

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

Report Ref No:

Cabinet: 29th January 2014

Report of the Assistant Chief Executive –
Finance, Property & Information Services

CORPORATE FINANCE SUMMARY - MONTH ENDING 31st DECEMBER 2013

1. Purpose of Report

- 1.1 The purpose of this report is to provide Members with an update on the Authority's 2013/14 budget and Key Lines of Enquiry (KLOE) position for the quarter ending 31st December 2013. The report covers the following areas:
- variations ("virements") to approved Service budgets;
 - the forecast year end surplus / deficit and corrective action proposals for General Fund Services (including schools and trading activities);
 - an update on the KLOE savings position for 2013/14; and
 - a summary of the Housing Revenue Account (HRA) position.

2. Recommendations

2.1 It is recommended that:

- a) the budget virements in Appendix 1 be noted;
- b) the forecast outturn, including the latest position on the 2013/14 KLOE contained within this report, be reviewed within the context of the recently updated Medium Term Financial Strategy;
- c) approval is given to write off bad debts totalling £227,612 relating to uncollectable income as outlined in paragraph 5.10;
- d) a further Cabinet report be submitted detailing the implementation plan required to mitigate the cost pressures relating to Children in Care; and
- e) Executive Directors report into Cabinet on any other adverse budgetary or performance issues.

3. Introduction / Background

3.1 Introduction

- 3.1.1 Members approved the 2013/14 General Fund Revenue budget on 28th February 2013. Under established budgetary procedures, all Services are required to monitor and review their approved budgets during 2013/14.
- 3.1.2 A forecast of the likely year-end position has been prepared by all Services, based on a comparison of profiled budgets to the actual position as at 31st December 2013, together with known commitments.

3.2 Variations ("Virements") to Service Budgets

- 3.2.1 Appendix 1 shows the quarter 3 Service budget virements in three sections. Section A identifies virements that are now recommended for Cabinet approval. For information purposes, Sections B and C identify other virements that during the

period have either been specifically approved by Cabinet (Section B) or are within delegated powers defined under Financial Delegations (Section C).

4. Current Position

4.1 Summary Position – Total Authority Budget and Projected General Fund Outturn

- 4.1.1 **Appendix 2 and the table below identify each Directorate’s forecast outturn position compared to budget. At an Authority level, this identifies a potential year end operating surplus of approximately £9.3M.**
- 4.1.2 **However, it should be noted that this includes a number of significant surpluses or under-spends which will not be sustainable moving into 2014/15. In particular, a significant portion of the reported under-spend relates to 2014/15 KLOE achieved in advance (£3.2M), funding earmarked for future year Social Care demographic pressures (£1.0M) and an under-spend on the capital financing budget (£4.5M), all of which have been taken into account as part of the recently updated Medium Term Financial Strategy. The balance (£3.6M) predominantly relates to under-spends against corporate budgets (£3.2M - paragraphs 5.2 to 5.3 refer) and other minor operational under-spending (£0.4M) across all Directorate budgets as explained within the body of the report.**
- 4.1.3 **These under-spends have been offset by a net operational over-spend in Children, Young People & Families relating to Children in Care costs (£3.0M).**
- 4.1.4 **Included within the above totals is slippage or non-delivery on four KLOE, which total £0.298M. Further detail and the proposed mitigating actions are contained within the body of the report (paragraphs 6.3 to 6.6 refer).**

DIRECTORATE	Approved Net Budget 2013/14 (After Virements) £	Projected Net Outturn 2013/14 £	Forecast Deficit / Surplus (-) £	Adjustments for Slippage, Grant Balances & Transfer to Reserves £	Operational Deficit / Surplus (-) £
CYPF	65,818,317	67,398,317	1,580,000	745,000	2,325,000
Adults & Communities Development, Environment & Culture	61,006,611	56,618,611	(4,388,000)	1,700,000	(2,688,000)
Corporate Services	39,602,898	37,982,898	(1,620,000)	1,180,000	(440,000)
Public Health	21,559,714	20,511,419	(1,048,295)	206,000	(842,295)
<i>Service Totals</i>	565,366	(1,165,632)	(1,730,998)	1,730,998	-
	188,552,906	181,345,613	(7,207,293)	5,561,998	(1,645,295)
Capital Financing Costs	(6,037,270)	(10,537,270)	(4,500,000)	-	(4,500,000)
Levies	15,236,335	15,236,335	-	-	-
Corporate / General Balances & Reserves	15,583,958	6,118,958	(9,465,000)	6,265,000	(3,200,000)
	(17,321,384)	(17,321,384)	-	-	-
TOTAL	196,014,545	174,842,252	(21,172,293)	11,826,998	(9,345,295)

4.2 General Fund Services: Projected Surpluses / Deficits & Corrective Action

4.2.1 Appendix 3 provides more detail on the reasons for each Directorate's projected surpluses / deficits. The narrative which follows provides for each Directorate:

1. A Directorate overview;
2. An explanation of key service variances;
3. An update on the 2013/14 KLOE; and
4. An explanation of any on-going financial impact of current year variances in 2014/15 and beyond.

4.3 CHILDREN, YOUNG PEOPLE AND FAMILIES

1. Directorate Overview

4.3.1 The revised 2013/14 budget for the CYPF Directorate is £65.8M. This includes schools balances (£6M) brought forward from 2012/13.

4.3.2 Based on current projections, the Directorate is anticipating a net operational over-spend of **£2.3M** in the current financial year. This is a net increase of £0.1M compared to the last reported position in September 2013 which mainly relates to increased looked after children Out of Authority placement costs (further explanation is provided in paragraph 4.3.12 – 4.3.15).

4.3.3 The forecast position excludes non-operational / non-recurrent expenditure, mostly relating to specific grants such as Troubled Families funding (this is an upfront payment dependent on sufficient outcomes being achieved over the financial year). There is a need to ensure that this funding is earmarked to ensure delivery continues over the duration of the 3 year programme and especially for next year when the funding will reduce but the activity needs to remain to achieve the outcomes.

4.3.4 In high level terms, the operational over-spend of £2.3M can be explained as follows:

1. Demand led pressures (£3.0M) particularly in relation to children in care costs such as Out of Authority placements; legal costs relating to care proceedings and non-care payments (relating to adoptions, foster carers, residence orders). The above includes the use of non-ring fenced grant funding to mitigate the overall pressure;
2. Anticipated under-spends and savings across a number of service areas within the Directorate (-£0.7M).

4.3.5 The above operational position for CYPF excludes any over or under-spends against the Dedicated Schools Grant (DSG), which is ring fenced specifically for schools related expenditure. Current projections indicate a net surplus against schools' delegated budgets of £2.6M, whilst a financial risk of £0.7M is currently forecast and anticipated against the centrally retained schools DSG budgets.

