

BARNSELEY METROPOLITAN BOROUGH COUNCIL

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

**Report of the Director of
Finance, Assets and
Information Services**

CORPORATE FINANCIAL PERFORMANCE – QUARTER ENDING 30 JUNE 2015

1. Purpose of Report

1.1 To consider the financial performance of the Authority during the quarter ended June 2015 (including progress made against agreed savings targets) and assess the implications against the Council's Medium Term Financial Strategy (MTFS) and Reserves Strategy. The key headlines are:

- The overall position for Council services is a projected £1.8M underspend but after assessing slippage and transfers to reserves there is a potential overspend of £0.9M in 2015/16;
- After allowing for grant fall out (e.g. Better Care Fund) and other non-recurrent savings there is an underlying overspend of £2.3M that will materialise in 2016/17 without corrective action;
- In addition, the Government has confirmed that the Council will receive New Homes Bonus (NHB) of £5.6M in 2015/16 which will be transferred to strategic reserves in line with the reserves strategy (see Section 8);
- The position on agreed savings is 94.7% against target, amounting to an adverse variance of £0.9M across the People and Place directorates. Corrective action is required to address this shortfall;
- The potential impact of the monitoring position on the Council's MTFS is shown at Section 7;
- The potential impact of the monitoring position on the Council's Reserves position is shown at section 8 of this report; and
- 'In year' cuts to Public Health of just over £1.0M with the potential for an ongoing impact of £1.2M.

2. Recommendations

2.1 It is recommended that Cabinet:

- Request that Executive Directors/ Directors (where appropriate) bring back further reports on how their forecast overspends will be brought back into line with existing budgets and on a recurrent basis;
- Approve the write off of £1.109M of historic bad debts as shown at Section 6;
- Approve the budget virements at Appendix 1;
- Approve the transfer of £5.6M New Homes Bonus to strategic reserves;
- Note the potential impact of the June monitoring position on the Council's MTFS at Section 7; and

- Note the updated Revenue Reserves position as outlined at Section 8 and the intention to report a fully updated Reserves Strategy to Cabinet following the Chancellor's Autumn Statement in late November.

3. **Overall Position to the Quarter Ending June 2015**

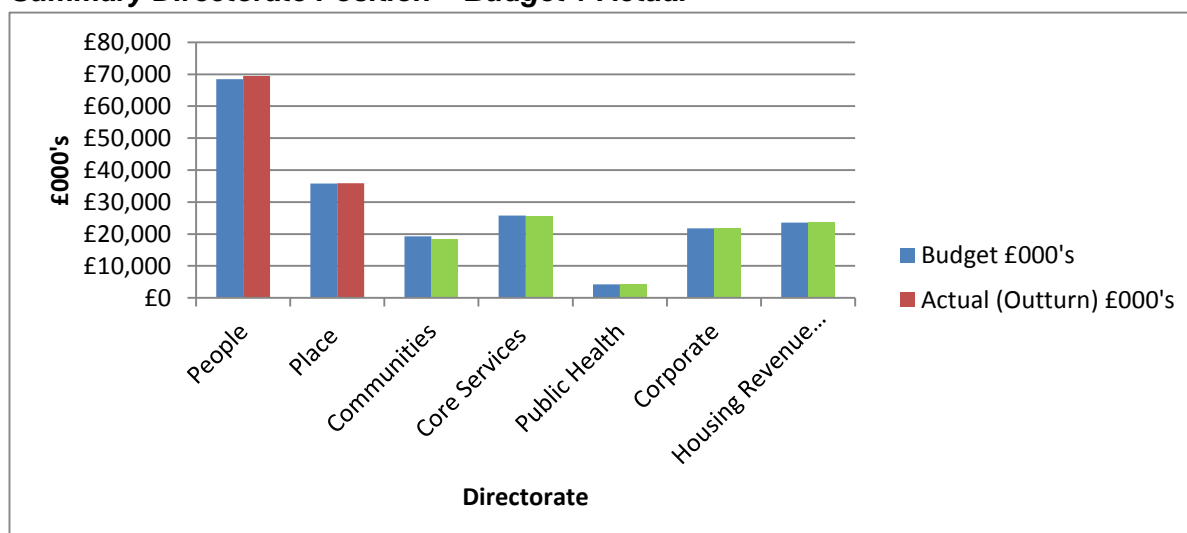
- 3.1 The table below provides the monitoring position for Directorates and Corporate budget items at the end of June broken down between the 'in year' position for 2015/16 (after allowing for earmarkings) and the FYE position taking into account one-off funding (e.g. Better Care Fund) and non-recurrent savings dropping out. There is a £0.9M projected overspend for 2015/16. The £2.3M projection in the final column of the table represents the underlying over-spend that the Council will incur in future years without corrective action by services.

DIRECTORATE	Approved Gross Expenditure Budget 2015/16 (after Virements) £'000	Approved Gross Income Budget 2015/16 £'000	Approved Net Budget 2015/16 £'000	Projected Net Outturn 2015/16 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (16/17) * £'000
People	264,570	(196,110)	68,460	69,460	1,000	-	1,000	1,800
Place	75,858	(40,140)	35,755	35,919	164	-	164	498
Communities	40,728	(21,456)	19,272	18,605	(667)	400	(267)	-
Public Health	11,558	(7,372)	4,186	1,936	(2,250)	2,250	-	-
Core Services	177,878	(152,155)	25,722	25,682	(40)	-	(40)	-
Service Totals	570,592	(417,197)	153,395	151,602	(1,793)	2,650	857	2,298
Corporate / General Items	30,675	(8,948)	21,727	16,127	(5,600)	5,600	-	-
Sub Total – Council	601,267	(426,145)	175,122	167,730	(7,393)	8,250	857	2,298
Housing Revenue Account	98,065	74,634	23,557	1,529	(22,028)	21,920	(108)	-

* reflects fall out of Better Care Fund and other non-recurrent Directorate savings

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

Summary Directorate Position – Budget v Actual



4. Delivery of 2015/16 Future Council Savings Proposals

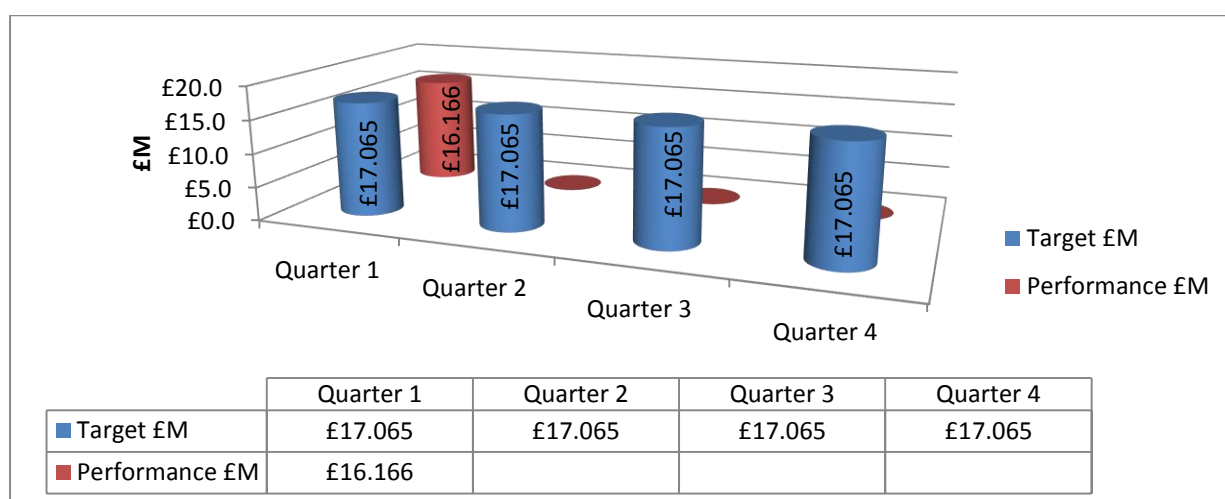
4.1 The Council's 2015/16 (and 2016/17) budget is dependent upon the delivery of its budgeted savings proposals. The 2015/16 approved budgeted savings total is £17.065m with directorates currently reporting 94.7% delivery against target at the end of the 1st quarter.

