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/Service Director (Section 151 officer)

CORPORATE FINANCIAL PERFORMANCE – YEAR ENDING 2017/18

1. Purpose of Report

1.1 The purpose of this report is to provide details of the 2017/18 draft revenue final accounts position for General Fund Services (including Schools).

1.2 In addition, separate reports have been prepared detailing the Authority's final accounts positions for the Capital Programme, Treasury Management and the Housing Revenue Account (HRA).

1.3 It should be noted that the accounts are draft subject to external audit scrutiny during June and July although no significant changes are anticipated.

2. Recommendations

2.1 It is recommended that Cabinet:

- note the 2017/18 draft revenue final accounts position;
- note the service operational underspend of £0.633M and approve this sum to be transferred to the Authority's strategic reserves in line with the updated MTFS;
- note the additional corporate resources received during the year of a net £6.290M and approve this sum to be transferred to the Authority's strategic reserves in line with the updated MTFS;
- note that the total strategic reserves available for investment/budget support is <u>£6.923M</u> and is subject to a robust plan being developed to deliver the MTFS;
- agree to earmark the carry forward revenue resources as identified in Section 4 and Appendix 1 subject to further reports being submitted for individual approvals where necessary;
- approval is given to write off historic bad debt totaling £2.583M made up of £2.440M historic bad debts (General Fund) and £0.143M Tenant arrears (HRA) as detailed in section 7.3;
- note the Invest to Grow investment of £1.466M in 2018/19 including £1.009M carried forward from 2017/18;

- request the Section 151 officer to submit further reports on the overall outturn position if any significant adjustments arise following external audit scrutiny;

- note the potential impact of the draft revenue final accounts position on the Council's MTFS at section 8;

3. Introduction/Background

3.1 The Authority's Statement of Accounts has to be 'placed on account' with the external auditor prior to the 31st May 2018 statutory deadline. The format of the Statement of Accounts is largely prescribed under statute and CIPFA's Accounting Code of Practice which is based on International Financial Reporting Standards (IFRS). This report contains the same accounting information but in a format that reflects the Authority's management structure as it existed during 2017/18.

4. Overall Position for the 2017/18 Accounts

4.1 The Authority's overall General Fund Service outturn, prior to any earmarking of revenue resources, is an underspend of £10.544M. However, it should be noted that after adjusting this position for slippage and earmarkings, the actual service outturn is an **operational underspend of £0.633M**.

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.

4.2 The Authority's General Fund outturn can be summarised as follows:-

- A Service net operational surplus of £0.633M against Directorate budgets, after taking account of £9.911M proposed earmarkings;

- A cumulative under-spend against corporate budgets, levies and provisions of £6.290M (after proposed earmarkings) largely resulting from the change in the accounting arrangements for the Minimum Revenue Provision (MRP) savings on debt costs and the receipt of one off grant income which remained unspent at year end.

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
People	216,033	(141,934)	74,099	76,276	2,176	(1,878)	298
Place	74,883	(41,943)	32,940	30,685	(2,255)	2,383	128
Communities	43,006	(21,391)	21,615	16,860	(4,755)	4,303	(452)
Public Health	9,484	(7,256)	2,228	360	(1,868)	1,868	-
Core Services	131,093	(138,110)	(7,016)	(10,859)	(3,843)	3,235	(608)
Service Totals	**474,500**	**(350,633)**	**123,867**	**113,323**	**(10,544)**	**9,911**	**(633)**
Corporate / General Items	58,077	(15,743)	42,334	18,784	(23,550)	17,260	(6,290)
Sub Total – Council	**560,115**	**(366,092)**	**166,201**	**132,106**	**(34,094)**	**27,171**	**(6,923)**
HRA			77,640	72,966	(4,674)	3,277	(1,397)

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

2017/18 Earmarkings

4.3 As in previous years, earmarking of resources to finance specific expenditure items in 2018/19 and beyond has been necessary as part of the final accounts process.

4.4 Earmarkings recommended for approval at this time fall into 3 categories
(A) earmarkings previously approved by Cabinet or required by statute;
(B) earmarkings relating to project / scheme slippage now requiring approval; and
(C) earmarkings relating to specific investments.

4.5 These are separately listed in Appendix 1 with a summary given in the table below:

Summary of Earmarkings Proposed for Carry Forward into 2018-19		
	£M	**£M**
Total of Proposed Earmarkings Previously Approved by Cabinet / Statutorily Required (including School Balances)	(2.188) *	
Total of Proposed Earmarkings related to Grant / Scheme Slippage now requiring approval	24.543	
Total of Proposed Earmarkings related to Specific Investments	4.817	
Grand Total - All Proposed Earmarkings		**27.171**

* Negative figure due to deficit on the DSG high needs block funding (£5.2M).

4.6 The Authority's overall 2017/18 outturn position is summarised in the table below:

2017/18 Overall Outturn Position - Summary		
	£M	**£M**
Total Service Operational Underspend	(10.544)	
Total Corporate Items Underspend	(23.550)	
Sub-Total Underspend 2017/18		(34.094)
GF Earmarkings Recommended for Approval	29.438	
Carry Forward of DSG/Other School Resources	(2.267)	
Sub Total Earmarkings 2017/18		27.171
Grand Total (Surplus)/Deficit 2017/18		**(6.923)**

4.7 Assuming that approval is given to fund all proposed earmarkings as set out at paragraph 4.6 & 4.7 (£27.171M in total as detailed in Appendix 1) the Authority's total net additional under-spending in 2017/18 is £6.923M.

4.8 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.

5. Delivery of 2017/18 Future Council Savings Proposals

5.1 The Council's 2017/18 (and 2018/19) budget is dependent upon the delivery of its budgeted savings proposals.

The 2017/18 approved budgeted savings total is £4.228M

Directorates are currently reporting 91.9% delivery against the £4.228M 2017/18 KLOE's, resulting in an adverse variance of £0.344M. This is broken down as follows:

	Directorate	**Quarter 4 £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**

Respective ED's have worked to mitigate the non-delivery of these KLOE's from other areas of spend as evidenced in their overall directorate out-turn.

6. Corporate Resources

6.1 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 4 compared to the stretch targets that have been set:

	2016/17 Actual	2017/18 Stretch Target	Quarter 4	Variance Q4 to Target
Council Tax	95.78%	96.4%	96.07%	-0.33%
Business Rates (local share)	97.34%	97.4%	98.39%	+0.99%

6.2 Council Tax collection rates have fallen short of the stretch target by 0.33% in 2017/18, although it did exceed the previous year's collection by 0.29%.

6.3 Despite a shortfall against the stretch target, this represents strong performance and the Council is still in a strong position when measured against our benchmarking cohort, which in very encouraging when you take 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;
- Localised Council Tax Support paid at 70%, resulting in all working age residents having a minimum of 30% to pay.

6.4 The impact of the Universal Credit rollout is still unknown. This will continue to be measured throughout the next financial year and reported into Cabinet by the Section 151 Officer.

6.5 Business Rates collection rates exceeded the stretch target set for 2017/18 by 0.99%, which can be attributed to using a more targeted approach to collecting high value debts. Additionally the changes to the small business rate relief scheme, which came into effect this year, has resulted in more smaller businesses being entitled to additional relief which in turn may have had a positive impact on collection.

6.6 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, and work will continue with other departments and external partners, such as the Enterprising Barnsley Team and Empty Homes Team to encourage this at a local and a regional level.

Issues potentially impacting collection

6.7 Under the current Business Rate Retention scheme, the Council is able to retain 50% of business rates collected from within the area. The Chancellor has now announced that this will rise to 75% by 2020 which increases the significance of collection rates.

6.8 The decision on Brexit may also have a major impact on the economy. Whilst it is still early to determine what the exact 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. This may have a consequence both for business rate income and local authority funding generally.