4.3.6 A summary of the forecast operational position by Assistant Director is shown in the table below:

<u>Children, Young People & Families</u>	Latest Net Budget	Over (+) / Under (-) spend	Non-Recurrent & Grant Slippage	Operational Over (+) / Under (-) Spend
	£M	£M	£M	£M
Directorate Management	-0.144	0.231	-0.255	-0.024
Lifelong Learning Achievement & Enterprise	16.346	-1.126	+0.887	-0.239
Strategic Services, Partnership & Commissioning	5.550	-0.353	+0.113	-0.240
Safeguarding, Health & Social Care	20.979	2.828	-	2.828
	42.731	1.580	0.745	2.325
Schools	23.087	-	-	-
TOTAL CYPF	65.818	1.580	0.745	2.325

2. Explanation of Key Service Variances

4.3.7 The key projected year end budget variations within the Directorate are explained below:

Strategic Services, Partnership & Commissioning

4.3.8 A net under-spend of £0.240M is currently projected for this service area against a revised net budget of £5.5M. The net forecast under-spend excludes the under-spend currently projected against the non-operational budget for the Concessionary Travel scheme i.e. M-Card of £0.113M. The key variances are explained in the paragraphs below.

4.3.9 Strategic Projects & Information Management (-£0.167M): - this projected under-spend is attributable to discount savings (one year only) on schools software license fees agreed with the supplier in 2012/13 as well as non-recurrent staff vacancy savings.

4.3.10 Business Support & Admin (+£0.116M): - this projected over-spend is attributable to increased use of agency staff to support integrated service delivery by SWYPFT under the BMBC/CCG children services partnership agreement. Discussions are ongoing with SWYPFT and Barnsley CCG in relation to the reimbursement of these costs.

4.3.11 Joint Commissioning (-£0.107M): - the reported under-spend has arisen mainly as a result of a terminated contract (net of re-provision costs) as well as a cessation of the funding of a SRE consultant post within the Healthy Settings service.

Safeguarding, Health & Social Care

4.3.12 A net over-spend of £2.828M is currently forecast at year end for this service area and is mainly attributable to cost pressures within the Children in Care budget. Explanation of the pressures and the mitigating actions are detailed below:

4.3.13 Children in Care (+£3.061M): - the forecast over-spend is made up of the following cost pressures:

1. Increased costs of Out of Authority (OOA) children in care placements (residential and fostering). The overall number of placements is still relatively low when compared to other authorities (and below national average) and have remained consistent compared to previous years. However, there is an increasing proportion of high cost placements that has contributed to the projected increased cost. The forecast gross over-spend on the residential and foster care external placements budget is £2.7M. This is consistent with the position reported to Cabinet in September 2013. Whilst the forecast has been determined for the full year based on current placements and end dates, the placement period will be reviewed regularly and the forecast adjusted accordingly;
2. There is an increasing budget pressure relating to adoption and foster carers allowances as well as payments made to 'connected' carers i.e. those with residence and special guardianship orders. These are seen as an alternative to a more expensive care placement outside the child's extended family. These payments are currently forecast to exceed budget provision by almost £1.0M (before the application of the Adoptions Reform Grant). This equates to an increase of £0.2M since the last reported position in September. The change in the forecast reflects the payment of the rise in average allowance rates as well as increased assessments undertaken in the period;
3. Projected spend on legal costs / fees relating to Children in Care proceedings through the courts are expected to exceed approved budgets by £0.1M – this has reduced slightly since the last reported position. It should be noted that the level of legal costs relating to children in care proceedings incurred by local authorities has been affected by the change, nationally, in the court fees charging framework implemented by the Ministry of Justice in 2013/14.

4.3.14 A strategic review of the financial pressures was undertaken and reported to SMT in March 2013. Subsequent to this, a review of placement sufficiency has been undertaken and completed in December 2013. This will take a medium to long term approach to planning the commissioning and provision of placements for Children in Care aligned to expected demand and need. The outcome from this sufficiency review will feed into the ongoing planning being undertaken to address the financial pressures and achieve a balanced budget position over the medium term. The outcome of the sufficiency review and placement strategy will be reported to the Senior Management Team – this would outline options / actions (including timescales and financial targets) to be implemented to address the cost pressure.

4.3.15 In advance of the outcome of the above review, uncommitted non-ring fenced grant funding (£0.6M) comprised of the recently announced adoption reform grant (Part A) and the Education Services Grant have already been applied to mitigate the financial pressure within this area. It should be noted that these are non-recurrent measures as the opportunity to use such grants would not be available in 2014/15 and beyond.

4.3.16 Welfare Service (-£0.094M): - this projected under-spend has arisen as a result of increased income generated by the service through trading with schools.

- 4.3.17 Disabled Children & Short Breaks Services (-£0.064M): - the forecast under-spend is mainly due to staffing savings from slippage in recruitment as well as reduced operating costs across certain budget heads.
- 4.3.18 Stronger Families (-£0.052M): - this projected under-spend has arisen from slippage in setting up the Stronger Families teams following the delegated approval of the establishment of the staffing structure.

Lifelong Learning, Achievement & Enterprise (LLAE)

- 4.3.19 A net operating under-spend of £0.239M is currently forecast for the LLAE service area. This excludes the forecast non-operational expenditure relating to the Primary School PFI and BSF projects. The key variances are as follows:
- 4.3.20 Music Service (-£0.055M): - the forecast under-spend is mainly due to staff savings within the Music Service (i.e. vacancies and reduced working hours) following the recent staffing re-structuring. This has been slightly offset by under-recovery of tuition fee income from schools / parents.
- 4.3.21 Early Years & Childhood Services (-£0.105M): - a net under-spend is currently forecast (arising from reduced spend and increased daycare income) across the various children centres budgets managed by the service.
- 4.3.22 Integrated Youth Support Services (-£0.189M): - the forecast under-spend can be attributed to the following services; Youth Service (staff turnover savings); Connexions (reduced spend and staffing savings achieved earlier than anticipated) and the Engaging Young People Service.
- 4.3.23 Other Variances (+£0.110M): - the anticipated net over-spend mainly relates to cost pressures within the Community Learning and Information Services, which has arisen from reduced contract income and non-achievement of the KLOE savings set against Moorland Plastics. A number of actions (e.g. staffing changes) have been implemented to mitigate the pressures including the use of savings that were achieved earlier than anticipated within the Schools Improvement Service.

3. 2013/14 Key Lines of Enquiry

- 4.3.24 The 2013/14 financial year represents year 3 of the Council's current 4 year efficiency programme. The Directorate has 13 KLOE efficiency proposals approved in the current financial year with a total value of £4.084M.
- 4.3.25 Latest projections indicate that all the KLOE within the Directorate are on target to deliver the required savings, with the exception of 'SSPC/A5 – Supported Employment' where a shortfall of £0.130M is projected for the year. This savings shortfall is a consequence of the delay in the implementation of the capital investment in Moorland Plastics on which the KLOE plan was predicated. The review of Moorland Plastics' business plan (requested by SMT) has recently been completed with the requested investment now in place. The identified saving will therefore be delivered in full in the new financial year.

4.3.26 The table below summarises the latest position relating to the KLOE within CYPF:

CYPF	No of KLOE	Total Value of KLOE £M	Savings Shortfall £M
SSPC	3	0.375	0
SHSC	3	0.597	0
LLAE	7	3.112	0.130
	13	4.084	0.130

4. Ongoing Financial Issues for 2014/15 and Beyond

4.3.27 The following paragraphs highlight key ongoing issues from the current financial year as well as new / emerging issues that would need to be considered and addressed in 2014/15 and beyond:

1. Children in Care Costs: - this is the main recurrent financial pressure within the Directorate, which is currently forecast at £3.3M (excluding the use of any uncommitted grant funding). As outlined in paragraph 4.3.14, the placement strategy / sufficiency review will set the framework for commissioning placements which should impact on future costs over the medium term;
2. Grant Funding Issues: - the Directorate currently receives Education Services Grant (ESG) of £3.7M, which is non-ring fenced and used to support a number of education services provided to schools. As the number of schools in Barnsley converting to academy status increases, there will be a proportionate reduction in the ESG (based on pupil numbers). A reduction of £1.2M is currently anticipated by the end of 2014/15 if all school academy conversions go according to plan. This situation will be exacerbated by the recent Comprehensive Spending Review announcement, which will see a reduction from 2015/16 in the ESG per pupil funding rate. The Directorate will be expected to manage / address any resulting impact from the reduction in grant funding.