4.2 The overall adverse variance is £0.9M with the following significant items:

	Directorate	£m
Reduction in Mental Health Contract (SWYPFT)	People	0.200
Cease provision of medication checks in People's Homes	People	0.200
Various Waste & Recycling savings	Place	0.166
Travel Training	Place	0.125
Other 'Place' savings (net)	Place	0.208
Sub Total - 1st quarter monitoring position		0.899

4.3 The following chart shows the position on approved savings for front facing and core directorates.

Overall Position for Approved Savings – first quarter



5. Corporate Resources

5.1 The Council's major sources of discretionary income are Business Rates and Council Tax. The Council's financial health is therefore reliant upon the collection rates for Council Tax and NNDR. The following table shows the collection rates and the potential financial impact on the Council.

	Annual Target	Equivalent Financial Target	Quarter 1	Impact of Collection Rate	Variance
Council Tax	96.5%	£75.1M	95.9%	£74.6M	+£0.5M
NNDR (local share)	98.0%	£26.4M	98.0%	£26.4M	NIL

5.2 Current Council Tax collection rates are forecast to under-shoot the stretch target by around 0.6%. However, current collection rates are already higher than in 2014/15 and benchmark favourably both nationally and locally. Although the current collection

rate would allow the Council to meet its budget requirements, there is a potential to generate a further £0.5M if current collection rates can be improved/ increased in line with the stretch targets. This would increase the Council's Collection Fund surplus and thereby be available to support the MTFS.

- 5.3 Actions are currently in place to work towards this aspirational target including a new approach to managing the Council's debts introduced as part of Future Council.

6. Debt Management

- 6.1 Bearing in mind the economic climate, it has become more important than ever to manage the Council's debtors effectively. The current overall arrears position of the Council stands at £33.3M. This position is constantly changing as the debts move through the various stages of recovery and also as a result of the current uncertain economic climate. The current debt position includes some historic debt and it is therefore good financial management to provide for non-recovery of some of these debts. The current provision for bad debts stands at £11.8M against the pre 2015/16 arrears of £19.715M. The Director of Finance, Assets and Information Services is now seeking approval to write off some of the historic debt amounting to £1.1M which has become uneconomical to pursue. This is summarised in the table below:

Type of Debt	Pre 2015/16 Arrears as at 30 th June £M	2015/16 Arrears as at 30 th June £M	Total Arrears as at 30 th June £M	Bad Debt Provision * £M	Write Offs For Approval £
Council Tax	11.496	0.975	12.471	8.019	955,952
Business Rates	1.731	3.340	5.071	1.826	Nil
Trade Debt General Fund	6.263	9.261	15.524	1.752	146,324
Trade Debt HRA	0.225	0.010	0.235	0.176	7,145
TOTAL	19.715	13.586	33.301	11.773	1,109,421

* Provision against current year debt reviewed annually

7. Impact on MTFS

- 7.1 The MTFS has a balanced position for 2015-7 (based on delivering £28M of agreed savings) and a gap of £12.1M in 2017/18. This is subject to change particularly as a result of changes to Government funding projections. The Government has already announced 'in year' cuts to Public Health grant and whilst further details are awaited, it is anticipated that this will equate to a funding reduction in 2015/16 of in the region of £1.2M. The Chancellor's Emergency Budget on the 8th July did not provide any further detail to allow a more accurate update to the current medium term financial forecast. It is therefore intended that a meaningful update of the MTFS will be prepared and submitted into Cabinet following the 2015 Autumn Statement which is due to be released in late November.
- 7.2 The June monitoring position shows an under-spend of £1.8m for Council Services however, after requested earmarkings and transfers, the outturn position for 2015/16 is likely to be an over-spend of £0.9M. After allowing for the fallout of one off funding for the Better Care Fund of £0.8m and other non-recurrent savings in Directorates, the underlying overspend position is £2.3M which will need addressing with immediate effect.

	2015/16	2016/17	2017/18
Current MTFS	£0M	£0M	£12.1M
Underlying implications of June monitoring	£0.9M *	£2.3M	£2.3M
Revised MTFS position if uncorrected	£0.9M	£2.3M	£14.4M

* Position offset by Better Care Fund of £0.8m and other non-recurrent savings.

- 7.3 It is therefore crucial that corrective action is undertaken by Directorates and Business Units to ensure that future deficits are eliminated especially in light of further government cuts.

8. Impact on Council's Reserves Strategy

- 8.1 The position reported to Cabinet in December 2014 showed an unallocated revenue balance of £1.6M. This has increased by £2.3M to £3.9M as a result of the following:

- £1.3M transferred to strategic reserves during 2014/15 after the reserves strategy had been set (relating to lower than expected DRL costs);
- £0.5M transferred in at year end representing the 2014/15 under-spend; and
- £0.5M transferred in at year end following the reclassification of existing reserves (Insurance Fund).

- 8.2 Other 'known' changes to the Reserves Strategy are shown below and reflected in the following table:-

- The Council has received confirmation from Government that it will receive NHB of £5.6M in 2015/16;
- As mentioned, the Government has announced 'in year' cuts to Public Health grant. Further details are awaited but on a prudent basis, a £1.2M requirement is reflected in the adjustment to Strategic Reserves at this stage.

		2015/16
Original unallocated balance	£1.6M	
Changes post closedown (as above)	£2.3M	
Confirmation of 2015/16 NHB allocation	£5.6M	£9.5M
Less provision set aside for Public Health (15/16– 16/17)		-£2.4M
Revised Total		£7.1M

- 8.3 Whilst it is expected that Executive Directors/ Directors will take corrective action to manage any prospective overspends, the following table updates the impact on the Reserves position if these overspends do materialise over the next two years.

		2015/16
Revised Position above		£7.1M
2015/16 overspend if unaddressed	-£0.9M	
2016/17 overspend if unaddressed	-£2.3M	-£3.2M
Revised Total		£3.9M

- 8.4 There will be a more detailed review of the Council's Reserves Strategy after the Autumn Statement is released in late November 2015.

CONTENTS

SECTIONS

1. People – Executive Director's Report
2. Place – Executive Director's Report
3. Communities – Executive Director's Report
4. Public Health – Director's Report
5. Legal – Director's Report
6. Finance – Director's Report
7. Human Resources - Director's Report
8. Commentary on Corporate Budgets

APPENDICES

1. Directorate Virements
2. Overall Budget Monitoring position for the Council
3. Detailed budget variances for Directorates
4. Detailed position for agreed savings
5. HRA position

SECTION 1 - Executive Director's Statement For People

Executive Director's Statement

i. Overview

The latest 2015-16 approved budget envelope for the People Directorate is £68.5M and includes schools balances (£4M) brought forward from 2014/15.

Based on current projections, the Directorate is anticipating a net operational over-spend of £1.0M in the current financial year which will rise to **£1.8M** FYE when one off funding in 2015/16 drops out. The projected overspend is attributable to cost pressures across Adult Assessment & Care Management and Children Assessment & Care Management mainly relating to children in care costs. The key significant variances across the People Directorate are explained below.

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

DIRECTORATE	Approved Net Budget 2015/16 (after Virements) £'000	Projected Net Outturn 2015/16 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (16/17) * £'000
Education, Early start & Prevention	16,892	16,892	0	-	0	-
Adult Social Care & Health	31,964	31,964	0	-	0	800
Children Social Care & Safeguarding	19,604	20,604	1,000	-	1,000	1,000
Total - People	68,460	69,460	1,000	-	1,000	1800

*Reflects one off funding for the Better Care Fund dropping out at the end of 15/16

ii. Key Variances

Education, Early Start & Prevention (£0.0M)

No significant variations reported.

Adult Social Care & Health (£0.0M)

An 'in year' balanced budget position is currently projected for Adult Assessment & Care Management against an approved budget of £31.7M however the underlying position is an overspend of £0.8M when Better Care funding drops out at the end of 2015/16. The key challenges / financial risks faced by the Business Unit are outlined below:-

- Demographic pressures/ Unachieved Approved Savings (+£0.8M) - there has been a steady year on year rise in care costs consistent with the impact of an ageing population, which has been managed to date through a number of implemented actions plus additional health funding. The loss of this funding (now subsumed within the Better Care Fund), increasing numbers of children with complex needs transitioning into adults (Learning Disabilities) and adults with complex needs living longer are continuing to exert significant pressures on the adult care purchasing budgets. This position also reflects the potential shortfall in relation to the two

approved savings targets identified at section iii 'Approved Saving Position'.