7. Arrears Management

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 December	15.062	14.097	29.159	15.224	
Total as at end of March	11.771	14.658	26.429	14.752	2.440
MOVEMENT from Opening to March	(12.463)	14.658	2.195	1.494	
MOVEMENT from December to March	(3.291)	0.561	(2.730)	(0.472)	

7.1 **Total Arrears**

The table below shows that the overall overdue debt position at the end of March is £26.4M. This is comprised of old debt of £11.8M and new year debt of £14.7M, showing a reduction of £3.3M in old debt during this quarter and a reduction on old debt overall of £12.5M. This equates to a collection rate on old debt of 51.4% in line with planning assumptions.

7.2 **Bad Debt Provision**

Historic debt is traditionally much more difficult to collect and this 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 £14.752M, an overall decrease of £0.472M from the position as at the end of December 2017.

7.3 **Write Offs**

The Service Director - Finance (Section 151 Officer) is now also seeking approval to write off debt amounting to £2.583M which has become uneconomical to pursue, (£0.143M 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	0.769
Business Rates	0.423
Trade Debt General Fund	0.701
Trade Debt HRA	0.303
Housing Benefit Overpayment	0.244
Total (Collected by BMBC)	**2.440**
Former Tenant Rent Arrears- HRA	0.143
Total (Including Tenant Rent Arrears)	**2.583**

7.4 The above write offs have already been assumed in the year end debt position outlined at paragraph 7.1

8. Impact on MTFS/Reserves

8.1 An updated 2018-20 MTFS forecast and an updated reserves strategy was presented to Cabinet in February 2018 for approval. The MTFS and the reserves strategy at February 2018 has recently been updated to incorporate recent policy deliberations. A report will formally be submitted into Cabinet in the near future and the reported 2017/18 surplus of £6.9m will be reflected in that update.

CONTENTS

SECTIONS

APPENDICES

SECTION 1 - Executive Director's Statement for People

Executive Director's Statement

i. Overview

The final 2017-18 approved budget envelope for the People Directorate is £74.099M and includes schools related budgets of £5.5M. The actual net operational position for the Directorate, excluding schools balances and carry forward resources, is an overspend of **£0.298M.** This is a reduction of £0.782M compared to the reported position for Q3, and mainly relates to the improved financial position for Adult Social Care. Detained explanation of the movement in the reported position from Q3 is outlined in section iv of this report.

The above position reflects adjustments of -£1.878M comprised of the following:

- Schools / DSG balances: - The total year end surplus balance reported by schools against the delegated budgets is £2.895M, whilst a net deficit balance of -£5.179M is reported against the centrally retained high needs budgets.

- Non-recurrent funding: - Slippage on grant funded programme or non-recurrent activities of £0.406M is reported for the year, which is envisaged would be carried forward into 2018/19.

Final position for the financial year ending March 2018

DIRECTORATE	Approved Net Budget 2017/18 £'000	Final Outturn 2017/18 £'000	Actual Deficit / (Surplus) £'000	Adjustment for Slippage & Transfer to Reserves £'000	Operational Deficit / (Surplus) £'000
Education, Early start & Prevention	5,445	5,394	(51)	140	89
Adult Social Care & Health	39,535	38,800	(735)	248	(487)
Children Social Care & Safeguarding	23,612	24,290	678	18	696
People	**68,592**	**68,484**	**(108)**	**406**	**298**
Schools	5,507	7,791	2,284	(2,284)	-
Total - People	**74,099**	**76,276**	**2,176**	**(1,878)**	**298**

ii. Key Variances

Education, Early Start & Prevention

A **£90k** overspend position is reported for the Education, Early Start & Prevention Business Unit after adjusting for expected carry forward. An explanation of the key variances for the year are detailed below:

- Inclusion Services (+£159k) - this overspend is mainly due to staffing cost pressures within the SEN Assessment & Review team and Education Psychology Service.

- Early Start & Family Centres (-£79k) - the underspend has arisen mainly from staff turnover / vacancies during the year

- Education Welfare (+£19k) - the overspend is due to reduction in planned trading income (from the loss of two significant contracts with schools).

- Commissioning, Governance & Partnership (-£28k) - the reported underspend is attributable to planned savings across a number of commissioned contracts / services.

Adult Social Care & Health

An overall operational underspend of **-£551k** is reported for the Adult Social Care & Health Business Unit, after adjusting for expected carry forward of non-recurrent funding. This outturn represents an improvement in the financial position (-£760k) compared to the Q3 reported position due to higher than expected health funding contribution and reduced care provision costs in the last quarter of the year. A detailed explanation of the underspend and the key budget issues faced by the Business Unit during the year are outlined below:-

- Care provision costs (OP/LD/PD/MH) (-£366k) – an overall net underspend is currently reported across the Older People, Learning Disabilities and Mental Health adult social care client groups. This represents an improved position compared to that previously reported and reflects concerted management efforts throughout the year to manage down cost pressures.

  Whilst planned efficiency target (double handed care KLOE) has not been fully delivered in 2017/18, the resulting funding shortfall has been offset through over-achievement of other KLOE savings and improved health funding / contribution during the year. The overall number of people in receipt of care / support has remained broadly stable during the year; however the Business Unit has had to manage the increased cost of care packages from existing provisions.

  The improved financial position for the Business Unit is attributable to the following actions / measures:

  1. Spend on care provision across the main client groups is less than previously reported (reduction in committed costs in Q4)
  2. Increased health funding towards eligible care package costs (e.g. continuing health care, funded nursing care and S117 funding) and additional grant funding (e.g. war pensions disregards grant);
  3. Early implementation of the KLOE relating to the removal of the £150 cap on weekly client contributions (homecare costs). This was originally planned for implementation in 2018/19 but was brought forward and implemented in

October 2017;

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

5. Day Services financial position (-£159k) is now reflected within the overall adult social care position (previously reported in Communities Directorate);

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

- Commissioning (-£184k) – the year-end underspend is mainly attributable to staff turnover / vacancy savings within the Adult Joint Commissioning Unit and reduced spend on a number of commissioned contracts.

Children's Social Care & Safeguarding

An overspend of +**£696k** is currently forecast for the Children Social Care & Safeguarding Business Unit, a reduction of £117k compared against the projected outturn for Q3. The following are the key variances for the year:

- Children in Care (+£674k) – this reported overspend mainly relates to the looked after children (LAC) placement budgets. This represents an increase over and above the additional funding provided through the MTFS to address LAC demographic pressures. Barnsley's looked after children population at the end of March 2018 is 310, which is an increase when compared to the Q3 position of 297 and higher than the average number assumed in the current LAC placement strategy of 299.

  Comparison of actual performance to the planned LAC numbers / cost in the current strategy showed that the area with the greatest variance is residential care placements. The reported overspend can be explained by the rise in LAC numbers, particularly the turnover of residential care placements throughout the year. The rise in LAC numbers is reflected both regionally and nationally, which means increasing competition amongst LAs for very limited placement vacancies (leading to higher prices). Also, the difficulty of placing older children (with challenging needs) with in-house and external foster carers means greater reliance on external / more expensive residential care provision. The table below compares actual LAC placement costs for the year to the targets in the strategy:

LAC Placements	Plan	Actuals	Variance
Total LAC population	299	310	+11
Total fostering & residential	259	261	+2
Fostering £M	5.9	5.9	-
Residential care £M	3.2	3.9	+0.7
Other £M	3.8	3.9	+0.1
Income & contributions £M	-0.4	-0.5	-0.1
Forecast LAC costs	**12.5**	**13.2**	**+0.7**

1. The number of placements in external independent fostering agencies (IFA) was 66 as at the end of the year (a continuation of the reducing trend in IFA numbers throughout the year). This is however still short of the target number (35) assumed in the strategy.
2. The number of in-house foster care placements rose significantly during the year reflecting concerted work undertaken to boost recruitment of new carers. The number of children placed with in-house carers at end of March is 142 (excluding connected carers).
3. The number of residential care placements as at year end is 19. Whilst this is consistent with the reported forecast for the year, it exceeds the target assumed in the strategy of 15. The high cost of residential care placements explains the cost pressures exerted on the budget.
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 the year stands at 50%.