SCHOOLS' BUDGETS

4.3.28 The revised approved schools budget for 2013/14 is £139.2M comprised of the Dedicated Schools Grant funding of £138.2M (as notified and confirmed by DfE recently) and the Council's base budget contribution of £1.0M. The above also excludes budgets relating to schools that have converted to academies by October 2013 (20 schools in total). It should be noted that the actual DSG funding for 2013/14 will be adjusted for any academy conversion during the year.

4.3.29 The overall revised schools budget (£138.2M DSG funding plus £1.0M Council base budget) can be analysed by funding blocks as follows:

	Delegated Budgets to Schools £M	Centrally Retained Budgets £M	Total £M
Schools Block	108.2	3.0	111.2
High Needs Pupils	11.7	5.5	17.2
Early Years	5.1	3.0	8.1
Other	-	2.7	2.7
	125.0	14.2	139.2

4.3.30 It should be noted that in addition to the above DSG budgets, the following grant funding is also available to schools in the current financial year; Pupil Premium Grant (£7.5M) and Education Funding Agency Grant for post 16 provision (£1.4M).

Delegated DSG Budgets to Schools

4.3.31 DSG funding has been delegated directly to individual schools through the local schools funding formula. The total DSG funding delegated to maintained schools / governing bodies to manage is **£125.0M**.

4.3.32 The forecast schools' surplus balances position for 2013/14 as indicated in the latest submitted approved budgets is summarised in the table below:

	2012/13 Outturn	2013/14 Original Budget	2013/14 Quarter 3 Position
	£M	£M	£M
Primary	4.1	2.4	2.4
Secondary	1.4	0.0	-0.3
Special	0.6	1.8	0.4
	6.1	4.2	2.5

4.3.33 The following are the key points to note from the latest reported schools financial position:

- there is an anticipated reduction in overall surplus balances when compared to the previous year, notably within the primary and secondary school sectors;
- the above position includes 4 secondary schools with approved deficits for 2013/14, namely Darton College; Shafton ALC; Carlton Community College and the Dearne ALC. The forecast deficit from all 4 schools is estimated at £0.7M. This deficit is an additional pressure against the centrally retained DSG contingency budget (managed by the LA on behalf of schools);
- Support and advice has been provided to the schools in developing and implementing deficit recovery plans (mostly involving staff restructuring);
- In addition to the above, there are a number of primary schools with low surplus balances, which would need to be monitored carefully during the year. 6 primary schools are currently forecasting budget surpluses below £10,000.

Centrally Retained DSG Budgets by the LA

4.3.34 These comprise a number of schools' DSG budgets that are managed by the CYPF Directorate, 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 central DSG budgets is regulated by statute (School Finance Regulations), whilst the decision making responsibility rests with the Schools' Forum.

4.3.35 The total DSG budget that is centrally retained and managed by the Council is £14.2M - this excludes funding that has been recouped for schools that have converted to academies. The forecast financial risk across all the central budgets is currently estimated at **£0.7M**. Most of the pressures are within the high needs block (see summary table overleaf):

<u>2013/14 Centrally Retained DSG Budgets</u>	Budget £M	Forecast £M	Over (+) / Under (-) spend £M
Schools Block	3.0	3.5	0.5
High Needs Block	5.5	6.2	0.7
Early Years	3.0	3.0	-
Other (2 Year Old)	2.7	2.7	-
	14.2	14.5	1.2
Carry Forward Resources			-0.5
Final Position			0.7

4.3.36 The following are the key financial risks / pressures anticipated within the centrally retained budgets:

Schools Block

1. Schools Contingency – Deficit Budgets (+£0.2M): - this net cost pressure mainly relates to the financial support / assistance that would be provided to the identified secondary schools in financial difficulties – mainly to help address deficit positions and to avoid the respective schools' accounts getting over-drawn.
2. Schools Contingency - Redundancy Costs (+£0.3M): - this pressure relates to the estimated redundancy costs associated with the staff restructuring actions being implemented by schools with approved recovery plans (required to managed deficit positions) in order to ensure their financial sustainability over the medium term.
3. Pupil Growth Fund (£-0.1M): - a pupil growth fund (£200k) was approved by the Schools Forum to assist the efforts of the Council in providing capacity in particular schools to help address increased demand for primary school places. Based on existing funding agreements reached with schools from September 2013 (Pipers Grove and Shawlands Primary schools), a balance of £0.1M may not be utilised. Clarity is being sought from the DfE regarding whether unutilised pupil growth funding should be carried forward into 2014/15 rather than used to offset budget pressures in the current year.

High Needs Block

4. Out of Authority INMSS / OLAs (+£0.4M): - an over-spend is currently projected against the SEN out of authority placement budget based on current profiles of placements and costs. It reflects increased placements with non-maintained special schools outside the borough as well as costs.
5. Increased High Needs Pupils (+£0.5M): - under the Government's schools funding reforms, top up funding is required to be provided from the high needs budget for additional pupils with special education needs in mainstreamed / special schools. Based on pupil movements to date and the termly funding adjustments undertaken already, it is expected that additional top up funding (and place funding in the case of special schools) of £0.5M would be required.
6. Post 16 / Independent Specialist Providers (-£0.2M): - September enrolment data has been confirmed by Barnsley College for post 16 provision. Early indication is that the previously anticipated increase in high needs students (which informed

the level of budget / funding set aside) has not materialised. In respect to ISP, effort has been made to negotiate down costs, which has contributed to the under-spend currently projected.

7. SEN Support Services (-£0.1M): - the forecast under-spend mainly relates to staff vacancy savings and reduced operating costs in a number of centrally managed SEN support services.

4.3.37 Efforts are ongoing to try to mitigate the overall projected net over-spend (£0.7M) within the DSG budget envelope. It should be noted that in the event of an over-spend at year end on the centrally retained budgets, such balances would be carried forward to the following year and would be the first call against 2014/15 school contingency DSG budgets.

4.4 **ADULTS & COMMUNITIES**

1. Directorate Overview

4.4.1 The approved 2013/14 revised net budget for the Directorate is £61.0M. In overall terms, in line with the Directorate's financial plan, it is currently projecting an operational under-spend at the year-end of £2.7M in the main as a result of the following:

- £1.7M - Various savings associated with future year KLOE targets that are being achieved in advance;
- £1.0M – Funding earmarked for future year demographic pressures that were never expected to materialise in the current financial year; and
- £0.5M – Overspend on Learning Disability care packages as a result of demographic pressures; offset by various other underspends across the Directorate of £0.5M.