- Better Care Fund (£0.0M) - there is an assumed risk (up to £0.9M) to the Council based on the financial risk share of the performance element (reduced hospital admissions) within the BCF plan. However, the latest indication (based on quarter 1 data) suggests there is no financial risk at this stage.
- Care Act Implementation (-£0.8M) - phase 1 of the Act takes effect from 1 April 2015 and places new duties / burdens on the authority, of which the key changes are; assessing and meeting the needs of carers; ensuring a minimum level of eligibility for care & support and a deferred payment scheme. Additional funding has been made available through specific grant funding and the Better Care Fund to meet additional costs in 2015/16 but will fall out in 2016/17 leaving an ongoing spending pressure in this business unit of £0.8M.

Children's Social Care & Safeguarding (£1.0M)

A net financial risk of £1M is projected for the Children Assessment and Care Management Business Unit mainly attributable to:-

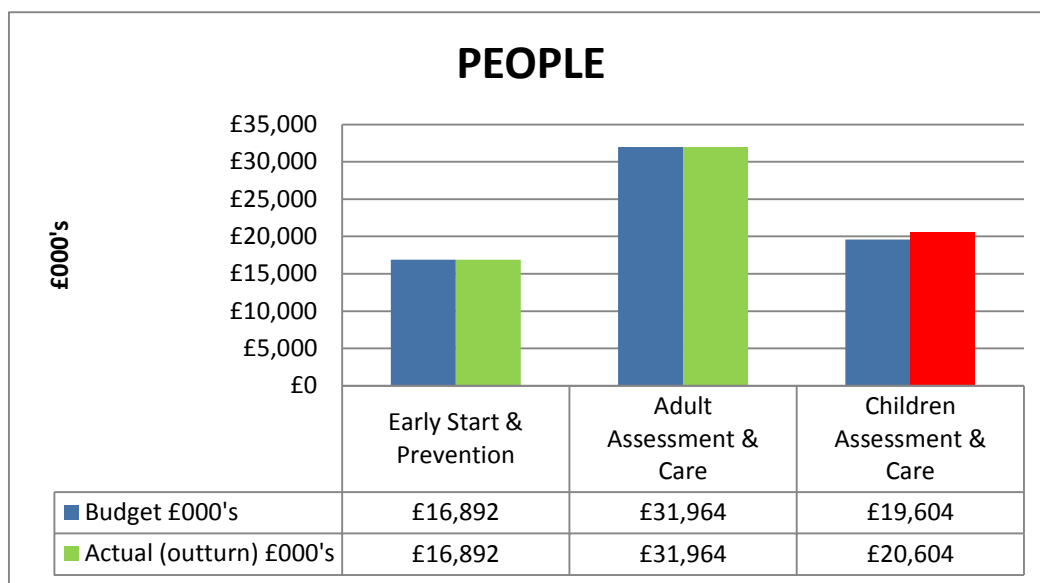
- Children in Care placement costs (£0.7m) - a financial pressure of £0.7M is currently anticipated arising from the non-achievement of the cost reduction target (£0.4M) built into the placement & sufficiency strategy together with demographic pressures of £0.3M. There has been a steady increase in admissions into care since last year (quarter 4), with the full year impact in 2015/16 a contributory factor to the reported overspend. The numbers of Looked After Children (LAC) increased to 257 at the end of May, with 48 new admissions into care in Q4 alone. Despite this increase Barnsley's rate of LAC is still much lower than national and statistical averages. The number of out of authority residential and fostering placements is significantly higher than allowed for in the strategy / plan. Equally, there is a significant change in the demographic / profile of the placements, with an increasing number of teenagers / adolescents, that are more costly and difficult to place with in-house foster carers.
- Care leavers / other children in care (£0.3M) - an overspend of £0.3M is currently projected relating to increased costs (including supported accommodation) for care leavers and other children in care costs such as legal / court fees.

Schools

The latest 2015-16 forecast surplus balances position for delegated schools budgets is £1.6M. This needs to be considered in the context of the £4.5M surplus position reported at year end 2014-15. This reported position includes a number of schools with approved deficit budgets that are being managed through agreed budget recovery plans with the schools concerned.

In respect of the centrally retained schools DSG budgets, there are a number of financial risks that are exerting pressure on the approved budgets including: increased demand on the contingency fund (redundancy costs); pupil growth fund (increase in school places); staff cover costs (maternity); high needs funding (increased no. of SEN pupils, demand for specialist places within the borough and 'out of authority' SEN placements). The 2014-15 DSG carry forward plus spend slippage on some DSG budgets should provide scope / flexibility for managing the above financial pressures.

Directorate Position – Budget v Actual



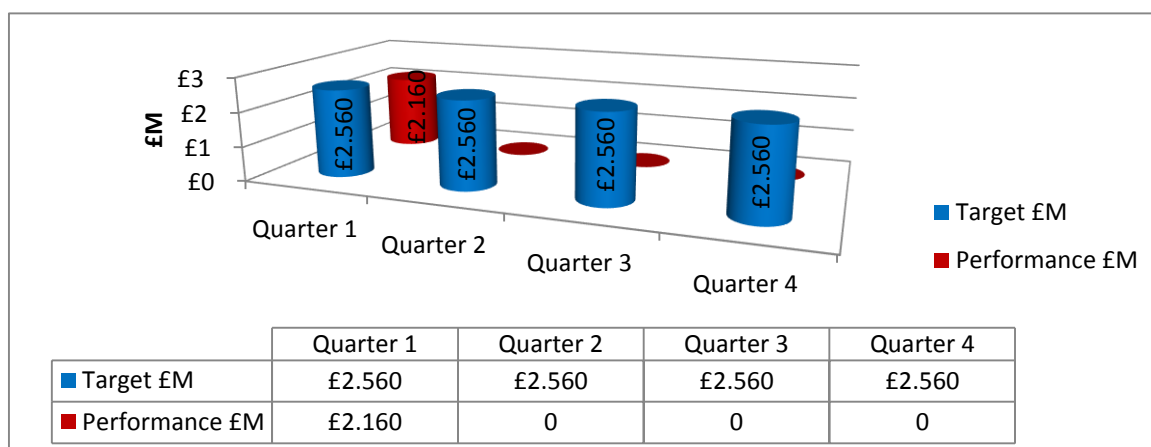
iii. Approved savings position

The total approved savings target for the People Directorate for 2015/16 is £2.560M and includes additional net investment of £0.450M (for the establishment of the Intensive Adolescent Support Service and Quality & Assurance capacity within the Safeguarding Unit).

Current projections indicate that all the savings are on target to be delivered, with the exception of the following savings where there is an identified risk of shortfall:

- Reduce Mental Health Contract with SWYPFT (£0.2M) - a risk of a £200k shortfall against a £500k target has been identified. The intention is to seek savings through a review and renegotiation of high cost residential care provision to ensure care packages are at the right scale and right cost;
- Cease provision of medication checks in people's homes (£0.2M) - Risk of non-achievement of the full £200k saving. The latest plan is to manage this risk within the Purchasing Budget. The service is currently examining how the new domiciliary care service procurement could instead achieve some savings in a proportion of care packages (however this will not be realised until 2016/17).

Forecast Efficiency – Performance v Target



iv. Corrective Actions

The following key actions will be taken by the Directorate to address the identified pressures:

Remedial actions have been put in place by Children's Social Care (CSC) Managers in response to the recent increase in placements and cost pressures, including:

- scrutiny of all children's care plans who are placed in 'out of authority' placements; scrutiny of all new admissions into care during Q4;
- a review of the delegated decision making and referral pathways for children coming into care and placement matching; and
- a concerted drive to recruit more foster carers specifically for adolescents, with refreshed targets set for 2015/16.

Demographic pressures within Adult Social Care are being managed through a combination of:-

- the effective embedding of the redesigned Adult Social Care target operating model (performance metrics in place to measure effectiveness / outcomes);
- other ongoing work / initiatives to manage down care costs such as the LD project (that focuses on the review of high cost placements); and
- transition planning and renegotiation / tendering of contracts (e.g. £54k annual savings achieved through the retendering of the LD respite contract with St Annes).

v. Future Outlook

The main risks for the remainder of the year and for future years relate to demand-driven pressures, particularly demographics in terms of increasing numbers of care placements (adults and children) and the care population in general. There will also be pressure to increase provider fees in light of the budget announcement to raise the minimum living wage. As mentioned the underlying shortfall for the Directorate to address is £1.8M when Better Care funding falls out in 2015/16.