- Other variances (+£22k) –Offsetting variances across Assessment and Care, Safeguarding and Quality Assurance and Children with Disabilities from increased direct debit codes and reduced contributions from health.

Schools

The final 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. The year-end position showed a net financial deficit of -**£2.3M** against the schools DSG budget. An explanation of the net financial position is detailed below:

Delegated schools' DSG budgets:
Total funding delegated to maintained schools for the year is £84.7m and comprised of elements allocated to individual schools through the local schools funding formula, as well as high needs and early years funding. Final outturn position showed a projected surplus balance of -£2.9M for the 2017/18 financial year made up of:

- primary schools £2.2M
- secondary schools £0.7M

The above position includes 2 schools (Hoylandswaine primary £5k and Penistone Grammar school £483k) with reported deficit balances at year end. A cash advance payment was made to Penistone Grammar school to cover the deficit (a call on the school's 2018/19 delegated budget).

Centrally retained schools DSG budgets
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 final position across all the centrally retained DSG budgets showed a financial deficit 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 reported 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.

In the event of an overspend on the centrally retained element of the schools' budget, the local authority is allowed to carry forward all the overspend to the following year or the year after that. Any carry forward will represent the first call on DSG funding / resources in the following year (subject to the approval of the Schools Forum).

iii. Approved savings position

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

- BU1 Education, Early Start & Prevention £0.2M;
- BU2 Adult Social and Health care £1.2M;
- BU3Children Social Care & Safeguarding £0.2M.

All 2017/18 approved savings proposals have been delivered, with the exception of the following where a shortfall has been reported for the year:

BU2 E2 Double Handed Care (£240k)

Work commenced in 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. However, the result of the completed reviews / re-assessments showed that there was limited scope to reduce care packages and therefore double handed provision. In a few cases where changes had been identified the level of reduction (i.e. cost savings) was minimal.

It should be noted that the above KLOE shortfall amounts have been managed by the Adult Social Care business unit through over-achievement in the delivery of other KLOEs and contained within the overall reported position.

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

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

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

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

iv. Explanation of the Movement of the Forecast Outturn Reported in December

The Directorate reported a forecast operational over-spend of £1.1M as at the end of December compared to the final actual operational over-spend of £0.3M.
This represents a net movement of £0.8M (Table below refers).

People	Dec 2017 reported Position £'000	Final Outturn Position £'000	Change £'000
Education, Early Start & Prevention	57	89	33
Adult Social care & Health	210	(487)	(697)
Children social care & Safeguarding	813	696	(117)
Total People	**1,080**	**298**	**(782)**

The change (£0.8M) in the reported position since December 2017 can be explained as follows:-

Education, Early Start & Prevention
The change from Q3 is mainly due to movements in the outturn position of the Inclusion Service (due to increased staffing capacity in the last quarter), although this was offset by increased underspends reported for Early Start / Family Centres (staff turnover savings) and Children Commissioning Unit.

Adult Social Care & Health
The improved reported position for Adult Social Care business unit from Q3 can be explained by the following: increased health contributions and client income; reduced care provision cost in the last quarter; and increased claw-back of direct payments than expected.

Children Social Care & Safeguarding
The variance from Q3 is mainly attributable to the following: (1) reduced spend on LAC residential care than previously forecast; (2) unanticipated DfE grant funding for

unaccompanied asylum seekers children received in the last quarter; (3) level of legal fees charged to the business unit was less than forecast in Q3; and (4) reduced spend on children disability / short breaks.

v. Summary of Earmarking Requests

Cabinet Approved / Statutory Items (-£2.267M)

The earmarking proposals put forward under this category mainly relates to the schools budgets, particularly the ring fenced Dedicated Schools Grant (DSG):

- Year-end maintained schools net surplus balances (£2.894M);

- Deficit balance on centrally retained DSG budgets, mainly relates to the high needs block funding (-£5.178M).

The DSG funding terms / conditions require that funding be applied specifically to cover schools expenditure. Under the grant conditions the Government can claw back any DSG resources that are not used for the purposes of the schools' budget.

Slippage (£0.352M)

The proposals included in this category relate to slippage on the use of non-recurrent funding (e.g. grant funding or contributions from external organisations) provided for specific programs or activities. The key earmarking proposals are outlined below:-

- CCG funding (£0.169M): - this amount comprised a number of funding allocations provided by the CCG to be set aside for 2018/19 for approved / committed activities across the health and social care system.

- Targeted Youth Services (£0.040M): - slippage on committed work relating to the upgrade of the corporate IT network connections across some of the youth hubs as well as internal alterations to the O-Zone youth provision.

- Early Start & Family centres (£0.057M): - earmarking relates to a couple of spend slippage on the following: (1) DfE grant funding received in March 2017 for the purchase of IT equipment in relation to early years' provision; (2) funding provided through the troubled families programme for training.

- Future in Mind Resilience funding (£0.037M): - funding provided by Barnsley CCG to fund programme of work aimed at building resilience in schools to address pupils' mental health issues.

- Funding for transforming care – (£0.027M): - balance of funding set aside in adult social care for enhanced capacity within the joint commissioning unit to manage and undertake the Learning Disabilities transforming care programme.

Investment (£0.036M)

The proposals put forward under this category relate to the use of reported revenue underspends to fund specific investment or service improvement, and includes the following:

- LD Supported Employment Pilot - £0.036M: - this amount represents the expected contribution from adult social care to the development and implementation of a supported employment pilot for vulnerable adults with learning disabilities (as detailed in the SMT report 'Pathways to success – adult supported employment pilot).

vi. Future Outlook

The main risks in 2018/19 and beyond mainly relate to demand-driven pressures in children and adult social care. The following summarises the future outlook for the People Directorate going forward:

Education, Early Start, & Prevention

The main financial risk for the Business Unit in 2018/19 mainly relate to the continued reduction of government grant and partner contributions, such as the Youth Justice Board (YJB) funding. There are capacity issues to be addressed within the Inclusion Service (including Education Psychology) in relation to meeting statutory responsibilities (i.e. undertaking statutory assessments / having education, health and care plans in place).

Adult Social Care & Health

The business unit will continue to face financial challenges in relation to demographic changes (increasing complexity and cost of care packages) and rising pressure from care providers for fee increases to meet national living wage commitments. It should be noted that the approved budget for 2018/19 includes provision for demographic growth and national living wage impact on provider fees. Also, the additional improved BCF monies made available by the Government has allowed for non-recurrent investment to meet ASC needs and to sustain the local care market.

Children social care & safeguarding

Additional budget provision of £0.5M has been included in the 2018/19 budget to address the recurrent impact of the increase in LAC placements costs. The required actions / measures to manage LAC numbers over the medium term are set out in the recently refreshed LAC sufficiency strategy. The ongoing work undertaken by the business unit in relation to better tracking / planning of LAC placements in conjunction with other actions would ensure the stability of Barnsley's LAC numbers around the 300 mark.

SECTION 2 - Executive Director's Statement for Place

i. Overview

The final 2017/18 approved budget envelope for the PLACE Directorate is £32.940M. Actual net expenditure for the Directorate of £30.685M resulted in an under-spend against the approved budget of £2.255M. However, this excludes scheme slippage of **£2.383M**, meaning that the actual operational position was an overspend of **£0.128M**.

In summary this was a result of:

- The increased demand for the statutory Home to School Transport Service together with the non-delivery of savings proposals attached to the service (£0.583M).
- An increase in the cost of waste disposal and a shortfall in the income from the sale of recyclable materials (£0.916M).
- A trading overspend by Construction Services (£0.329M).