4.4.2 A summary of the position by Assistant Director is shown in the table below:

AD Level	Budget	Forecast	Over (+) / (-) Under-spend	Grant / Approved Slippage / Earmarkings	Operational Over (+) / (-) Under-spend
	£M	£M	£M	£M	£M
Disability & Provider Services	19.8	20.1	+0.3	0.1	+0.4
Vulnerable Adults	32.2	31.7	(0.5)	0.3	(0.2)
Neighbourhoods, Access and Support	9.0	4.9	(4.1)	1.2	(2.9)
Total Adults and Communities	61.0	56.7	(4.3)	1.6	(2.7)

2. Explanation of Key Service Variances

Disability and Provider Services +£0.265M

4.4.3 Learning Disability Long Term Care Packages +£0.500M: - Year on year demographic pressures are faced within the Learning Disability Service as a result of children transitioning into the service on their 18th birthday, many with complex conditions arising from more people with severe learning disabilities surviving at birth, and people also living longer with complex conditions. The service over-spent by £1.2M as at the end of 2012/13 as a result of these pressures. This is not a position unique to Barnsley and is the single biggest Social Care demographic challenge facing most Local Authorities.

4.4.4 Additional funding of £1.6M was added into the budget at the start of this year to assist in recovering the position from the previous financial year and to fund the demographic pressures expected in the new financial year. However, even with this additional funding, the service is still forecasting an over-spend of around £0.500M at this point in time. In the current financial year, this can be offset from other under-spends across the Directorate.

4.4.5 The service pulled together an action plan during the last financial year, setting out work that would be undertaken in order to seek to reduce costs where possible and thus mitigate the financial pressures. This is starting to have an impact in terms of reducing costs across the service, however increases in new people coming into the system with high cost packages is offsetting some of the savings being realised, hence a slight increase from the previous reported over-spend of £0.400M. Work is ongoing to unpick the metrics and separately identify the savings from the demographics in order to consider the true extent of the outcomes from the action plan and to better inform future demographic pressures to feed into the Council's Medium Term Financial Plan. A summary of progress against the actions is set out below:

- Transition Planning – Improved joint working between Childrens and Adults, embedding the required principles and operating model required at an early stage in planning. It is difficult to quantify savings from this area as it is more about mitigating future year pressures, albeit should potentially reduce the costs of packages as children transition into Adult Social Care;
- Supported Living – A full accommodation and support review project has been agreed that will provide a clear picture of the levels of support needed and types of accommodation required. This is in addition to a number of savings that have been realised to date through a general review of supported living packages;
- People Over 65 – No progress has been made in this area as it is likely to have the least impact in terms of delivering significant savings. A protocol will be developed to ensure people are picked up relative to the predominant underlying need;
- Continuing Health Care Clients – An agreement to allow joint funding with Health for packages has been completed. This is still being pursued through the CCG, but would potentially have a significant favorable impact could it be agreed;
- Telecare – Telecare is considered as a first support mechanism for all care packages, however specific technology is starting to be considered for people in supported living settings. To date this has been used in three externally provided placements and with one individual living on their own, resulting in reduced requirements for support during the night;
- LD Wider Caseload – A number of savings have been identified through general reviews, with the teams also seeking to prioritise individuals for review under the next phase of the LD high cost review project. Some of the agreed reductions in costs will come into effect from April 2014/15 and hence will benefit the financial position moving forward but not in the current financial year; and
- Day Opportunities – The service has delivered efficiencies within Day Opportunities, however these have been taken as part of a KLOE saving proposal for 2014/15 (see below).

4.4.6 There is currently a balance of funding that was set aside to support the action plan which will be used to take forward work around active case management. This will largely be targeted at the higher level needs groups where the scope for any significant savings will be more evident. The expectation when all the actions have

been completed is that all service users will be in receipt of services that represent the right sized package delivered in the most cost effective way.

- 4.4.7 KLOE in Advance (-£0.100M): - The Day Opportunities Service is under-spending as a result of vacancies across the service where the posts will be deleted as part of an existing 2014/15 KLOE.
- 4.4.8 Shared Lives (-£0.090M): - The service earmarked funding to create additional capacity in the shared lives team to increase the number of shared lives carers and hence provide some more cost effective alternatives to residential care and other high cost means of supporting people with a learning disability. These posts will not be in place until later in the year resulting in the above underspend which will be proposed for earmarking into the new financial year in order to ensure the outcomes can be delivered.
- 4.4.9 Supported Living (+0.140M): - One off costs associated with back pay in relation to a resolved dispute over shift allowance payments has resulted in an over-spend of £0.140M.
- 4.4.10 Workforce Development (-0.128M): - The service is generating additional income in relation to external contracts which has resulted in a forecast under spend of £0.128M. There is an existing KLOE in 2014/15 for income generation within this service.
- 4.4.11 Other Various (-£0.057M): - Other various under-spends across the Learning and Disability Service amount to £0.057M. These are predominantly linked to part year vacancies that will be, or have been filled.

Vulnerable Adults (-£0.505M)

- 4.4.12 KLOE in Advance (-£0.274M): - Vulnerable Adults are currently forecasting an under-spend in relation to KLOE for 2014/15 that have been delivered in advance. These are associated with a reduction in the costs of procuring intermediate care beds from the initial estimates, following the closure of Highfield Grange (£0.038M); vacancies held pending the outcome of the review of Assessment and Care Management (£0.156M); and a vacant Head of Commissioning post (£0.080M). A sum of £0.075M will be proposed for earmarking in relation to Assessment and Care Management to enable the backfill of 4 staff to be released in order to undertake Approved Mental Health Professional (AMHP) training to meet a significant increase in the number of referrals coming through the service which have increased by 32% in the last year.
- 4.4.13 Highfield Grange Re-provision (-£0.110M): - This sum was earmarked at the end of the last financial year for any one off costs associated with the tender for the re-provision of intermediate care beds. This was for things such as specialist equipment, beds and hoists that might be required in order for homes to provide the necessary functions. The tender for these services has now been put back 12 months in order to link in with the outcomes of the joint review of Intermediate Care and hence this funding will require earmarking into the new financial year.
- 4.4.14 Homelessness (-£0.100M): - The Homelessness Service is currently forecasting an under-spend arising from surplus income from the Social Lettings Agency scheme £0.050M and reduced costs of temporary accommodation £0.050M. The service generally earmarks any surplus funding at the end of each financial year in order to maintain the ongoing employment of a number of homelessness advice and

prevention posts in the following financial year, which is deemed a priority given the potential impact of the Welfare Reforms.

- 4.4.15 Substance Misuse (-£0.155M): - The Substance Misuse Service is projecting an under-spend of £0.155M as a result of reduced prescribing needs and residential rehabilitation from forecast demand and a delay in appointment to a Recovery Navigator post.
- 4.4.16 Other Various (+£0.134M): - Other various positions across the Vulnerable Adults Service amount to a collective over-spend of £0.134M. The main elements in here are a one off provision for court costs associated with a Mental Capacity Act case £0.050M and a provision for back dated shift pay in the Emergency Duty Team of £0.040M.
- 4.4.17 Older People Long Term Care Packages: - The overall net budget for Older People Long Term Care Packages is £15.5M. This is generally an area that can be volatile and significant amounts of funding have been taken out over the last few years as a result of the introduction of a re-ablement service to reduce people's needs for ongoing long term care. Despite a funding reduction in the last financial year, this area under-spent by £0.800M, however it has had a further £0.500M KLOE reduction in the current financial year, despite a growing and ageing population.
- 4.4.18 It is currently anticipated that these costs will come in on budget, however at some point, the impact of re-ablement will become the norm for all people going through the system and costs will start to increase from a reduced baseline as a result of demographic pressures. The difficult thing to predict is at what point this bottoms out and savings cease to be forthcoming. It could be that the impact of re-ablement continues to deliver efficiencies over target and the service under-spends again, however there is a final target budget reduction of £0.330M in 2014/15.