The key significant saving for the People Directorate for 2016/17 relates to the reconfiguration of the early start / children centres, with a target savings of £2M. Phase 2 consultation has commenced as planned.

SECTION 2 - Executive Director's Statement For Place

Executive Director's Statement

i. Overview

The approved 2015/16 resource envelope for the Place Directorate totals £35.7M. The total forecast position as at the end of the first quarter is £35.9M resulting in a net over-spend of £0.2M. In addition, the forecast net overspend includes non-recurrent vacancy savings that means that the Directorate has an underlying FYE overspend of £0.5M.

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

DIRECTORATE	Approved Net Budget 2015/16 (after Virements) £'000	Projected Net Outturn 2015/16 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (16/17)* £'000
Economic Regeneration	2,946	2,946	-	-	-	25
Culture, Housing & Regulation	2,060	2,155	95	-	95	95
Environment & Transport	30,749	30,818	69	-	69	378
Total – Place	35,755	35,919	164	-	164	498
Housing Revenue Account	23,557	1,529	(22,028)	21,920	(108)	-

* reflects non-recurrent savings

ii. Key Variances

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

Economic Regeneration

This Business Unit is currently forecasting a breakeven position. The key variances are highlighted below:

- Building Control Income Shortfall £0.080M - during the first quarter fewer than anticipated applications for Building Control inspections have been received. The service has commenced a concerted marketing campaign to increase the number of applications being received. Activity will continue to be monitored closely throughout the year.
- Planning Fee Income (£0.025M). - Planning fees are also expected to under achieve income targets in 2015/16.
- Vacancy Management (-£0.105M) - the above shortfall in income is also as a result of delays in recruitment to positions under new Future Council structures, resulting in an underspend of £105k in employee costs. This position is however non-recurrent.

Culture, Housing & Regulation

This Business Unit is currently projecting an overspend of £0.095M as a consequence of challenges in the delivery of two efficiency proposals as highlighted below:-

- PLACE 13 Increased Income in Culture (£0.050M). The service has recently seen a loss in income on the 2014/15 position as a result of the Royal Hussar collection being removed at Cannon Hall (income loss of £16K). In addition, the service is also encountering difficulties in operating as a commercial entity mainly due to not being able to claim gift aid relief on contributions received. An action plan is currently being formulated.
- PLACE 18 Income from Local Energy Production (£0.045M). Following a full appraisal of the income generating initiatives to be progressed it has become clear that this saving will not be fully achieved in this financial year. A number of alternative proposals are currently being examined. Future reports will update on progress on these alternatives.

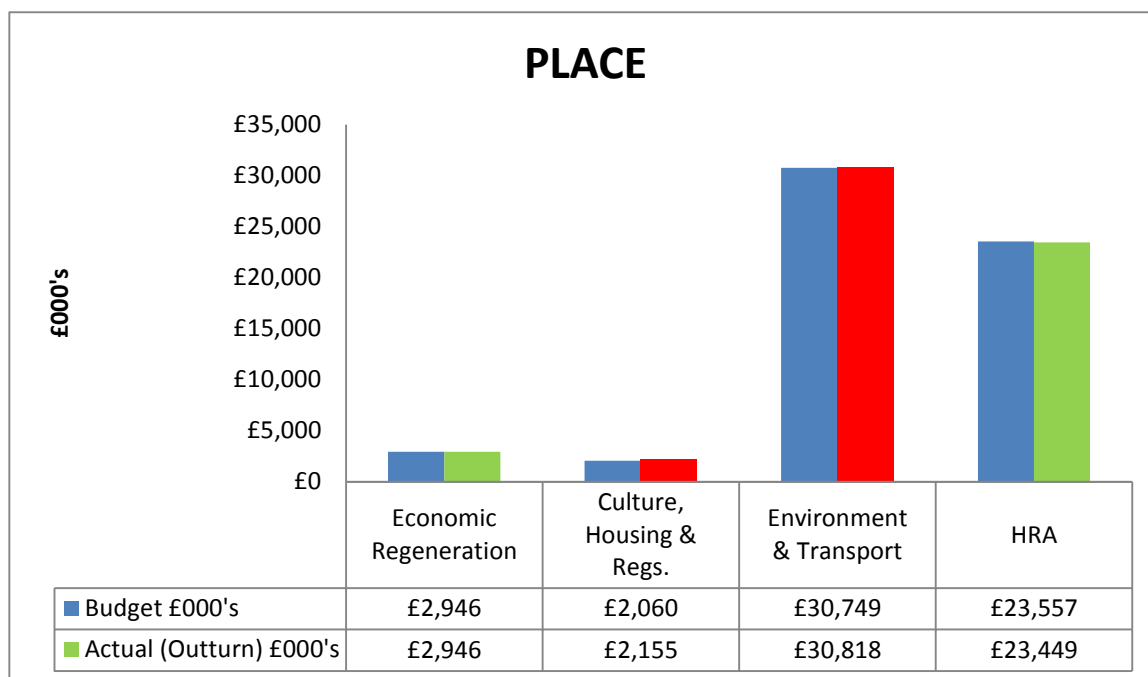
Environment & Transport

This Business Unit is currently projecting a minor overspend of £0.069M although there are a number of variances that make up this position. The key variances are highlighted below.

- PLACE 28 Travel Training (£0.125M) - this proposal aims to achieve total savings of £0.150M however, due to delays in consultation with key service recipients together with the difficulties experienced in implementing a proposal of this kind means that £0.125M will not be delivered this financial year.
- Various Savings (£0.454M) - There are 18 approved savings proposals that are projected to fall short of their 2015/16 targets. Full details are shown in Appendix 4 to this report however key areas include the inability to make the necessary saving on leasing costs (£0.050M) and delays in implementing the new strategy for non-core services within the Business Unit (£0.075M).
- PLACE 40 Reinstatement of 2014/15 Waste saving (-£0.100M) A service investment of £0.450M was made within the 2015/16 budget process to prevent issues that occurred in 2014/15 recurring again. However following a review only £0.350M is now required and therefore £0.100M will be used to offset 15/16 efficiency savings that are under delivering.
- PLACE 41 Car Parking Income (-£0.100M) This service investment was made as part of the 15/16 budget process to offset falling car parking income levels. However, due to changes in individuals' car parking habits this investment is no longer required.

The above 2015/16 savings deliverability issues are being mitigated in part by savings expected to be achieved as a result of delays experienced in the recruitment to the new Business Unit's Structure under Future Council (-£0.310M). However, this position is non-recurrent and as a result the Business Unit is currently exploring a number of alternative proposals to mitigate under-achievement. Future reports will update on progress in relation to this.

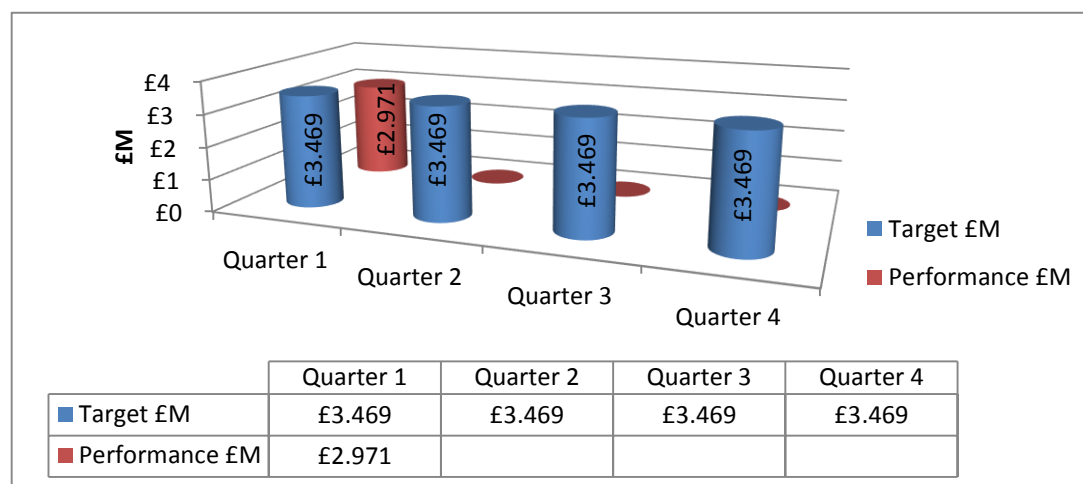
Directorate Position – Budget v Actual (FYE)



iii. Approved savings position

The 2015/16 budget reductions for the Directorate total £3.469M. The current position is that £0.498M is currently not on target to be delivered. Key variances are highlighted above. This position is mitigated in part this year by vacancy management and other minor underspends currently being achieved totaling £0.335M although this is non recurrent.