The above has however been offset in part as a result of:

- Vacancy management, additional fee income and other one-off savings (-£1.157M).
- Savings achieved on Highways maintenance following the introduction of LED street Lighting (-£0.275M).
- Savings on Fleet Services due to savings in operating lease rents (-£0.160M)
- Savings achieved on the PTE Levy (-£0.108M)

The major variations for each service within the Directorate are summarised in the table below

Final position for the financial year ending March 2018

DIRECTORATE	Approved Net Budget 2017/18 £'000	Final Outturn 2017/18 £'000	Forecast Deficit / (Surplus) £'000	Adjustment for Slippage & Transfer to Reserves £'000	Operational Deficit / (Surplus) £'000
Economic Regeneration	4,531	3,598	(933)	729	(204)
Culture, Housing and Regs	1,698	1,266	(432)	240	(192)
Environment & Transport	26,711	25,821	(890)	1,414	524
Place	**31,810**	**29,555**	**(2,255)**	**2,383**	**128**
Exceptional Items					
Winter Road Maintenance	1,130	1,130	-	-	-
Total Place	**32,940**	**30,685**	**(2,255)**	**2,383**	**128**
Housing Revenue Account	77,640	72,966	(4,674)	3,277	(1,397)

ii. Key Variances

Economic Regeneration

Economic Regeneration had an operational underspend of -£0.204M in 2017/18, an increase of £0.104M from the position reported as at the end of December (-£0.100M). The additional saving is due to the capitalisation of staff time in the Major Projects Team and savings and additional income generated by the Town Centre Team.

The key variances are highlighted below:

- Employment & Skills (-£0.001M)
  During the year the service faced a shortfall in its SFA grant for the academic year 2016/17 of £0.083M. This pressure was managed out by winning new contracts with the Sheffield City Region and by freezing vacancies and delaying recruitment to posts. Subject to the approval of the earmarking requests mentioned below, the service will return a balanced budget position.

- Planning, Policy & Building Control (-£0.101M)
  Building Control had a successful trading year generating an additional -£0.042M in fee income. There were also savings on staffing costs resulting in an overall underspend of -£0.071M.

  Planning fees were increased by 20% on the 17th January 2018. As a result there was an increase in Planning fee income generated during the year (-£0.124M). Staff turnover and savings on other operating overheads resulted in an overall underspend for Development Management of (-£0.223M).

  The above underspends were however offset by an overspend within the Planning Policy function of £0.193M due to funding additional expenditure on the Local Plan Examination in Public.

- Economic Development (-£0.102M)
  The reported underspend is due in the main to the capitalisation of staff time working one major strategic projects, additional income from Town Centre Events and other minor savings.

Culture, Housing & Regulation

Culture, Housing and Regulation has delivered an operational underspend of -£0.192M in 2017/18. This shows an improvement on the position reported in December which showed an underspend of -£0.083M. Detailed variances are explained below:

- Culture & the Visitor Economy (-£0.062M)
  Culture & the Visitor Economy underspent by -£0.062M in 2017/18. This compares to a projected underspend at the end of Quarter 3 of -£0.016M. The main reason for the improved position is an over achievement of burial and cremation fee income within Bereavement Services which increased by -£0.046M over the final quarter of the year.

  There was however an overspend on town centre visitor events (£0.051M) due in part to the abortive costs associated with the Christmas lights switch on together with additional financial support offered to Wentworth Trust (£0.030M).

  Housing & Energy (-0.067M)
  Housing & Energy had an operational underspend of -£0.067M. The under spend was the result of staff turnover across the service (-£0.042M) together with savings on the delivery of the private sector leasing scheme, caravan sites and other running costs (-

£0.025M).

Regulatory Services (-£0.071M)
The underspend within Regulator Services is as a result of savings on staffing costs (-£0.042M), purchase of equipment (-£0.017M) and additional Lab and kenneling fees (-£0.012M)

Environment & Transport
Environment & Transport overspent by £0.524M during the year compared with a forecast overspend of £0.880M at the end of the third quarter. Key variations are highlighted below:

- Commercial & Operational Services Support (£0.890M)
  Commercial & Operational Services Support overspent by £0.890M in 2017/18 which is in line with the third quarter projection. However, there were some significant changes in Quarter 4 which are described below:

  1. Contracts Management (£0.916M)
     The service continues to face challenges with regards to the fall in the market prices for recyclable materials which has been compounded by China's decision to ban the import of recycled plastics. As a result there was a shortfall in income of £0.438M. 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 and the ongoing contract procurement review.

     During the year the service also purchased £0.271M of new/replacement wheeled bins. As no capital approval was progressed, these costs were charged to the revenue budget.

     Finally there was also an overspend on the waste disposal budget of £0.207M. The service also incurred £0.205M in dilapidations costs at the Grange Lane transfer loading station. These works were necessary because the previous tenant (FCC) did not leave the premises in a fit and tenantable state when it was handed over to the current tenant (Shanks). Fortunately these costs could be capitalised and financed via an underspend on the planned maintenance programme and therefore had no direct impact on the service revenue outturn. FCC will be pursued for the recovery of any costs that were their responsibility.

  2. Purchasing & Supplies (£0.146M)
     The overspend is primarily due to the discovery and write off of over-valued (book value) fuel stocks held by the Council (£0.080M). Procedures have now been put in place to regularly check fuel levels so that this imbalance does not recur.

  3. Cross Service Savings (-£0.174)
     Finally, there were other staff turnover savings of (-£0.202M) and minor increases in expenditure totaling (£0.028M) across the rest of the service.

- Operations, Recycling, Neighborhoods & Transport (£0.349M)
  The service overspent by £0.349M in 2017/18, a reduction of -£0.236M when compared to the third quarter projection of £0.585M. Key variances are:

  1. Transport (£0.583M)

As previously reported, the service continues to experience a significant rise in demand for the Home to School Transport Service.

2. Fleet (-£0.160M)
   The year-end position for Fleet Services shows an underspend of -£0.160M compared to a projected overspend at the end of Quarter 3 of (£0.044M). The movement is as a result of savings vehicle operating lease rents (-£0.152M) due to delays in progressing the Vehicle Replacement Program and a reduction in vehicle hire and maintenance charges (-£0.064M).

3. Neighborhood Services (-£0.045M)
   The outturn (-£0.045M) compares to a reported position at the end of Quarter 3 of (-£0.061M). The service froze vacancies during the year (-£0.314M) to offset the forecast shortfall in internal and external income (£0.249M).

4. Waste Collection (£0.015M)
   An increased cost of contract hire of vehicles (£0.170M) was partly offset by savings on fuel costs (-£0.117M). The fuel saving is partly due to the acquisition of 13 more fuel efficient, refuse collection vehicles midway through the financial year. In addition, there were savings on staffing and equipment (-£0.038M) together with other savings across the rest of the service, including Public Rights of Way (-£0.044M).

- Transformation (-£0.115)
  The underspend relates to savings against staffing budgets across the Service.

- Highways, Engineering & Transportation (-£0.701M)
  The Service underspent by -£0.701M compared with a third quarter monitoring position which forecast a -£0.534M underspend. The reason for the increase in the underspend is a significant rise in the fee income received in Highways including the Yorkshire Common Permit Scheme, Defect Inspection Fees, Section 74 Fees and Section 278 Agreements (-£0.161M). Key variances are explained below:

1. Construction Services (£0.329M)
   The Construction Service overspent by £0.329M in 2017/18 though this is a significant improvement on the position reported at the end of 2016/17 (£0.840M). This improved position is as a result of a number of corrective actions implemented by officers from within Highways and Finance. These actions included a full review of the schedule of rates, on which charges are based together with introducing a regime of monthly accounts closure within the function. Improved works planning, monitoring and delivery has also contributed to the much better outturn position.