Neighbourhoods, Access and Support (-£4.042M)

- 4.4.19 KLOE's in Advance (-£1.395M): - Neighbourhoods, Access and Support are currently holding funding where budgets have been adjusted in relation to KLOE's for 2014/15 that have been delivered in advance. These are associated with the following:
- Review of service user / carers support (£0.226M);
 - Local welfare assistance scheme (£0.150M);
 - Reconfiguration of Assessment and Care Management (£0.019M);
 - Reduction in Assessment and Care Management premises costs (£0.035M);
 - Use of external funding to maintain existing services (£0.400M);
 - Reduction in the mental health contract with SWYPFT (£0.040M);
 - Reduced spend on information systems hardware (£0.030M);
 - Review of advocacy / prevention services (£0.023M);
 - Reduction in provision for cost of intermediate care (£0.172M); and
 - Older People care package reductions (£0.300M).
- 4.4.20 Provision for Demographic Pressures (-£1.000M): - As part of its medium term planning, the Directorate is holding a sum of £1.0M to mitigate demographic and inflationary uplift pressures. This sum, not required in 2013/14, is currently being considered within the context of the Council's overall Medium Term Financial Strategy including a revised approach to how demographic pressures are tracked and provided for in the future.

- 4.4.21 Communities and Area Governance (-£0.270M): - Communities and Area Governance are forecasting a minor under-spend of £0.010M as a result of part year vacancies arising from the significant restructure undertaken for the start the year and the time taken to fill all the associated posts. In addition to this, the service is forecasting an under-spend of up to £0.260M in relation to the delegated Ward budgets, where, as a result of the new arrangements and responsibilities, the available funds are unlikely to have been fully committed by the end of the current financial year. It is proposed that any balance of funding be earmarked and carried forward into 2014/15 for the Area Councils and Ward Alliances to use for the purposes intended.
- 4.4.22 Business Support (-£0.070M): - The Business Support function is forecasting an under-spend of £0.070M as a result of part year vacancies following a major re-structure at the start of the financial year. It is also considering the position with vacancies in relation to a 2014/15 further KLOE requirement.
- 4.4.23 Quality Improvement Framework (QIF) Plus (-£0.100M): - The service currently holds £0.250M of Health funding related to undertaking Health quality assessments of residential care homes. Dependent on how many homes meet the standard will determine how much additional funding is paid out to them. It is likely there will be a balance of funding at the end of the year which will require earmarking to consider what Health wish to do in relation to that funding in the new financial year.
- 4.4.24 Local Welfare Assistance Scheme (-£0.300M): - From April 2013, the Council was transferred the responsibility, along with grant funding of £1.011M to establish a local welfare assistance scheme to help people with needs which are difficult to meet from regular income. This was previously administered by the Department for Work and Pensions (DWP).
- 4.4.25 A scheme was established from the start of the new financial year, with clear eligibility criteria, which included provision of emergency loans to people and grants to support vulnerable people to return or to remain in the community or to ease exceptional pressures on families.
- 4.4.26 To date, take up has not been as high as anticipated, however, this could be due to the change in arrangements, with people not fully aware of where to go for assistance, and also demand may increase as the impact of welfare reforms take hold. The scheme is currently forecasting an under-spend of £0.450M of which £0.150M has been proposed as a 2014/15 KLOE to reduce the value of the scheme.
- 4.4.27 A specific report is due to be submitted to Cabinet which will provide further information in terms of the scheme itself and take up / forecast information. It must be noted that it was announced by the Government just before Christmas that funding for the Welfare Assistance Scheme will cease from 2015/16.
- 4.4.28 Joint Working with Health (-£0.744M): - Health and Social Care are going through a significant period of change. It is clear from the current challenges facing Barnsley around public sector cuts and wider reform, that the current Health and Social Care system isn't fit for purpose or sustainable. There is also a clear remit moving forward for Health and Social Care to be more integrated, with a significant element of current funding being channeled to the Council via Health for joint working.
- 4.4.29 To address the above challenge the Council and its Health partners, through the newly established Health and Wellbeing Boards, have initiated a new approach

known locally as 'Stronger Barnsley Together' which aims to place greater focus on prevention and early intervention, enabling residents to support themselves and their families within their communities, rather than being drawn into the formal system.

- 4.4.30 The Directorate is in the process of establishing joint programme management with Health to develop the vision into a programme of activity and associated work streams that will turn the concept into reality. The funding for joint working with Health, alongside funding carried forward from the previous financial year to support the transformation programme will be considered against the work that is required to be undertaken.
- 4.4.31 To date a large proportion of the available funding of just over £1M has been allocated to specific projects, however it is currently anticipated that approximately £0.744M will now fall into the new financial year and hence will be proposed for earmarking.
- 4.4.32 Other Various (-£0.163M): - Other various under-spends across the Neighbourhoods, Access and Support Service amount to £0.163M. The largest element of this is in relation to Supporting People spend £0.090M which will be proposed for earmarking to mitigate the impact of the KLOE reduction in 2014/15 of £0.823M, given some of the service redesign that is needed to deliver this particular KLOE.

3. 2013/14 Key Lines of Enquiry

- 4.4.33 All of the 31 Directorate specific KLOE within Adults and Communities are currently on target to achieve their financial savings of £6.239M.
- 4.4.34 A number of other Directorate specific KLOE for 2014/15 have been achieved in advance, however these have been built into the overall forecast position for the Directorate and reported in the previous section of this report.
- 4.4.35 Cross cutting savings of £0.026M have been achieved in relation to Car Use Policy and Review of Mobile Phone Use Policy.

4. Ongoing Financial Impact in 2014/15

- 4.4.36 The Directorate faces annual financial pressures of approximately £1.5M related to children transitioning with complex conditions, other demographic pressures from an ageing population and provider fee uplifts. These will be considered within the context of a new approach to tracking and providing for demographic pressures within the Council's overall Medium Term Financial Strategy.
- 4.4.37 The current financial position moving into 2014/15 is heavily influenced by:
- Risks associated with demographic pressures as a result of growth in an ageing population and on-going transitions in the Learning Disability Service;
 - Any agreed level of fee increase for providers;
 - The on-going ability to reduce long term care package costs through re-ablement which has a further savings target of £0.3M to achieve in 2014/15;
 - The extent to which the Learning Disability Service can contain spend within the available resources after implementing the action plan to recover a previous year over-spend;
 - The impact of the 'Stronger Barnsley Together' programme; and

- The planning for the pooling of funding with Health through the 'Better Care Fund' from 2015/16.

4.4.38 These will continue to be monitored and considered in future reports.

4.5 **DEVELOPMENT, ENVIRONMENT AND CULTURE**

1. Directorate Overview

4.5.1 The approved 2013/14 budget for the Directorate is £39.603M. The current position shows a net under-spend of £1.620M.