Forecast Efficiency – Performance v Target



Housing Revenue Account

The latest forecast outturn shows an improvement of £0.108M compared to the budget. The major variances are:-

- Increased income of £0.100M from dwellings rent due to reduced rent loss from void properties compared to budget;
- Increased Income from court fees recovered of £0.270M; and
- Offset by an unbudgeted cost for the 2015/16 Housing Ombudsman registration totalling £0.180M.

This underspend, if realised, will be available to support the 30 year Self Financing Business Plan.

iv. Corrective Action

As highlighted above a number of budget reduction proposals are not currently expected to deliver against their targets. However, to mitigate this a number of alternative proposals are currently being examined including:

- Commercial opportunities being explored across the Directorate including within the Crematorium and Neighbourhood Services.
- Trialling the use of an alternative sub-structure material within Highways construction.
- Contracts review for the hire of plant and machinery.

It should be noted that the above mitigations are at an early stage in their development and therefore future reports will update progress in relation to these proposals.

v. Future Outlook

In addition to the above the Directorate will see further budget reductions of £2.218M in 2016/17, some of which are based on two year proposals that are now reporting as under achieving in 2015/16. The Directorate is currently reviewing a number of alternative options to switch out those budget reduction proposals that will not be delivered. Although there has been some mitigation to date most of this is non-recurrent and will therefore need addressing moving forwards.

SECTION 3 - Executive Director's Statement For Communities

Executive Director's Statement

i. Overview

The total net budget for the Directorate is £19.3M. Total forecast net expenditure is £18.6M, resulting in a forecast under spend before earmarkings of £0.7M. Of this sum £0.4M is proposed for earmarking resulting in an operational under spend for the year of -£0.3M. This year end forecast is based on non-recurrent savings therefore the underlying FYE position for the Directorate is break-even.

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

DIRECTORATE	Approved Net Budget 2015/16 (after Virements)	Projected Net Outturn 2015/16	Forecast Deficit / Surplus (-)	Adjustment for Slippage & Transfer to reserves	Operational Deficit / Surplus (-)	FYE (16/17) *
	£'000	£'000	£'000	£'000	£'000	£'000
Customer Services	10,378	10,283	(95)	-	(95)	-
Safer, Stronger, Healthier	8,894	8,322	(572)	400	(172)	-
Total – Communities	19,272	18,605	(667)	400	(267)	-

*Reflects non re-current savings

ii. Key Variances

Customer Services

Customer Services is currently projecting an underspend of -£0.095M as follows:-

- Customer Services Management (£0.095M) – This underspend is largely associated with a 2016/17 saving delivered in advance. This to some degree in the current financial year may well be used to support the ongoing implementation of the Customer Service Organisation (CSO) project.

Safer, Stronger & Healthier Communities

The Business Unit is currently projecting an underspend of -£0.172M after earmarkings as follows:-

- Safer, Stronger and Healthier Communities (-£0.084M) – This underspend is associated with part year vacancies resulting from the time taken to fully recruit to all the positions in the newly formed structure under Future Council. This is a non-recurrent under spend.
- Volunteering and Engagement (-£0.110M) – This underspend represents an over achievement of savings against the Advocacy/Prevention savings target of £0.070M, which will be used to contribute towards the savings targets for the Business Unit in 2016/17; and a one off underspend of -£0.040M relating to a prior year adjustment.
- Think Family (0.000M) – This position reflects the longer term nature of the programme and funding which is linked to a multiyear financial forecast and for which any unutilised resources (currently forecast £0.4M) will be earmarked and carried forward into future financial years for the ongoing delivery of the Think Family programme.

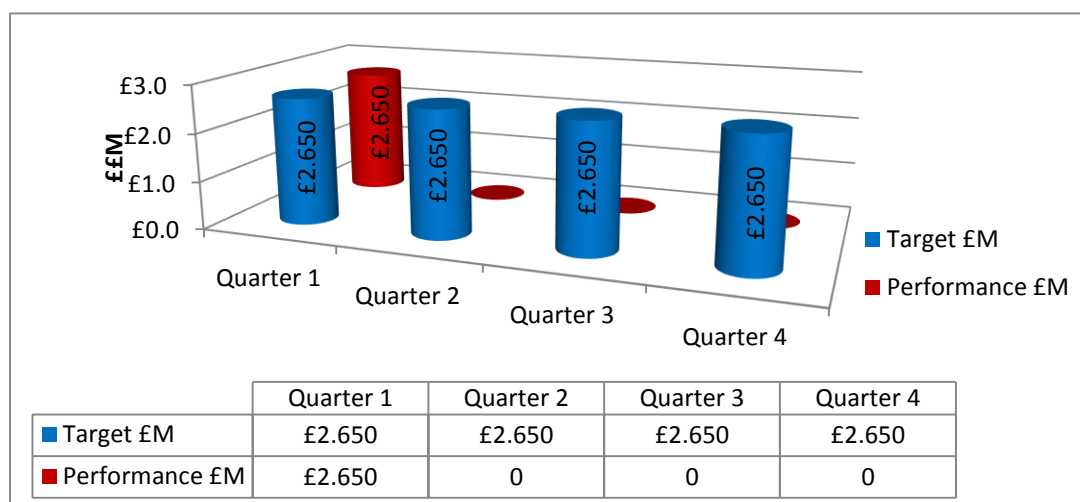
Directorate Position – Budget v Actual (FYE)



iii. Approved Savings

The Directorate has total approved savings of £2.650M to deliver in 2015/16. These have all been delivered in full.

Forecast Efficiency – Performance v Target



iv. Corrective Action

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

The Directorate is currently reviewing progress against the savings target position for 2016/17 to consider the level of risk in relation to the schemes referenced above and to consider how they will balance within the resource envelope available.

v. Future Outlook

There are no adverse issues within the Directorate that will impact on the future year financial position. None of the under spends highlighted above will be recurrent in future financial years as they are either one off in nature or represent existing saving targets.

There is an expectation that the 2016/17 approved savings will be delivered, however a number of schemes are still being worked through and have some risks associated with them:-

- Further Contract Review Savings £0.375M – the specific details of how this saving will be delivered is still being considered by the service.
- Independent Living at Home (ILAH) Trading Surplus £0.200M – the ILAH company is in its first year of trading and the extent to which a significant surplus can be delivered will be dependent upon the level of sales and new customers generated throughout this and the following year. Detailed monitoring will be undertaken throughout the year and revised positions reported in subsequent reports.

SECTION 4 - Executive Director's Statement For Public Health

Executive Director's Statement

i. Overview

The total net budget for the Directorate is £4.2M, which represents the carry forward balance from 2015/16 with the main Public Health spend being net nil, fully funded from Public Health grant. Total forecast net expenditure is £1.9M resulting in a net forecast under spend before earmarkings of £2.250M. This amount will be proposed for earmarking as it is fully committed against future year requirements, resulting in an operational balanced position for the year.