2. Highways Maintenance (-£0.275M)
   The underspend relates to the savings on electricity charges following the introduction of energy efficient LED lights.

3. Highways, Engineering & Transportation – Management (-£0.269M)
   The underspend is due to savings on staff vacancies (-£0.110M) and on the PTE Levy (-£0.108M). In addition, there were savings on consultants fees and other overheads (-£0.051M).

4. Highways & Engineering (-£0.505M)
   The service implemented a new structure in 2017/18. Due to delays in

appointment to vacant posts in and a temporary recruitment freeze on posts deemed ‘non-essential’ in the new structure there was an underspend on staffing costs of -£0.380M. In addition, there was an over achievement of fee income (£-0.148M) from areas such as the Yorkshire Common Permit Scheme, Defect Inspection Fees, Section 74 Fees and Section 278 Agreements.

Exceptional Items - Winter Road Maintenance

Winter Road Maintenance overspent its original budget by £0.519M during the year due to the freezing temperatures and severe weather conditions in the final quarter. The Council carried out 817 grits using 7,775 tons of grit during the year. This compares to 375 grits using 2,614 tons in 2016/17, an increase of 442 grits and 5,161 tons. This overspend was funded by corporate resources set aside for these types of circumstances.

iii. Approved Savings position

2016/17 Pressures
A total of 1.844M of proposals spanning two financial years to mitigate the 2016/17 ongoing pressures within the Directorate were put forward at the end of March 2017. The service remains on track to deliver these proposals.

2017/18 Efficiency Savings
In addition to the above, a total of £0.722M additional savings were approved for 2017/18. These savings have all been delivered.

iv. Explanation of the Movement of the Forecast Outturn Reported in December

The movement between the forecast operational overspend now reported compared to the overspend reported in December 2017 is shown the table below:

Place	Dec 2017 reported Position £’000	Final Outturn Position £’000	Change £’000
Economic Regeneration	(100)	(204)	(104)
Culture, Housing & Regulatory Services	(83)	(192)	(109)
Environment & Transport	882	524	360
Total Place	**697**	**128**	**(569)**

The total outturn predicted in December was an operational overspend of £0.697M compared to a final overspend of £0.128M. The movement of £0.569M was as a result of the following:-

- The movement in Economic Regeneration is as a result of the capitalisation of staff costs within the Major Projects Team, an underspend on District Markets and additional income and savings generated from Town Centre Events.

- The movement in Culture, Housing & Regulatory Services was due to additional fee income earned by Bereavement Services, savings on the private sector leasing scheme and management of caravan sites together with minor savings across the business unit on staffing and overheads.

- The movement in Environment & Transport was due to a reduction in the anticipated costs of waste disposal, an increase in income from various sources (e.g. Yorkshire Common Permit Scheme/Defect Inspection Fees/Section 74 Fees/Section 278 Agreements), a reduction in the hire and lease cost of the Council's vehicles fleet and proactive cost management.

However this position would have improved further if it not for the cost of financing the replacement wheeled bins and the write off of overvalued fuel stocks.

v. Summary of Earmarking Requests

Slippage (£2.183M)

The following earmarking's are requested

- Superfast Broadband Project. (£0.212M):- Contributions from the South Yorkshire Authorities used as match funding

- Economic Development (0.050M):– One off costs relating to the new operating structure for the town centre team.

- Planning – Neighborhood Plan Grant/Custom Build Grant/New Burdens Funding (£0.056M):- Slippage of expenditure into 2018/19.

- Employment & Skills Grant Funding (£0.411M):- Grants funding received from (SFA/EFA/ACE) relating to the academic year 2017/18.

- Bereavement Services (£0.020M):– Slippage of fees on in connection to the pet crematorium.

- Culture Survey (£0.010M):– Wentworth Conditions Survey.

- Culture Grant Funding (£0.020M):-Slippage of funding earned by the Museums Learning Service which is required as match for ACE and DFE grants in 2018/19.

- Housing Grant Funding (£0.145M):– Slippage of HCA Local Capacity Fund Grant

- Regulatory Services FSA (£0.045M): – Slippage of costs to be incurred to implement the findings of the recent audit by the Food Standards Agency.

- Commercial Services Transfer Loading Station (£0.891M): – Slippage of the works in relation to the creation of a Transfer Loading Station at Smithies Depot.

- Highways Remedial Works (£0.136M):– Slippage of the costs of the remedial works required in the town centre.

- Highways (£0.200M): – A provision for Construction Services to carry out remedial works following the severe winter.

- Highways Grant Funding (£0.010M): – Slippage of Eco Stars Grant into 2018/19

- Neighborhood Services (£0.162M): – The balance of funding required by the Environmental Demand Management Service in 2018/19.

- Public Rights of Way (£0.015M):– Match funding for an EPIP grant relating to works to be carried out on the Trans Pennine Trail

Investment (£0.200M)

The following earmarking's are requested

- Highways (£0.200M): – A provision for Construction Services to carry out remedial works required as a result of future defects on completed highways capital schemes.

vi. Future Outlook

Economic Regeneration
Within Economic Development a restructure will need to take place to establish a delivery model for the council's ongoing major strategic projects together with the management of the Glassworks Development. Any savings identified from this restructure will help to mitigate the forecast £0.300M cost pressure on the service in 2019/20 resulting from the fall out of the resources provided for by the Jobs and Business Plan.

Culture, Housing & Regulation
The commercial income target set for Culture remains a challenge. Delivery of the pet crematorium and progression of the new stone mason's business within Bereavement Services should help to alleviate pressure on the income budgets.

Environment & Transport
Home to School Transport, waste disposal and the volatility of the recyclable materials market continue to be the main concerns for the Business Unit in 2018/19 and beyond.

Funding set aside within the Council's Medium Term Financial Strategy should negate any increase in existing pressures on the Home to School Transport Service in 2018/19 and delivery of a programme of travel training will serve to reduce this further.

Similarly the pressures additional funding has been provided for the additional waste collection and disposal cost associated with the Council's housing growth aspirations. The existing pressures should be reduced in 2018/19 and ongoing following the opening of the Transfer Loading Station at Smithies Depot and other planned efficiencies later this year.

The Business Unit also has a £0.400M saving (KLOE BU6-E2) to deliver in 2018/19 relating to reductions in staffing across the service. Plans are already in place to deliver this saving.

SECTION 3 - Executive Director's Statement for Communities

Executive Director's Statement

i. Overview

The total net budget for the Directorate is £21.615M. In overall terms the Directorate's final position was an operational underspend of (**£0.452M)**. This figure is made up of an under spend of (£4.755M) offset by proposed earmarking's of £4.303M.

The final outturn positon of £0.452M represents slight fluctuation in the Directorate's operational underspend position when compared to the Quarter 3 (£0.468m) budget monitoring positon.

Final position for the financial year ending March 2018

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
Customer Services	7,239	6,899	(340)	(247)	(93)
Safer, Stronger, Healthier	8,091	3,777	(4,314)	(3,834)	(481)
IT	6,285	6,184	(100)	(223)	122
Total – Communities	**21,615**	**16,860**	**(4,755)**	**(4,303)**	**(452)**

Note: The above Outturn position excludes £0.159m underspend on Day Opportunities – now reported on the People Directorate's Monitoring report.

ii. Key Variances

Customer Services

Customer services have achieved an operational underspend of (£0.093M) after earmarking's.

There are no significant variances from budgets to report in terms of operational underspends. Earmarking requests are dealt with in Section V.

Safer, Stronger & Healthier Communities(SSH)

Safer, Stronger and Healthier Communities have an under spend of £0.481M after proposed earmarking's. The key contributors to this positon are:

- **Vacancy Retention (underspend £0.262M)** – post restructuring, during 2017/18 Safer, Stronger & Healthier services have retained a significant number of vacancies. It is expected that spend will move in line with budgets during 2018/19 as vacant posts are filled.
- **Contract Efficiencies (underspend £0.187M)** – effective contract management combined with the optimization of income to support contract costs have led to a significant underspend on contracts across Safer Communities.