4.5.2 Due to slippage in approved expenditure the Directorate will be seeking to earmark £1.180M of this balance to carry forward into 2014/15 (operational position: £1.620M - £1.180M = £0.440M). This will be used to fund the following:-

- The final stages of the LDF – Examinations in Public (£0.130M);
- The cost of the Tour de France (£0.200M);
- The final stages of Experience Barnsley (£0.050M); and
- The medium term costs of waste contract inflation that will be incurred before the commencement of the PFI. (£0.800M).

The operational position is shown in the table below:

	Approved Budget (Net) £M	Forecast Expenditure (Net) £M	Over + / (-) Under-Spend £M	Requested Earmarkings £M	Operational Over / Under- Spend £M
	col. 1	col. 2	col. 3=2-1	col. 4	col. 5=4+3
Directorate Management	-0.042	-0.092	-0.050	0	-0.050
Development	6.255	5.635	-0.620	0.130	-0.490
Environmental Services	27.938	27.098	-0.840	0.800	-0.040
Culture and Regulatory Services	5.452	5.342	-0.110	0.250	0.140
Total DEC	39.603	37.983	-1.620	1.180	-0.440

2. Explanation of Key Service Variances

Directorate Management

4.5.3 The vacant Executive Director post is being temporarily covered by a member of SMT and therefore a saving of £0.050M is expected if the post is not filled for the rest of the financial year.

Development

4.5.4 An under-spend of £0.620M is currently expected. The first reason for this relates to the balance brought forward from 2012/13 (£0.340M) in respect of the Local Development Framework. A further under-spend of £0.130M is expected this year which will be required for earmarking for use in 2014/15. Secondly, savings from additional ERDF funding will materialise in the South Yorkshire Sector Growth Enhancement Project (£0.060M). Vacancies totaling £0.440M have currently

accrued, including £0.100M in Building Control which is offsetting the shortfall in income (£0.100M). Given the good state of the Directorate's overall position, a decision was made to make a contribution to the Leeds City Green Deal project (£0.040M). This will cover the costs of procurement and is a one-off payment. Planning fee income is expected to be £0.130M more than the current income target.

Environmental Services

- 4.5.5 Savings in the operational waste account are expected to be around £0.400M, but this depends on waste volumes continuing at the predicted level. This also assumes that the risk around the Sterefibre issue does not materialise. It should be noted that this risk continues to diminish as it is now a number of years since the issue was first raised.
- 4.5.6 It is expected at this point in the year that trading services – Engineering and Fleet will break even at least. That depends on workloads being at the expected level and signs at the moment indicate that they will be. The Professional and Technical account is expected to make a small surplus of around £0.100M.
- 4.5.7 The budget realignment exercise resulted in additional inflation being allocated to the street lighting energy budget for 2013/14, but inflation is not currently as high as was envisaged and savings of £0.120M are expected to materialise. This puts the budget in a good position, as actual inflation is expected to be significantly higher than planned inflation over the medium term.
- 4.5.8 Funds were brought forward from 2012/13 to finalise Definitive Map Modification Orders. It is expected that there will be an underspending of £0.070M in the current year.
- 4.5.9 A new charging regime has been introduced in respect of Section 74 of the New Roads and Streetworks Act, which has resulted in additional income of £0.150M. The implications of this in terms of an additional future income stream are being examined.

Culture and Regulatory Services

- 4.5.10 Some KLOE savings for 2014/15 have been made in advance in respect of the Enforcement Service saving £0.100M.
- 4.5.11 Other accrued vacancy savings currently stand at £0.290M.
- 4.5.12 Market stall income at the Central Market is expected to be at least £0.020M less than the income target, due to less demand from stallholders. This position has improved during the year.
- 4.5.13 The running costs of museums are expected to cost £0.050M more than the budget available. This relatively minor issue will be addressed through a further budget realignment exercise.
- 4.5.14 Car parking income is expected to be £0.250M less than the budget, of which £0.180M is non-KLOE related, for three main reasons. Firstly, the receipts from decriminalised parking are expected to be around £0.110M less than the budget, due to long term sickness absence and vacancies. Those issues have now been resolved and the income stream is expected to recover in the future. Off street

parking income is expected to be £0.070M less than the planned budget. It appears that there may have been an adverse impact on demand arising from the increase in parking charges introduced from 1st April 2013. There are also changes in demand patterns around the town centre, resulting from free parking being available in some parts. Finally, the introduction of the new staff permit system is expected to result in £0.070M less income than was originally planned.

- 4.5.15 There remains the possibility that a KLOE first agreed in 2011/12 will not be delivered in full during the current year. The shortfall of £0.050M (related to increasing income within the Museums & Heritage Service) is the consequence of difficult trading conditions in that area. However, the approval of £0.100M through the capital new starts process, which will extend the car parking capacity at Cannon Hall and Worsbrough Mill, will generate additional income which will mitigate the shortfall in part in the current year and play a significant role in resolving the issue in future years.
- 4.5.16 There will be an under-spending of £0.050M in respect of the Experience Barnsley scheme. This will be required for earmarking for use in 2014/15, to finalise the programme.
- 4.5.17 There is a further net under-spending of £0.040M expected in the service.

3. 2013/14 Key Lines of Enquiry

Cross Cutting

- 4.5.18 Two KLOE will deliver the full savings of £0.425M

Development

- 4.5.19 A total of three KLOE will save £0.094M.

Environment

- 4.5.20 It is expected that all seventeen KLOE will deliver the savings previously identified that total £1.455M.

Culture and Regulatory Services

- 4.5.21 A total of 10 out of the 12 KLOE that were put forward are on target. The two KLOE that are not on target relate to museums and heritage income and efficiencies (£0.050M) and car parking income (£0.070M) following the increase in charges on 01/04/13.

4. Ongoing Financial Impact in 2014/15

- 4.5.22 The key issues to consider moving forward into 2014/15 and beyond are:
1. Generating income for trading services will be challenging in future years, as the impact of reductions in funding will continue to have an effect on available workloads. The result may be that further downsizing will be required;
 2. The waste disposal budget will need to be monitored closely before the commencement of the PFI contract in the summer of 2015; and

3. Other income streams need to be closely monitored to ensure that they are on target overall, especially car parking and planning fee income. Once the 2013/14 outturn is clear, a further budget realignment exercise will be undertaken to address any imbalances.

4.6 **CORPORATE SERVICES**

Directorate Overview

4.6.1 The approved 2013/14 net expenditure budget for the Corporate Services Directorate is £21.559M. Actual expenditure for the Directorate is forecast to be £20.512M resulting in a forecast year-end under-spend against budget of £1.047M. The majority of this relates to KLOE achieved in advance of 2014/15 and will be non-recurrent from that year.

4.6.2 The variations for each service at Assistant Chief Executive level are shown in the table below, with a description of the key variances given in paragraphs 4.6.3 to 4.6.26.

	Approved Budget £M col. 1	Forecast £M col. 2	Over / (-) Under-Spend £M col. 3 = 2-1	Slippage / Earmarkings £M col. 4	Operational Over / (-) Under-Spend £M col. 3 = 4-3
Finance, Property & Information Services	18.114	17.708	-0.406	0.160	-0.246
Legal & Governance	2.191	2.137	-0.054	0.000	-0.054
HR, Performance & Partnerships & Communications	1.254	0.667	-0.587	0.046	-0.541
Service Net Expenditure	21.559	20.512	-1.047	0.206	-0.841

Finance, Property & Information Services

1. Department Overview

4.6.3 The approved 2013/14 budget for the Department is £18.114M. In overall terms, the Department is currently estimating an under-spend of in the region of £0.406M.