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

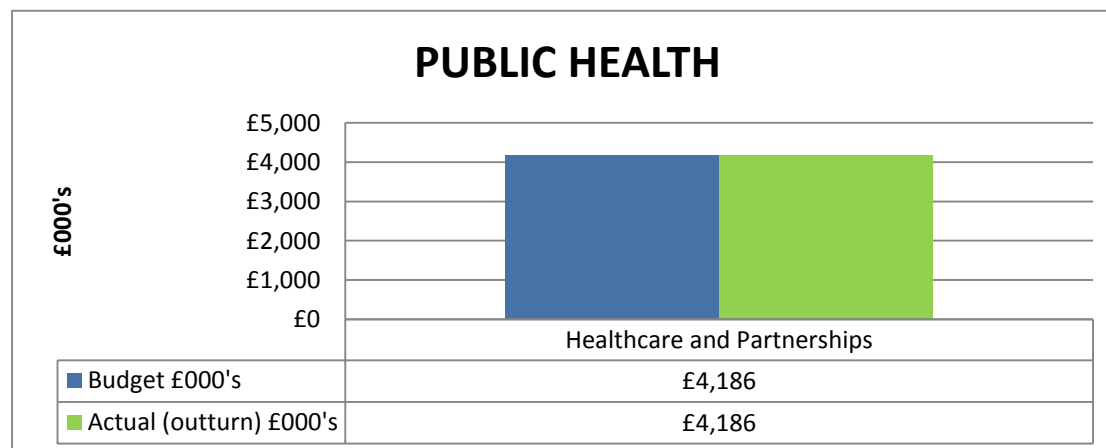
DIRECTORATE	Approved Net Budget 2015/16 (after Virements) £'000	Projected Net Outturn 2015/16 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (16/17) £'000
Healthcare & Partnerships	4,186	(1,936)	(2,250)	2,250	-	-
	4,186	(1,936)	(2,250)	2,250	-	-

ii. Key Variances

As set out above there is a forecast under spend of £2.250M for the current year, however this is a planned under spend as part of the Public Health 4 year plan and is required to be carried forward into future years to meet existing spend commitments.

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

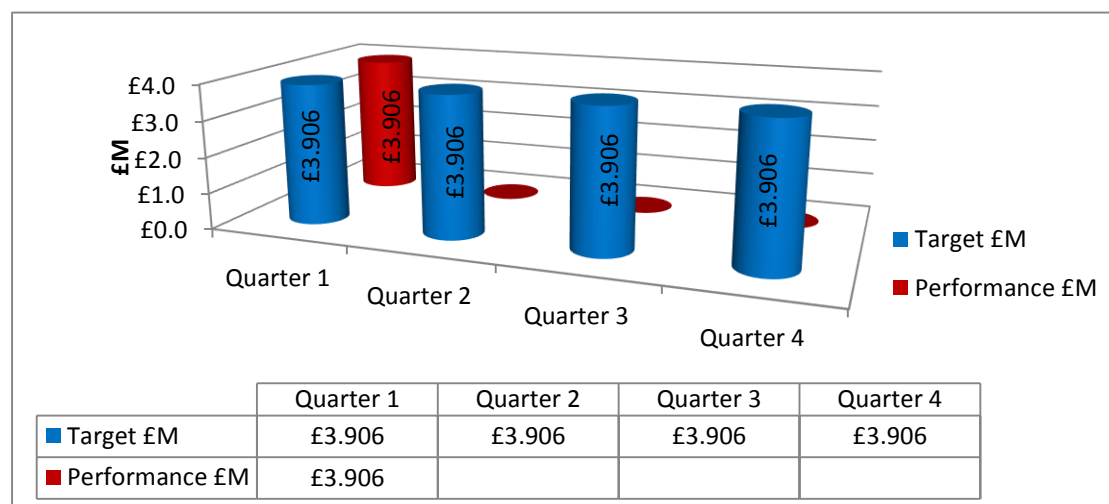
Directorate Position – Budget v Actual



iii. Approved Savings

The Directorate has total approved savings of £3.906M to deliver in 2015/16. These have all been delivered in full.

Forecast Efficiency – Performance v Target



iv. Corrective Action

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

v. Future Outlook

The current 4 year plan has a funding gap of £0.295M in 2017/18 rising to £1.218M in 2018/19 based on current funding and expenditure levels. The service is fully aware of the gap and is considering how this might be addressed across all service areas funded through Public Health grant.

In addition, the Government recently announced a national Public Health funding reduction of £200M and provided indicative projections for Barnsley of an ongoing cut of upto £1.2M pa. Although the Government are still consulting on the cut, the indicative amounts have been reflected in the updated reserves position.

SECTION 5 - Director's Statement For Legal and Governance

Director's Statement

i. Overview

The total net budget for the Directorate is £3.2M. Total forecast net expenditure is £3.2M resulting in a forecast balanced position for the year.

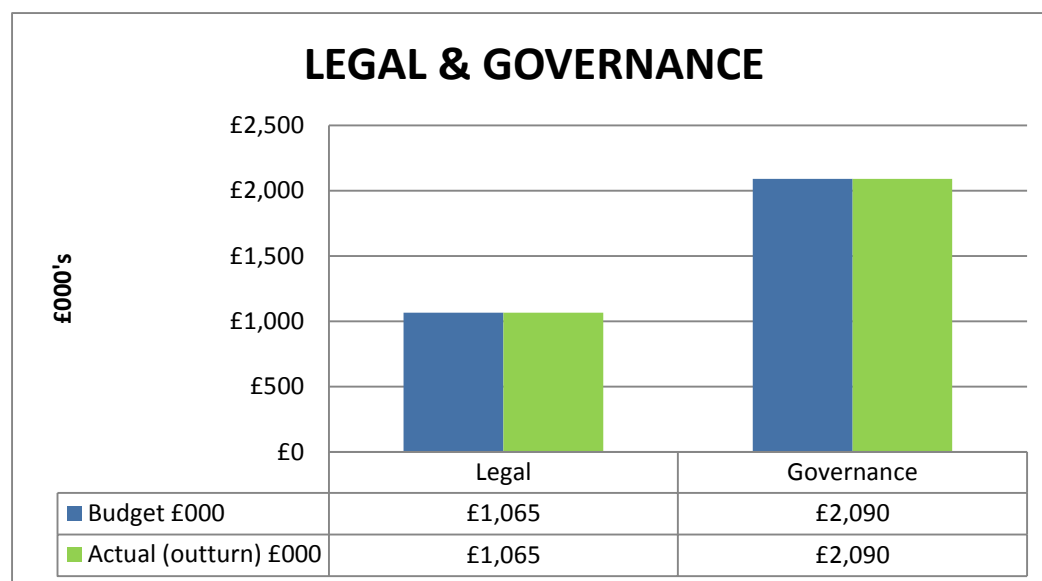
Quarter 1 Position to the end of the quarter ending June 2015

DIRECTORATE	Approved Net Budget 2015/16 (after Virements) £'000	Projected Net Outturn 2015/16 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (16/17) £'000
Legal Services	1,065	1,065	-	-	-	-
Council Governance	2,090	2,090	-	-	-	-
Total – Legal	3,155	3,155	-	-	-	-

ii. Key Variances

There are no major variances expected across the Directorate at this point in time.

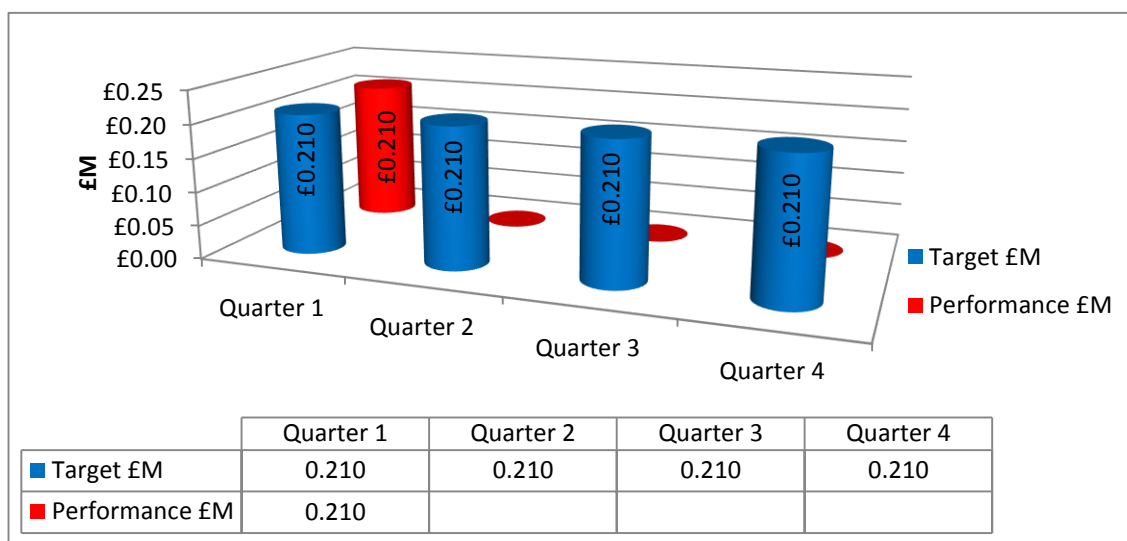
Directorate Position – Budget v Actual



iii. Approved Savings

The Directorate has total approved savings of £0.210M to deliver in 2015/16. This saving is on currently on target to deliver in full though is dependent on current forecast income levels being maintained.