IT Services

IT Services are reporting an operational overspend of £0.122M which is an improvement on the £0.212M estimated outturn as at Quarter 3. The main reasons for the over spend are detailed below:

- **Software Licence/Subscription Costs (overspend £0.516M) –** despite being overspent this shows an improved positon and is representative of the work being undertaken to reduce the cost of externally provided software licences and subscriptions.

The overspend has however been largely mitigated through a dividend contribution of £0.250M from Code Green trading surpluses and vacancy retention across the service.

iii. Approved Savings

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

All savings have been 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.

iv. Explanation of the Movement of the Forecast Outturn Reported in December

The Directorate reported a total forecast operational under-spend of (£0.468M) as at the end of December compared to the final actual operational under spend of (£0.452M). This represents a movement of £0.016M.

Communities	Dec 2017 reported Position £'000	Final Outturn Position £'000	Change £'000
Customer Services	(220)	(93)	127
Safer, Stronger, Healthier	(360)	(481)	(121)
IT	112	122	10
Total Communities	**(468)**	**(452)**	**16**

The movement in outturn between quarters for Communities has been relatively modest with the vast majority of operational variances across individual Services being less than £0.050M.

v. Summary of Earmarking Requests

Slippage (£3.939M)

- Area Council Budgets (£1.145M):- Representing the balance of funding delegated to Area Councils for locally determined spend.

- Think Family (£1.067M):- Balance of funding for Troubled Families programme which is planned over a multi-year period and requires funding from earlier years to be carried over to future financial years.

- CCG Prepayments (£0.790M):- Representing earmarking of advance payments from the CCG for services to be delivered in 2018/19.

- Local Welfare Assistance Scheme (£0.264M):- Pprovision for the ongoing delivery of a local welfare assistance scheme in 2017/18 and maintenance of a number of welfare related schemes.

- IT Tech Refresh (£0.223M):– Slippage of Centralised budget required to fund future years IT provision.

- Controlling Migration (£0.211M):– Balance of unspent Government funding to support local areas facing pressures linked to migration. Funding is available up to 20/21.

- Transformation Funding (£0.096M):- Balance of transformation funding which is committed to specific fund work undertaken to support the communities' agenda.

- Various Earmarking Requests up to (£0.143M): - The balance of the earmarking total comprises a small number of requests to support slippage in procurement and/or project continuation/delivery.

Investment (£0.364M)

- Selective Licensing (£0.145M): - Earmarking requested to support KLOE delivery in 2018/19 mitigations are currently being identified to cover the KLOE budget reduction on a sustainable basis.
- DWP New Burdens Grant (£0.070M): - unspent Government carried forward to support project delivery.

- Various Earmarking Requests up to (£0.149M): - The balance of the earmarking total comprises a small number of requests to support slippage in procurement and/or project continuation/delivery.

vi. Future Outlook

Several service reviews will be ongoing during 2018/19 Communities to ensure Business Units continue to provide economic, efficient and effective services and are fully prepared to meet the extensive (£1.7m) in KLOE savings that are due for delivery in 2019/20.

Reviews include:

- Remodeling of Customer Services which notably includes the Library Review.
- Leading the Council's Digital First Strategy.
- Provider Services reviews including Day Opportunities, Reablement and Assisted Living Technology reviews.

Within Safer Communities the requirement to deal with the additional burdens of the latest Homelessness Reduction Act are expected to bring with it some significant challenges.

As indicated above mitigations are being sought to meet the £140k KLOE targets previously linked to efficiencies related to the now postponed Selective Licensing scheme.

From an IT perspective uncertainty remains regarding software license cost increases along with changes in contracting arrangements from external suppliers - work is ongoing to monitor these arrangements with a view to mitigating these pressures and drive out value for money wherever possible.

Excepting the above, there are considered to be no immediate issues within the Directorate that will impact adversely on Communities ability to operate within its budgetary envelope during 2018/19.

SECTION 4 - Director's Statement for Public Health

Director's Statement

i. Overview

The total net budget for 2017/18 for the Public Health Directorate is £2.228M and the total net expenditure for 2017/18 was £0.360M. The result is an under spend for the year of (£1.868M).

It is important to note that underspend relates entirely to the Council's base budget contribution to the Directorate.

The Council's contribution is provided to support Public Health activities and is additional to the Public Health Grant received from Government.

The entire Public Health underspend for 2017/18 is proposed for earmarking to cover future year commitments and anticipated reductions in Public Health Grant.

Final position for the financial year ending March 2018

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
BU10 – Healthcare & Partnerships	2,228	360	(1,868)	(1,868)	-
Total –Public Health	**2,228**	**360**	**(1,868)**	**(1.868)**	-

ii. Key Variances

As indicated above there is a forecast under spend of £1.868M for the current year. This represents a £0.565M increase on the underspend forecast in Quarter 3 (£1.303m). The increased underspend is largely as a result of lower than expected spend/slippage in respect of 0-19 Services – section iv. Provides details of this and other variances against the Quarter 3 forecast.

It should be noted that the £0.555M of the underspend represents a planned underspend amount that is intrinsic to the fulfilment of the Public Health 4 year plan – the intention being to carry the underspend forward into future years to meet identified commitments.

iii. Approved Savings

The Directorate had total approved savings of £0.379m to deliver in 2017/18.
All savings have been achieved in year as expected.

iv. Explanation of the Movement of the Forecast Outturn Reported in December

The Directorate reported a forecast under-spend of (£1.303M) as at the end of December compared to the final actual operational under spend of (£1.868M). This represents a £0.565M movement in the underspend.

Public Health	Dec 2017 reported Position £'000	Final Outturn Position £'000	Change £'000
Total Public Health	**(1,303)**	**(1,868)**	**(0,565)**

Movement between quarters is predominantly due to the following factors:

- **0-19 Service Underspend** – this has increased by £0.345M from £0.664M to £1.009M and is largely the result of a combination of delays in staff appointments and staff turnover. It is anticipated that following the recommencement of the recruitment process in January that staffing levels will begin to stabilize.

  The revised underspend also includes a lower than expected Admin Recharge this has added a further £0.070M to the under spend.

- **Contract Underspends –** current underspends against contract provision has added a favorable increase in the underspend of £0.097M.

- **Improved Income Positon** - under provision of income contributed a further £0.100M to the underspend positon.

v. Summary of Earmarking Requests

Slippage (£1.868M)

As indicated above the Public Health underspend of £1.868M is requested for earmarking to primarily support the overall 4 year financial plan for Public Health. The carry forward will be used to help to mitigate uncertainties in the PH 4 Year Plan (to 201/21) regarding the level of Public Health grant that will be made available by Government in the future.

The amount of earmarking required will be reviewed pending Government announcements around Public Health Grant.

The earmarking will also support the delivery of a small number of projects/contract where slippage has taken place.

vi. Future Outlook

Over the entire four year plan period (to 2021/22) it has been agreed that additional funding will be made available from the Council to help to mitigate the impact of future reductions in Public Health Grant.

The current four year plan now shows a projected positive balance of £1.1M as at the end of March 2021 this represents a positive shift when compared to 2021.

During 2018/19 a detailed review of the 4 year plan will take place in order to ensure the level of earmarking from BMBC budget allocations is in line with future pressures thus tying in with the wider Authority-wide MTFS KLOE review process.

SECTION 5 - Executive Director's Statement for Core

Executive Director's Statement

i. Overview

The final approved budget envelope for 2017/18 for the Core Directorate is (£7.016M). Actual net expenditure was (£10.859M), which resulted in an under-spend against the approved budget before earmarking's of (£3.843M). Of this £3.235M is proposed for earmarking resulting in an overall net operational under-spend of **(£0.608M).**

Earmarking proposals are detailed within section v. below, predominately comprising of slippage of planned schemes / spend (£2.920M), a number of new requests for investment (£0.237M), along with an investment of (£0.078M) pre-approved by Cabinet.

