models. This results in no impact on the current monitoring position.

- Various (£0.181M) This is due to a number of vacancies across the Business Unit and overachievement of income within the Estates areas.

Finance

The Finance Business Unit is currently forecasting an under-spend of £0.120M, as a result of high staff turnover and vacant posts pending a restructure to support the Business Unit's 2020 plans together with delays in the transfer of Housing Benefits to the DWP. The earmarking's requested are to be used to manage and mitigate the transition of Housing Benefit to DWP as well as invest in enabling technologies to drive further efficiencies across the Business Unit.

HR& Business Support:

The Business Unit presents a financial pressure of £0.036M within Trade Union Convenors as a result of reduced DSG grant funding and the need to retain the same level of staff to provide the service. This is currently being mitigated by vacancies across the service due to staff turnover and the time taken to fill vacant posts which have resulted in an overall under-spend for the service of £0.060M after earmarking's. The earmarking's requested are required to continue the investment in online enabling technologies and mitigate 2018/19 Trade Union pressures which are linked to a KLOE.

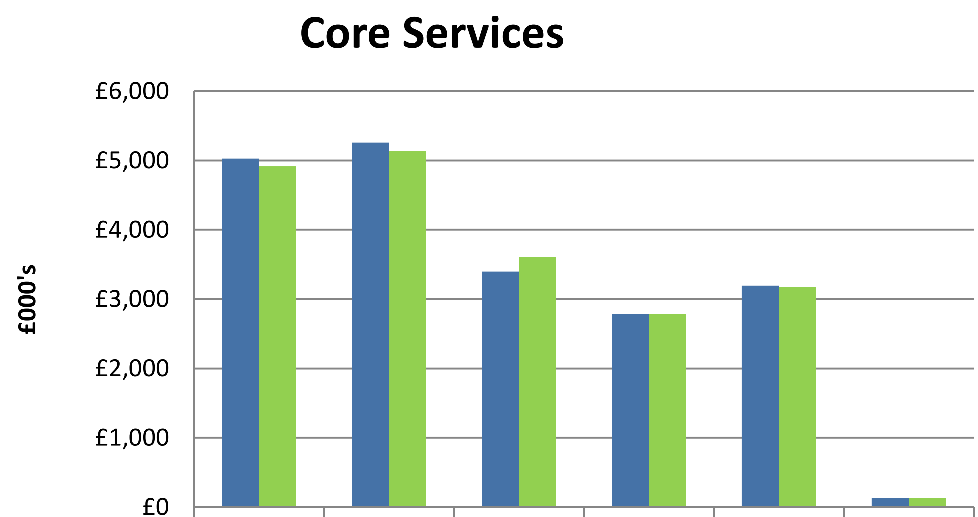
Performance, Business Improvement & Communications

The Business Unit is forecasting an under-spend for the year of £0.060M after ear markings. This is largely related to part year vacancies across the service as a result of staff secondments and the time taken to fill vacant posts offset by a pressure with one of the Business Units key contracts, resulting in the underachievement of an income target. The earmarking's requested are to support the continuation of corporate training and temporary staffing requirements.

Legal Services, Elections & Governance

The Service is forecasting an overall underspend for the year of £0.022M as a result of £0.091M overachieved income within Elections as a result of the 'snap' election which was not anticipated at the time of budget setting, offset by cost pressures of £0.055M, due to a complex legal case, and £0.017M within Legal Services predominately as a result of high levels of a printing and postage due to the delays in implementing the new electronic case management system. There is a slight underspend of £0.006M relating to vacancies within Governance which are offset by a slight overspend of £0.002M in Joint Authorities related to one off costs as a result of an office move.

Directorate Position – Budget v Actual

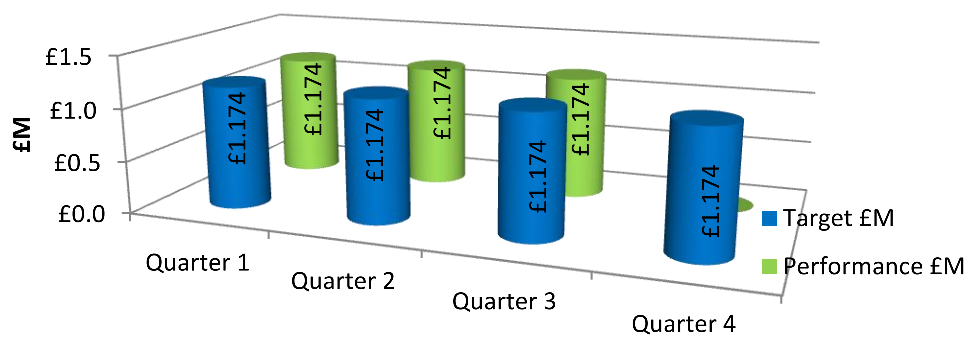


	Assets	Finance	HR & CE	Bus, Imp & Comms	Legal	ED
Series1	£5,028	£5,260	£3,395	£2,786	£3,195	£127
Series2	£4,915	£5,140	£3,606	£2,786	£3,173	£127