Forecast Efficiency – Performance v Target



iv. Corrective Action

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

v. Future Outlook

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

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

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

Director's Statement

i. Overview

The total net budget for the Directorate is £16.202M. Total forecast net expenditure is £16.162M resulting in a minor forecast under spend of £0.040M for the year. This is non-recurrent so the FYE position for the Directorate is break-even.

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

DIRECTORATE	Approved Net Budget 2015/16 (after Virements) £'000	Projected Net Outturn 2015/16 £'000	Forecast Deficit / Surplus (-) £'000	Adjustmen t for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (16/17) * £'000
Assets	3,541	3,541	-	-	-	-
Information Technology	8,305	8,305	-	-	-	-
Finance	4,021	4,021	-	-	-	-
Procurement	335	295	(40)	-	(40)	-
Total – Finance	16,202	16,162	(40)	-	(40)	

*Reflects non re-current savings

ii. Key Variances

There are no major variances expected across the Directorate at this point in time. The minor under spend of £0.040M is in relation to delays in recruitment to posts within the Commissioning, Procurement and Contract Management section.

A significant change this year has been the transfer of Tuscan Connects Limited (TCL) back into the Council. This company provided IT services to the Council under contract but from July, the staff TUPE'd back into the Council and the services will be delivered in house. IT services traded to schools will be traded through the BMBC Services Limited Local Authority Trading Company under the brand of 'Code Green'.

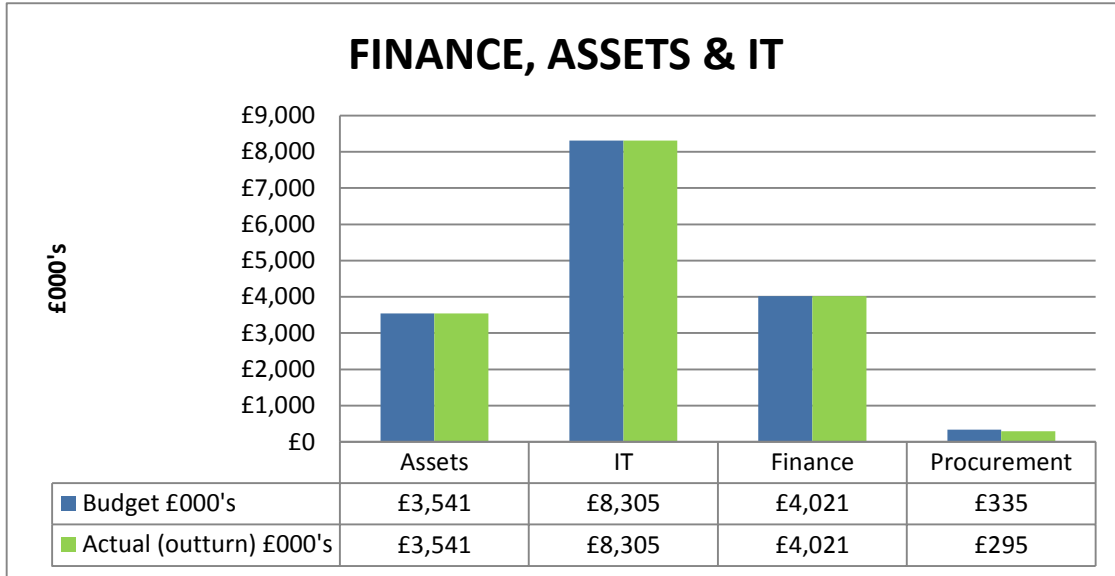
In addition to IT services being traded through BMBC Services Limited, Financial Services are also trading services to schools and other organisations through this company.

Both services are currently forecasting small profits through the company for 2015/16 as follows:

- Code Green (IT Services) £78,000
- Financial Services £19,000

This profit is not currently factored into the Directorate Outturn position. Detailed financial forecast reports will be presented to the Company Board throughout the year.

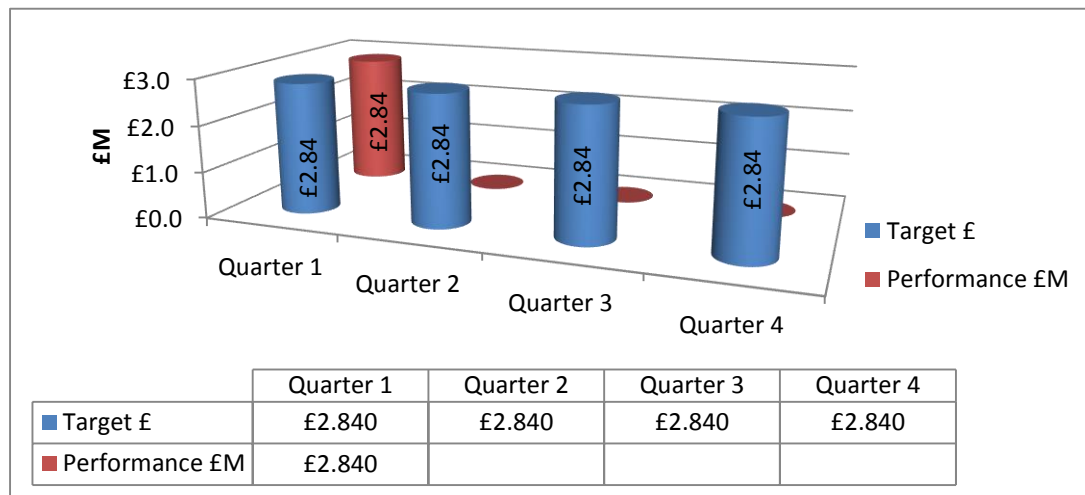
Directorate Position – Budget v Actual



iii. Approved Savings

The Directorate had total approved savings of £2.840M to deliver in 2015/16. These have either all been delivered in full or are on target to be delivered by the end of 2015/16.

Forecast Efficiency – Performance v Target



iv. Corrective Action

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

The Directorate is currently reviewing progress against the approved savings target position for 2016/17 to ensure delivery against target.

v. Future Outlook

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

There are significant further savings to be delivered in 2016/17 totalling £2.745M. It is currently expected that these will be delivered.

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

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

Director's Statement

i. Overview

The total net budget for the Directorate is £6.3M. Total forecast net expenditure is £6.3M resulting in a forecast balanced position for the year.

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

DIRECTORATE	Approved Net Budget 2015/16 (after Virements) £'000	Projected Net Outturn 2015/16 £'000	Forecast Deficit / Surplus (-) £'000	Adjustment for Slippage & Transfer to reserves £'000	Operational Deficit / Surplus (-) £'000	FYE (16/17) £'000
Human Resources	3,191	3,191	-	-	-	-
Performance	2,633	2,633	-	-	-	-
Communications	542	542	-	-	-	-
Total - HR	6,366	6,366	-	-	-	-