Final position for the financial year ending March 2018

Directorate	**Approved Net Budget 2017/18 (after Virements) £'000**	**Projected Net Outturn 2017/18 £'000**	**Forecast Deficit / (Surplus) £'000**	**Adjustment for Slippage & Transfer to reserves £'000**	**Operational Deficit / (Surplus) £'000**
Assets	(21,334)	(23,007)	(1,673)	1,673	0
Finance	4,428	3,235	(1,193)	794	(399)
HR & Business Support	3,687	3,255	(432)	384	(48)
Business Imp & Comms	2,880	2,395	(485)	384	(101)
Legal Services	967	1,023	56	0	56
Elections	706	579	(127)	0	(127)
Council Governance	1660	1,637	(23)	0	(23)
Joint Authorities	(10)	24	34	0	34
Total – Core	**(7,016)**	**(10,859)**	**(3,843)**	**3,235**	**(608)**

The operational under-spend across the Directorate results in a net increase of £0.294M when compared to the position reported at quarter 3. This predominately relates to high levels of vacancies across the Directorate, some one-off unforeseen pressures and additional income. Section iv. Provides further details.

ii. Key Variances

There are a number of factors that contribute towards the Directorate's under-spend, the key variances are set out below by Business Unit:

Assets:

The Assets Business Unit has achieved a balanced position after proposed earmarking's, a slight reduction from quarter 3 which reported (£0.113M) underspend. This is a significant improvement from previous years. Whilst Assets are reporting a balanced position there are a number of underlying variances that make up this positon as follows:-

<u>Building Services £0.349M</u> Financial pressures associated with the running of the Council's assets portfolio. Namely one-off unforeseen costs associated with the closure / hand back of buildings to support the rationalisation of the Council's asset portfolio and additional Facilities

Management services. Pressures have been mitigated somewhat by substantial utility reimbursements due to the changeover of gas provider, 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 once realised in full in 2018/19.

LIFT Buildings £0.176M Loss of rental income due to unoccupied spaces across the estate.

Contract Management £0.230M 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 (£1.956M) Insurance rebate through both the PFI & BSF gain share arrangements and performance deductions against the contractor, which will be earmarked to support the affordability of the whole life cost models.

Shared Services (£0.111M) Underspend of materials and overachievement of income through ad-hoc fees.

Strategic Assets (£0.298M) Vacancies, along with overachieved income associated with auction fees and improved occupancy rates.

A significant review of the Assets financial position has been undertaken throughout 2017/18, budgets have been realigned accordingly resulting in the business units budget been in the strongest position it has for a number of years, the impact of this should be fully recognised in 2018/19.

Finance:

The final outturn position for the Finance Business Unit was an under-spend of (£0.399M) after proposed earmarking's, predominately 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 and additional one off grant income received in the final quarter. 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 Units final outturn achieved an under-spend of (£0.048M) after earmarking requests. Again this predominately relates to high staff turnover and vacant posts along with slippage of 2016/17 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 under-spent by (£0.101M) after earmarking's. This is largely related to part year vacancies across the service as a result of staff secondments, the time taken to fill vacant posts and slippage in previous years earmarking's, against 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 initiatives and temporary staffing requirements.

Legal Services:

The final outturn for Legal Services was an over-spend of £0.056M, predominately as a result of legal costs associated with a complex legal case, and high levels of printing and postage due to the delays in implementing the electronic case management system, mitigated slightly by additional court fees as a result of an increase in the number of fines raised.

Elections:

The Elections Service under-spent by (£0.127M) which represents overachieved income as a result of the 'snap' election which was not anticipated at the time of budget setting.

Council Governance:

The Service's final outturn achieved an under-spend of (£0.023M) compromising from a mix of vacancies, improved efficiencies to cost management and the transfer of Members expenditure to the Police and Crime Commissioner grant held within the Joint Authorities service.

Joint Authorities:

The Service's final outturn was an overspend of £0.034M, this been predominately as a result of one-off costs associated with the relocation from Regent Street to the Town Hall and the need for improved IT to ensure the service is able to support partners needs effectively.

iii. Approved Savings

The Directorate had total approved savings of £1.049M to deliver in 2017/18. All savings were delivered in full.

iv. Explanation of the Movement of the Forecast Outturn Reported in December

The Directorate reported a total forecast operational under-spend of (£0.314M) at the end of quarter 3, compared to the final actual operational under-spend of (£0.608M). This represents a net movement of (£0.294M).
The table below sets out the details of this movement:

Core	Dec 2017 reported Position £'000	Final Outturn Position £'000	Change £'000
Finance	(119)	(399)	(280)
Assets	(113)	0	113
HR & Business Support	(60)	(48)	12
Business Imp & Comms	0	(101)	(101)
Legal Services	73	56	(17)
Elections	(91)	(127)	(36)
Council Governance	(6)	(23)	(17)
Joint Authorities	2	34	32
Total Core	**(314)**	**(608)**	**(294)**

The key movements are as a result of:-

Finance (£0.280M) – of this variance £0.212M relates to additional grant income received as a result of improved collection rates associated with Business Rates and one off new burdens grants. The remainder being under-spends against various budget heads as a result of careful cost management (staffing and supplies and services).

Assets £0.113M – New earmarking request to support one-off pressures associated with the disposal of Council assets over 2018.

Business Improvement and Communications (£0.101M) – Relates to increased under-spends against various budget heads, where a prudent approach to forecasting spend was assumed throughout 2017/18, namely training and staffing budgets.

v. Summary of Earmarking Requests

Total earmarking requests for the Directorate are £3.235M, individual requests are summarised below:

Cabinet/Statutory (£0.078M)

- Appointment of 2 System Trainers (£0.078M): –and Digital Apprentice, pre- approved via delegated powers. (Business Improvement & Coms)

Slippage (£2.920M)

- In year surplus on the BSF contract (£1.573M): – required to support the 25 year whole life affordability cost model. (Assets)
- Transition of Housing Benefit to DWP (£0.250M):- System requirements associated with managing the impact. (Finance)
- IT system enhancements (£0.544M):- and further investment in enabling technologies to support the delivery of the function with reduced resources. (Finance)
- Efficiencies in HR processes (£0.150M): – Slippage in development and implementation of enabling technologies. (HR & Business Support)
- Mental Health and Wellbeing training (£0.070M):– Provision of Mental Health and Wellbeing training. (HR & Business Support)
- Apprentice post (£0.079M): – Funding to support creation of a 2 year apprentice post – grade yet to be determined. (HR & Business Support)
- Corporate leadership programme (£0.198M):– Continuation of corporate leadership programme. (Business Improvement & Coms)
- Grant Carry forward (£0.031M): – Grant carry forward required for BMDA & YHMHP – required as per grant conditions (Business Improvement & Coms)
- Impact Assessment KLOE's (£0.025M): – Slippage of funding required supporting a

project around assessing the impact KLOE's have had on equality standards. (Business Improvement & Coms)

Investment (£0.237M)

- Disposal of Council assets (£0.100M): – Investment request to support one off pressures associated with disposal of Council assets. (Assets)

- Investment in relief staff (£0.047M): – Investment in relief staff to support Business Support to deal with high staff turnover and increased workloads. (HR & Business Support)

- Trade Union Convenors (£0.018M): – 1 year funding required to fund the cost of Trade Union Convenors to allow 2018/19 KLOE to be achieved. (Post to be deleted in 2019 to allow permanent KLOE saving – (HR & Business Support)

- Growth of the DBS service (£0.020M): – Investment in marketing to enable growth of the DBS service. (HR & Business Support)

- Technology to support agile working (£0.030M): – Investment in technology to support agile working outside IT refresh. (Business Improvement & Coms)

- Connect ability pilot project (£0.022M): – Investment in connect ability pilot project. (Business Improvement & Coms)

vi. Future Outlook

The review of the support services which sit within the Core Directorate provided to the South Yorkshire Fire & Rescue Authority (SYFRA) and other Joint Authorities has now been finalised. The outcome of the review has resulted in a total reduction of £0.105M against Core Income Budgets as a result of a reduced SLA fee to SYFRA to ensure charges reflect best value. Reductions have been accounted for as part of 2018/19 financial planning to mitigate the impact to individual service resource envelopes.