<u>iii. Approved Savings</u>

The Directorate had total approved savings of £1.049M to deliver in 2017/18. All savings have either been delivered in full or are on target to be delivered by the end of 2017/18.

Forecast Efficiency – Performance v Target



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Target £M	£1.174	£1.174	£1.174	£1.174
Performance £M	£1.174	£1.174	£1.174	£0.000

iv. Corrective Action

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

v. Future Outlook

A review of the support services provided to the South Yorkshire Fire & Rescue Authority (SYFRA) and other Joint Authorities is currently underway. These services fall under the Core Directorate. A key risk associated with the outcome of the review for 2018/19 onwards is the reduction in income to service budgets as a result of reducing the charge and level of support the Core Directorate provides to the SYFRA. Anticipated reductions have been taken into account as part of 2018/19 financial planning.

A detailed review is being finalised across the Council's asset portfolio to consider the costs of operating the various properties and the income streams where these are subject to rental charges. It is envisaged that significant savings will be achieved from the closure and hand back of buildings which can contribute towards future efficiencies once quantified. Should this not happen or delays occur there is a risk of significant cost pressures, potentially giving rise to an over-spend within the business unit.

The uncertainties of repairs and maintenance across the Council's asset portfolio continue to be a concern.

In terms of managing our assets we need to maximise growth and regeneration opportunities by continuing to dispose of surplus assets but also look to acquire new assets where these better support our corporate priorities, which will be addressed as part of the Asset Management Strategy 2017-20.

A key aspect here will be the Government's One Public Estate agenda, which looks to bring Partners together to develop ideas that make better use of public assets.

There is a common risk across the Core Directorate where there is reliance on technology to support delivery of future year KLOE's. There is a risk that IT will not be able to provide the required support or the technology does not provide the solutions anticipated presenting a risk to both the quality of service provision as well as the achievement of anticipated savings. This risk cannot be mitigated by the Directorate alone and will be predicated around the ongoing re-design of IT services being delivered.

Capacity and staff turnover is also becoming an increasing problem, particularly within the Finance and Business Improvement business units. It is becoming apparent that there is likely to be a need for some re-investment in order to maintain a high quality professional service – any investments will need to be contained within existing resources.

There is also a risk that the transfer of Housing Benefits to the DWP will be delayed; however funding has been earmarked in 2016/17 and requested again in 2017/18 to support the transition to mitigate the effect.

SECTION 6 - Commentary on Corporate/ Authority Wide Budgets

i. Overview

The total net budget for Corporate items is £14.512M broken down as follows:-

Quarter 3 position to the end of the quarter ending December 2017

BUDGET	Approved Net Budget 2017/18 (after Virement) £'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 £'000
Capital Financing	15,552	11,652	(3,900)	-	(3,900)	-
CDC	725	725	-	-	-	-
Levies	1,121	1,121	-	-	-	-
Corporate Items	(2,782)	(2,782)	-	-	-	-
Provisions	6,369	6,369	-	-	-	-
Provisions – Pension Deficit	7,068	7,068	-	-	-	-
Contributions from Balances	(13,541)	(13,541)	-	-	-	-
Total – Corporate Budgets	**14,512**	**10,612**	**(3,900)**	**-**	**(3,900)**	-

ii. Key Variances

Capital Financing (-£3.900M)

It is currently forecast that Capital Financing resources will underspend in 2017/18. This underspend partly relates to the full year effect of the savings (£2.0M) as a result of the change in the Council's MRP policy. The ongoing saving has been built into the ongoing MTFS from 18/19 and therefore is one off in 2017/18.

In addition, there is likely to be a significant underspend (£1.9M) from the Capital Financing budget in 2017/18 as a result of short term borrowing and taking advantage of the current low interest rate environment. However, as rates start to rise the Authority will be looking to fix out its borrowing leading to a corresponding increase in capital financing costs so any possible saving will be one off in nature.