4.6.4 There are continuing cost pressures within Property & Procurement where a £0.398M over-spend is currently projected.

4.6.5 However, this is being more than offset by under-spends in Benefits & Taxation (£0.227M), Financial & Business Support Services (£0.511M) and Audit & Risk Management (£0.058M), all of which have arisen due to planned staff turnover and vacancy management.

2. Explanation of Key Service Variances

4.6.6 There are a number of issues across Property & Procurement which are contributing to the £0.398M projected over-spend.

- 4.6.7 Within the Printing and Reprographic Service , there is an anticipated shortfall in income (£0.128M). A recent review of the service has put plans in place to reduce operating costs through an initial restructure. The move to Gateway Plaza and the co-location with other services within Property & Procurement will also facilitate a further review in order to achieve savings to further mitigate reductions in income levels.
- 4.6.8 There are also other pressures relating to reduced income within the Industrial Estate and Business Centre portfolio (£0.085M) and increased running costs within Admin Buildings and security costs of closed buildings (£0.148M).
- 4.6.9 Delays in the implementation of KLOE F&P/PP/14 - Reduction in Asset Management Service is also contributing to the over-spend (£0.037M).
- 4.6.10 The under-spend within Benefits & Taxation (£0.227M) is due to a number of factors. Reduced employee costs (£0.288M) arising from staff turnover and vacancy management pending a restructure are being offset by a reduction in grant income relating to welfare reform (£0.065M) and higher than budgeted All Pay costs due to increased transactions (£0.096M).
- 4.6.11 The under-spend within Financial and Business Support Services (£0.511M) relates to planned vacancy management pending the implementation of post reductions proposed as part of KLOE already agreed for 2014/15, and slippage of grant (£0.060M), which will require further earmarking into 2014/15.
- 4.6.12 Within Information Services there is an under-spend of £0.200M forecast due to vacancy management pending the implementation of a KLOE already agreed for 2014/15 whereby IS staff from across all 4 Directorates are being brought together within a single business unit. However, there is a planned investment in IT infrastructure within the Council which will use this surplus.
- 4.6.13 Finally, there is a projected under-spend within the Audit and Risk Management Division (£0.058M) arising from a vacant post in the Division, and increased external income.

3. 2013/14 Key Lines of Enquiry

- 4.6.14 On the whole, the Directorate is in line to deliver it's KLOE target of £1.749M, the exception being F&P/PP/14 - Reduction in Asset Management Services (£0.037M) provided by NPS, where delays have arisen with the implementation of this KLOE. This has now been implemented following the transfer of the service back to the Council.

4. Ongoing Financial Impact in 2014/15

- 4.6.15 In 2014/15 and beyond, there are potential pressures relating to the ongoing costs (business rates and security costs) associated with delays in building closures and asset disposals which are being temporarily funded from reserves in the current financial year. Although plans are in place and work is ongoing to close and dispose of these buildings, it remains likely that there will be some residual costs in 2014/15 where difficulties continue to be experienced in the property market.

In addition to this, the reducing Benefits Administration Grant within Benefits and Taxation is an issue moving forward.

Human Resources, Performance & Partnerships & Communications

1. Department Overview

- 4.6.16 The approved 2013/14 budget for the Department is £1.254M. In overall terms, the Department is currently estimating an under-spend of in the region of £0.587M by the financial year-end.

2. Explanation of Key Service Variances

- 4.6.17 The under-spend predominantly relates to staff turnover and planned vacancy management across all three divisions, pending the full implementation of the restructure of the combined Department, which will be implemented with effect from April 2014.
- 4.6.18 Within Human Resources, the under-spend is £0.381M, with a saving on employee costs of £0.291M, £0.046M due to slippage within corporate training, which requires earmarking, and a further £0.044M arising due to lower than expected expenditure on the Healthy Workplace Programme.
- 4.6.19 The projected under-spend within Communications is £0.018M, arising from employee cost savings of £0.046M, offset by lower than budgeted income within Graphics where staff turnover has reduced the capacity to earn income.
- 4.6.20 In Performance and Partnerships, projected employee under-spends total £0.106M, with a further £0.037M arising from lower than expected spend on Community Equality Grants.

3. 2013/14 Key Lines of Enquiry

- 4.6.21 The Department's 2013/14 KLOE of £0.117M are on target to be achieved in full in this financial year with a more significant Departmental restructure currently being implemented to deliver the recently approved 2014/15 KLOE for the Department (an additional £0.4M).

4. Ongoing Financial Impact in 2014/15

- 4.6.22 Whilst there is a forecast under-spend in 2013/14, there is a potential threat to income budgets within the Department as more existing customers in the form of schools convert to academy status and potentially choose alternative service providers. A Cabinet report has set out the business plan for HR traded services to schools and other entities and combined with the establishment of a wholly owned trading company it is anticipated that over the course of time that this risk will be mitigated.

Legal and Governance

1. Department Overview

- 4.6.23 The approved 2013/14 budget for the Department is £2.191M. In overall terms, the Department is currently estimating a minor over-spend in the region of £0.054M by the financial year-end.

2. Explanation of Key Service Variances

- 4.6.24 The minor under-spend within the Department is due to increased costs within Council Governance and Member Support (£0.052M), offset by additional income within the Land Charges section (£0.039M) and lower than budgeted spend in the Elections Service (£0.046M) where there are no planned local elections during 2013/14 (except for the 2 recent by-elections).

3. 2013/14 Key Lines of Enquiry

- 4.6.25 The Legal and Governance 2013/14 KLOE of £0.090M are on target to be achieved in full. In addition, KLOE of £0.060M have already been agreed for implementation for 2014/15.

4. Ongoing Financial Impact in 2014/15

- 4.6.26 When local elections are held in 2014/15 & beyond, there will be a currently unbudgeted cost pressure of in the region of £0.150M. The Department is currently working with the rest of the Directorate to identify potential budget realignment or other mitigating action to address this recurrent problem.

4.7 PUBLIC HEALTH

1. Directorate Overview

- 4.7.1 The approved 2013/14 gross expenditure budget for the Public Health Directorate is £14.1M. This expenditure is funded by Public Health Grants. Actual expenditure for the Directorate is forecast to be £12.405M resulting in a forecast year-end under-spend against budget of £1.731M.

Public Health Directorate Outturn Position 2013/14								
	Approved Expenditure Budget £M col. 1	Approved Income Budget £M col. 2	Approved Net Budget £M col. 3 = 1 +2	Forecast Expenditure £M col. 4	Forecast Income £M col. 5	Over / (-) Under-spend £M col. 6 = 4+5-3	Grant Slippage / Earmarkings £M col. 7	Operational Over / (-) Under-spend £M col. 8 = 7-6
Public Health	14.136	-13.571	0.565	12.405	-13.571	-1.731	1.731	0.000
Service Net Expenditure	14.136	-13.571	0.565	12.405	-13.571	-1.731	1.731	0.000

2. Explanation of Key Service Variances

- 4.7.2 The under-spend on the ring-fenced Public Health grant is largely due to staff vacancies pending appointments to the recently approved structure (£0.4M), together with funding totaling £1.3M which is currently unallocated to Public Health priorities. This also excludes the £1.0M 'switch funding' that has been undertaken to help support the Council's medium term financial position.