A similar review of the SLA provided to the South Yorkshire Pensions Authority (SYPA) will be undertaken during 2018/19.

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 continues to be problem in particular within the Finance and Business Improvement Business Units. Restructuring of these services will be undertaken in 2018/19 to allow KLOE savings targets to be achieved and maintain high quality professional support services. The restructure will see the Housing Revenue Account (HRA) transfer into the Finance Business Unit from Berneslai Homes from April 2018.

There continues to be a risk that the transfer of Housing Benefits to the DWP will be delayed; however funding has been earmarked to support the transition to mitigate the effect.

From April 2018 the Assets Business Unit will transfer to the Place Directorate, to join with Economic Regeneration. As referred to above a detailed review of the Assets budgets has been undertaken during 2017/18 and the financial position of the Business Unit is now in the strongest position it has been for a number of years. However, as part of the rationalisation of Council buildings it is envisaged that significant savings will be achieved from the closure and hand back of buildings which can contribute towards future efficiencies. Should this not happen or delays occur there is a risk of significant cost pressures, potentially giving rise to an over-spend within this service area.

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 Council's Asset Management Strategy. 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.

SECTION 6 - Commentary on Corporate/ Authority Wide Budgets

i. Overview

The total net budget for Corporate items is £42.334M broken down as follows:-

Final position for the financial year ending March 2018

Corporate Budget	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
Capital Financing	48,592	40,436	(8,156)	2,456	(5,700)
CDC	764	411	(354)	0	(353)
Levies	1,121	526	(595)	610	15
Corporate Items	(2,235)	(2,303)	(68)	71	3
Provisions	7,408	(6,629)	(14,037)	14,123	86
Provisions – Pension Deficit	7,068	6,670	(398)	-	(398)
Contributions from Balances	(20,327)	(20,327)	-	-	-
Total – Corporate Budgets	**42,334**	**18,784**	**(23,550)**	**17,260**	**(6,290)**

ii. Key Variances

Capital Financing (-£5.700M)

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 (£2.3M) 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 (£3.4M) 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 March 2018 is a snap shot of an ever changing position throughout the year.

Total Arrears

A summary of the debt positon during 2017/18 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 December 2017 of £29.159M, showing the increase of £4.925M as a result of in year debt falling into arrears; and a final position as at 31 March 2018 of £26.429M, showing an increase from the opening balance of

£2.195M, but a reduction from the previous quarter of £2.730M, showing that our collection methods are working. The position is very difficult to measure as it fluctuates throughout the year due to the creation of invoices throughout the year for Trade and Housing Benefit overpayment debt, but it is positive to see a reduction in the position from the previous quarter.

The table below shows that the overall overdue debt position at the end of March is £26.4M. This is comprised of old debt of £11.8M and new year debt of £14.7M, showing a reduction of £3.3M in old debt during this quarter and a reduction on old debt overall of £12.5M. This equates to a collection rate on old debt of 51.4%

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 December	15.062	14.097	29.159		15.224		
Total as at end of March	11.771	14.658	26.429		14.752		2.440
MOVEMENT from Opening to March	(12.463)	14.658	2.195		1.494		
MOVEMENT from December to March	(3.291)	0.561	(2.730)		(0.472)		

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 December 2017 of £15.224M showing an increase of £1.966M; and a final position as at March 2018 of £14.752M showing a reduction of £0.472M from the previous quarter and an increase of £1.494M from the opening position.

Write Offs

The Service Director - Finance (Section 151 Officer) is now also seeking approval to write off debt amounting to £2.583M which has become uneconomical to pursue, (£0.143M 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	0.769
Business Rates	0.423
Trade Debt General Fund	0.701
Trade Debt HRA	0.303
Housing Benefit Overpayment	0.244
Total (Collected by BMBC)	2.440
Former Tenant Rent Arrears- HRA	0.143
Total (Including Tenant Rent Arrears)	2.583

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

minimise future costs.

v. Summary of Earmarking Requests

Total Corporate earmarking requests are £17.260M, individual requests are summarised below:

Slippage (£13.280M)

- Planned Maintenance (£0.585M): - Underspend on the programme due to delays in completing some works
- Debtor for DEF balance (£0.610M): - Represents the balance of the Apprenticeship funding held with HMRC for future apprenticeship funding
- Wentworth Castle (£0.070M):- remaining balance of a 2 year ring-fenced budget for Wentworth Castle
- Future Demographic Pressures – (£0.855M):- budget specifically to address Demographic pressured to be released in year to specific areas who require assistance
- Future demographic pressures – (£3.308M):- Better Care Fund grant specifically earmarked to address Demographic pressure for Adult Care
- Dividend for Future Investment-Barnsley Traded Services (£0.100M):- Dividend received from traded services to be reinvested in the service
- MRP Future Years (£2.356M):- related to the new accounting methodology for repayment of MRP
- New Homes Bonus (£5.396M):- Specifically ring-fenced for new town centre investment

Investment (3.980M)

- Libraries Review (£1.000M):- Ongoing Investment to support the Libraries review
- Town Centre Estate Management (£1.000M):- Investment for the town centre specifically to address key strategic estates issues
- Graduate CX Apprentices (£0.180M):- Funding specifically for graduate Apprenticeships to be deployed across the Council
- LD Employment Opportunities (£0.250M):- Investment to provide support to create employment opportunities for people with Learning Disabilities
- Town Centre Events (£0.250M):- Further investment for Town Centre events to combat falling footfall
- School Improvements (£0.500M):- non-recurrent funding to support initiatives and work undertaken by Barnsley Alliance aimed at sustaining the recent improvement in outcomes and pupil attainment in schools.
- Business Rates Shortfall (£0.800M):- Provision set aside to offset temporary shortfall in business rates pending development adoption of Local Plan

vi. 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 year end position:-

BMBC Services Ltd

BMBC Services Ltd generated a higher than anticipated, year-end profit after tax of £0.249M as a result of increased sales from Code Green. The position with regards the company's main customers (schools) will continue to be monitored in the new financial year for IT services. An interim dividend of £0.350M was paid to the Council as sole Shareholder during 2017/18. Final annual accounts for period ending March 2018 are currently been prepared for the Company.

ILAH Barnsley Ltd

The staff and services provided by ILAH (Assisted Living Technology" and "Reablement") transferred back in-house to BMBC from 1 October 2017. Final accounts are currently being prepared for the Company covering the last 18 months of trading from 1 April 2016 to September 2017 – the Company will become dormant thereafter.

In terms of the trading from 1 April 2017 to 30 September 2017 trading period a break even positon was achieved this was the result of the implementation of a range of efficiencies along with "one off" support from Adult Social Care Funding.

£3 Million Invest to Grow Fund

The investment for the fund is reflected below with a budget of £2.199M in 17/18.
£1.190M has been incurred during 2017/18 with £1.009M, to be carried forward to 2018/19. A full review of approved projects is currently being undertaken with any changes being reported in Qtr1 2018/19.

Invest to grow fund	**Total**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	£M	**£M**	**£M**	**£M**	**£M**
Fund allocated	3.000	0.305	2.199	0.457	0.039
Spend 2017/18			1.190		
Carry Forward to 2018/19			(1.009)	1.009	
Total allocation	**3.000**	**0.305**	**1.190**	**1.466**	**0.039**