Debt Collection & Management

The current debt position as at 31st December 2017 is a snap shot of an ever changing position throughout the year.

Total Arrears

A summary of the debt positon during 2017 is shown in table below. This shows the opening balance of debt at the beginning of the year of £24.234M, a snapshot as at September 2017 of £27.468M showing the increase of £3.234M as a result of in year debt falling into arrears; and a snapshot as at December 2017 of £29.159M showing a further increase of £1.691M, which is due to an increase in Trade/Sundry debt due to the creation of invoices throughout the financial year.

Type of Debt	Pre-17/18 Arrears £M	2017/18 Arrears £M	TOTAL Arrears £M	Bad Debt Provision £M	Write Offs For Approval £M
Opening 2017/18 Position (position as at 31.03.2017)	24.234	n/a	24.234	13.258	
Total as at end of June	23.025	7.012	30.037	18.163	0.673
Total as at end of September	19.056	8.412	27.468	16.621	0.547
Total as at end of December	15.062	14.097	29.159	15.224	0.707
MOVEMENT from Opening to December	(9.172)	14.097	4.925	1.966	
MOVEMENT from September to December	(3.994)	5.685	1.691	(1.397)	

Bad Debt Provision

The table above also shows the opening balance of the bad debt provision at the beginning of the year of £13.258M; a snapshot as at September 2017of £16.621M showing an increase of £3.363M; and a snapshot as at December 2017 of £15.224M showing a reduction of £1.397M.

Write Offs

The Service Director - Finance (Section 151 officer) is now also seeking approval to write off debt amounting to £0.888M which has become uneconomical to pursue. This is summarised in the table below:

Type of Dept	**Value of Write off (£M)**
Council Tax	0.091
Business Rates	0.125
Trade Debt General Fund	0.325
Trade Debt HRA	0.047
Housing Benefit Overpayment	0.119
Total (Collected by BMBC)	**0.707**
Former Tenant Rent Arrears- HRA	0.181
Total (Including Tenant Rent Arrears)	**0.888**

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

The Council wholly owns a number of subsidiary companies for the purposes of trading with the wider external marketplace. The narrative below details the Quarter 3 position:-

BMBC Services Ltd

BMBC Services Ltd was established in 2014/15 and has traded successfully since commencement, providing HR, IT and Financial services to the external market, predominately schools. Over the last 12 to 18 months the customer base has seen a decline largely due to academisation. As a result from 1st April 2017 HR and Financial services ceased trading through the company.

The services trading through BMBC Services Ltd from 1st April 2017 are now only IT – Code Green. HR and Financial services are still trading with schools and a handful of other external clients however they are able to do this through the Council's own trading powers as set out in the Localism Act 2011.

At Quarter 3 2017/18 BMBC Services is forecasting a profit after tax of approximately £0.158M. The Board of Directors have considered the use of built up reserves (£0.564M) and have agreed £0.350M dividends to be drawn down, £0.250M to be utilised to support pressures in IT and £0.100M investment to the new commercial board to support proposals for new commercial ventures.

ILAH Barnsley Ltd

A break-even position is currently estimated for the delivery of these services in 2017/18 - this position being achievable due to a one-off allocation of £250k from Adult Social Care funding.

The staff and services provided by ILAH (Assisted Living Technology" and "Reablement") have transferred back in-house from 1 October 2017 when the Company will be made dormant. See Communities Section

£3 Million Invest to Grow Fund

A total of £2.199M is estimated to be spent during 2017/18, with a further £0.457M in 2018/19 and £0.039M in 2019/20.

To date a total of £0.932M has been incurred during 17/18. A significant proportion of the remaining allocation is expected to be utilised in 2017/18 although some slippage into 2018/19 is expected.

It has been identified that the £0.028M in 2017/18 currently allocated to support the Young Person Housing Transition worker is no longer required and can therefore be released back into the fund to support alternative investment. It is proposed to use this resource to support the requirements for the Tour De Yorkshire in May 2018 where Barnsley has been selected as a host town.

Invest to grow fund	**Total**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	£M	£M	£M	£M	£M
Fund allocated Q3	3.000	0.305	2.199	0.457	0.039
No longer required	(0.028)		(0.028)		
Reallocated funds	0.028		0.028		
Total	**3.000**	**0.305**	**2.199**	**0.457**	**0.039**