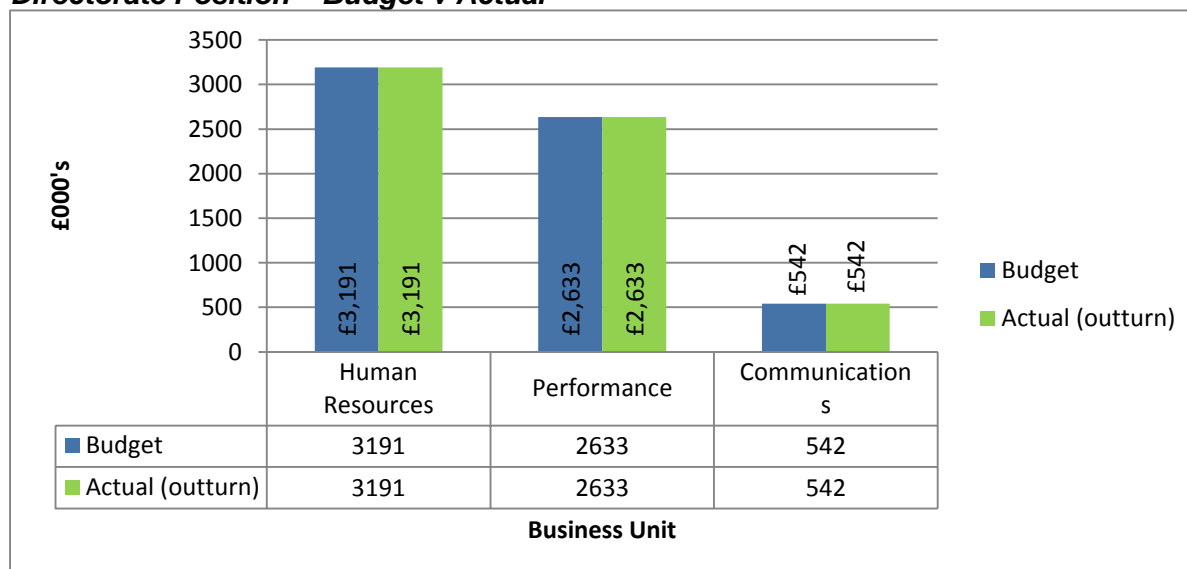
ii. Key Variances

There are no major variances expected across the Directorate at this point in time.

Human Resources are trading services to schools and other organisations through the BMBC Services Limited Local Authority Trading Company. They are currently forecasting a small profit for 2015/16 of £9,700 and are seeking to grow the business where possible throughout the year. This profit is not currently factored into the above outturn.

Detailed financial forecast reports will be presented to the Company Board throughout the year

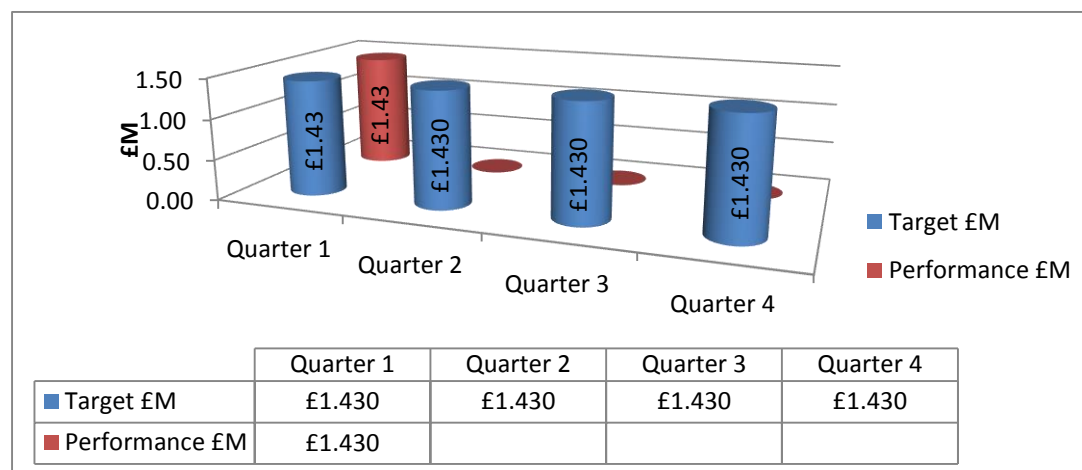
Directorate Position – Budget v Actual



iii. Approved Savings

The Directorate had total approved savings of £1.430M to deliver in 2015/16. These have all been delivered in full.

Forecast Efficiency – Performance v Target



iii. Corrective Action

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

iv. Future Outlook

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

There is an expectation that the 2016/17 approved savings will be delivered in full.

SECTION 8 - Commentary on Corporate/ Authority Wide Budgets

i. Overview

The total net budget for Corporate items is £21.7m broken down as follows:-

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

BUDGET	Approved Net Budget 2015/16 (after Virements)	Projected Net Outturn 2015/16	Forecast Deficit / Surplus (-)	Adjustment for Slippage, Grant balances & Transfer to reserves £'000	Operational Deficit / Surplus (-)	FYE (16/17)
	£'000	£'000	£'000		£'000	£'000
Capital Financing	24,658	24,658	-	-	-	-
CDC	766	766	-	-	-	-
Levies	631	631	-	-	-	-
Corporate Items	(2,756)	(2,756)	-	-	-	-
Provisions	23,374	23,374	-	-	-	-
Contributions from Balances	(24,945)	(30,545)	(5,600)	5,600	-	-
Total – Corporate Budgets	21,727	16,127	(5,600)	5,600	-	-

ii. Key Variances

Capital Financing

It is currently forecast that the Capital Financing outturn will be a balanced position against budget. Extensive work is currently being undertaken to identify savings within the budget for 2015/16 and future years. This will be a combination of identifying savings from:

- Ongoing treasury management activity in relation to reducing capital financing costs by taking advantage of record low interest rate levels and maximising returns. However, a note of caution should be made around the ability of the Council to make the level of savings that have been achieved in previous years bearing in mind interest rates are likely to rise in the near future; and
- More in-depth reviews specifically in relation to refinancing debt relating to the BSF schools scheme and a review of the way the Council pays off its loans (via the Minimum Revenue Provision).

Other One-off Corporate Items & Grants

The Council set its 2015/16 budget including a contribution of £4.5M to reserves to reflect the anticipated over delivery of savings in 2015/16. This has been set aside to offset any prospective budget issues in 2015/16 and 2016/17 and where these do not materialise, can therefore be used to improve the Authority's reserves position.

The Government have also announced details for the award of New Homes Bonus of £5.6m for 2015/16. This will be transferred to strategic reserves. An updated reserves position is shown in the Overview Report and a more detailed review of the Reserves strategy will be submitted after the Autumn Statement has been released.

Bad Debts Strategy

The Financial Services Business Unit has brought together the Council's debt recovery functions with a view to fundamentally re-designing the way the Authority approaches debt recovery. The consolidated debt recovery service includes Council Tax, Business Rates, Housing Benefit Overpayments and Trade Debt.

To ensure the Council adopts a more strategic and commercial approach to collecting and recovering its debts the following actions are being taken:

- Contacting customers early (prior to formal reminders) by phone or automated text messages to improve collection rates and reduce the likelihood of people falling into arrears / the formal debt process;
- Creation and distribution of a debt video that is due to be sent to all our customers;
- Channel shift / targeted campaigns to encourage Direct Debit take up;
- A more detailed review of absconders, using our partner agencies to enrich our data;
- Analysis of the debt portfolio and the debtors propensity to pay;
- Segmenting the debt by customer;
- Review of our write off processes;
- Improved contact strategy to be bring practices more in line with commercial enforcement agencies e.g. increasing the number of ways of making initial customer contact (primarily by telephone, letter and visits) and exploring the potential for committal and charging orders; and
- Refined processes within the court process to improve the customer journey and ensure arrangements and attachments are made to further improve collection.

The current overall debt position of the Council stands at £33.3M. This position is constantly moving as the debts move through the various stages of recovery and in light of the uncertain economic situation. The current debt position includes some historic debt and it is therefore good financial management to provide for non-recovery of some of these debts. The current provision for bad debts stands at £11.8M. The Director of Finance, Assets and Information Services is now seeking approval to write off some of the historic debt which has become uneconomical to pursue. This is summarised in the table below.

Type of Debt	Pre 2015/16 Arrears as at 30 th June £M	2015/16 Arrears as at 30 th June £M	Total Arrears as at 30 th June £M	Bad Debt Provision * £M	Write Offs For Approval £
Council Tax	11.496	0.975	12.471	8.019	955,952
Business Rates	1.731	3.340	5.071	1.826	Nil
Trade Debt General Fund	6.263	9.261	15.524	1.752	146,324
Trade Debt HRA	0.225	0.010	0.235	0.176	7,145
TOTAL	19.715	13.586	33.301	11.773	1,109,421

* provision reviewed annually

iii. Corrective Action

The reserves strategy will be reviewed when the Autumn Statement has been released in late November.

iv. Future Outlook

The balances and reserves position will be impacted by the changes to the revenue monitoring position and an updated position will be reported to Cabinet following the Autumn Statement.