3. 2013/14 Key Lines of Enquiry

- 4.7.3 All Public Health KLOE's for 2013/14 have been achieved (£0.228M).

4. Ongoing Financial Impact in 2014/15

- 4.7.4 The Directorate has drawn together a four year delivery plan which includes years 2013/14 to 2016/17, which whilst delivering and improving upon the Public Health outcomes identified in the Corporate Plan, also contributes to the Council's overall financial shortfalls identified in the latest Medium Term Financial Plan. The four year plan is being monitored and updated on a monthly basis as updates to the 2013/14 planned spend are made and more detailed plans for future years are confirmed. A detailed report will be submitted to Cabinet in due course outlining the spending plans aligned to priorities for the 4 year period to 2016/17.

5. CORPORATE & AUTHORITY WIDE ITEMS

Treasury Management & Other Corporate Items

- 5.1 It is currently forecast that there will be an under-spend on the capital financing budget of around £4.5M in the current financial year, predominantly as a result of the strategy of using internal cash resources rather than borrowing externally. The Authority has a significant capital financing requirement for the remainder of 2013/14, and depending on how this borrowing need is addressed, there is potential for this under-spend to marginally increase throughout the remainder of the financial year. This level of under-spending will not be recurrent in 2014/15 and beyond as the budget has been realigned as part of the recently updated Medium Term Financial Strategy.
- 5.2 There is also anticipated to be an under-spend of in the region of £2M due to risks around further equal pay claims not materialising and the pensions shortfall not being as significant as originally estimated (the estimated shortfalls for 2014/15 and beyond as a consequence of the actuarial review have been built into the 2014/15 budget process). These estimates will be further refined in the last quarter of the financial year.
- 5.3 In addition, there have been a small number of other variances during the year including the cancellation of a number of bills which are no longer due for payment, anticipated dividend payments, lower than anticipated carbon reduction commitments and lower than expected audit costs; which together have released an additional £1.2M of resources on a one-off basis.

One-Off Grants / New Homes Bonus

- 5.4 Cabinet has previously agreed to transfer one-off grant funding of £6.2M (New Homes Bonus and other miscellaneous one-off grants) to strategic reserves pending further consideration of the Council's one-off investment needs related to the Economic Plan and other emerging priorities stemming from the work to deliver 'Future Council'.
- 5.5 No further one-off grants have been received during the third quarter period.

Provision for Bad Debts / Debt Write Offs

- 5.6 In cognisance of the recent economic climate it has become more important than ever to manage the Council's debtors effectively.

- 5.7 The Council's latest debtor's position indicates total General Fund trade debt of £9.4M with HRA debt standing at £0.9M.
- 5.8 As the debts are at various stages of recovery and in light of the uncertain economic situation, it is good financial management to provide for the non-recovery of some of these debts.
- 5.9 Based on the age and status of the debts, provisions of £0.619M and £0.150M for the General Fund and HRA respectively have been set. These are included within the outturn position reflected elsewhere in the report.
- 5.10 Within this position the Assistant Chief Executive – Finance, Property & Information Services is also seeking approval to write off historic debts totaling £227,612. These historic debts are many years old and full provision for non-collection has been made within the accounts.

6. KEY LINES OF ENQUIRY

- 6.1 As part of setting its budget on the 28th February 2013, the Council agreed a package of key lines of enquiry totalling £15.6M for the 2013/14 financial year, including £0.4M of 'cross cutting' KLOE. Members should be aware that this is on top of KLOE totalling £29.5M, which were agreed for implementation in the 2011/12 & 2012/13 financial years.
- 6.2 Rigorous monitoring of the KLOE has been on-going throughout the course of the financial year, with a detailed position now reported at Appendix 4.
- 6.3 In summary, the latest position indicates that there is a total estimated shortfall against the combined 2011 – 2014 target (£45.1M) of just £0.288M relating to 4 KLOE.

2012/13 KLOE

- 6.4 There is a reported shortfall of £0.050M in 1 KLOE approved for implementation in the 2012/13 financial year as explained within the body of the report (DEV/ER/3 – Museum & Heritage Service Income).

2013/14 KLOE

- 6.5 In addition, there is a reported shortfall of £0.238M on three current year KLOE:
- (F&P/PP/14) relating to delays in negotiating a reduction in Asset Management costs incurred with NPS (£0.038M);
 - (DEV/ENV/11) relating to a shortfall in budgeted car parking income (£0.070M); and
 - (SSPC/A5) – a shortfall in budgeted income against the business plan to make Moorland Plastics self-financing (£0.130M).
- 6.6 SMT is currently reviewing the above KLOE list to determine possible mitigating actions.

7. HOUSING REVENUE ACCOUNT (HRA)

- 7.1 The latest financial position on the HRA has recently been reported to Cabinet as part of establishing the budget for 2014/15 (Cab 15.1.2014 8.1).

8. Performance Management

- 8.1 It is important to consider performance information alongside the financial information contained within this report in order to understand the relationship between costs and performance and ensure that financial and other resources are used effectively to deliver against priorities.
- 8.2 Identifying this relationship and understanding the impact achieving performance targets has upon costs can improve the effectiveness of decision making and commissioning and the ability to make efficiencies.
- 8.3 In cognisance of this an initial exercise has been undertaken to align the Council's resources to its priorities as outlined in the Corporate Plan. This information will be presented to Cabinet in the next Corporate Plan performance monitoring report scheduled for Cabinet next month.

9. Local Area Implications / Human Rights / Social Inclusion / Crime & Disorder

- 9.1 No direct implications arising from the report.

10. Financial Implications

- 10.1 On the basis of current projections, it is currently estimated that there will be an operational General Fund budget surplus of in the region of £9.3M in the current financial year.

11. Risk Management Considerations

- 11.1 The delivery of a sustainable medium term financial strategy (MTFS) is recognised as a significant risk within the Authority's Strategic Risk Register (Risk 3034: 'Failure to deliver the MTFS').
- 11.2 Corrective action proposals to address individual deficits (including robust financial monitoring, of which this report forms part of), are either being implemented, or considered, in order to mitigate the identified risk to tolerable levels, which evidences the Authority's drive for an embedded risk management culture.
- 11.3 With support from Financial Services (through the on-going development of the SAP desktop and the provision of advice and guidance), it is the responsibility of Directorates to achieve balanced budgets within the 2013/14 budget guidelines.
- 11.4 Failure to achieve a balanced budget is a key trigger to risk 3034 manifesting, in terms of the negative impacts on the assumed level of reserves and balances available to support the Authority's Medium Term Financial Strategy.

12. Consultations

- 12.1 The information in this report has been provided by service budget holders in conjunction with Executive Directors and Financial Services support staff.

13. Appendices

13.1 The report contains the following appendices:

- Appendix 1 – Budget Virements for Quarter 3;
- Appendix 2 – Summary Directorate Budget Position 2013/14;
- Appendix 3 – Detailed Service Budget Variances 2013/14;
- Appendix 4 – Key Line of Enquiry Financial Position 2013/14.

14. Background Papers

14.1 Various working papers are available for inspection in the Finance & Property Directorate.

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