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MEETING:	Full Council
DATE:	Thursday, 25 February 2016
TIME:	10.30 am
VENUE:	Council Chamber, Barnsley Town Hall

AGENDA

1. Declarations of Personal Interests

To receive any declarations of interest of a personal nature from Members in respect of the items on this agenda.

2. Suspension of Standing Orders

To consider suspending Standing Order No 13(5) in respect of the consideration of the Budget insofar as it relates to restrictions on Members speaking more than once.

Cabinet Recommendations to Council

Note: In accordance with the requirements of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, a recorded vote will be required to be taken in relation to Items 3(A) and (B) below.

To consider the following recommendations of the Cabinet Meeting held on the 10th February, 2016. The Cabinet Spokesperson with the Portfolio for the services in question will respond to any comments or amendments concerning these minutes.

3. Service and Financial Planning 2016/17 - Revenue Budget, Capital Programme and Council Tax (Cab.10.2.2016/10) *(Pages 5 - 86)*

(A) <u>Budget Proposals 2016/17</u>

RECOMMENDED TO COUNCIL

(i) that the budget proposals for all services in 2016/17, as detailed in Sections 4 and 5 of the report of the Director of Finance, Assets and Information Services now submitted, be approved;

(ii) that the following specific items incorporated within Section 2i of the report (Medium Term Financial Forecast) including for 2016/17 be noted:-

(a) Provision for an average 1.2% pay award in 2016/17;

(b) Provision for inflation in relation to external providers;

(c) An adjustment of £500,000 to reflect the provision required for the anticipated revenue costs of existing and new borrowing;

(d) The savings previously agreed as part of the 2 year Plan (minute 148 of Council on 26th February 2015).

(iii) that the total additional funded 2016/17 capital investment of £3.348m

(£9.099m is already approved) as outlined at Section 6 of the report be included within the capital programme and funding be released subject to further detailed reports on the proposals for its use;

(iv) that the detailed proposals for increases in fees and charges as set out in Section 7 of the report be agreed;

(v) that the position on Reserves, Provisions and Balances as set out in Section 9 of the report be noted and the proposal to use £5m of available resources to increase the Minimum Working Balance to £15m be agreed, and the remaining £10m be earmarked for future pressures/investments;

(vi) that the report of the Director of Finance, Assets and Information Services, under Section 25 of the Local Government Act 2003, at Section 1 of the report be noted and the 2016/17 budget proposals be agreed on the basis that the Chief Executive, in liaison with the Director of Finance, Assets and Information Services and in consultation with the Senior Management Team (SMT), submits for early consideration a four year revenue and capital plan from the ongoing activity in order that the potential budget gaps in 2017/18 and the longer term be closed;

(vii) that the Council be recommended to approve cash limited budgets for each service with overall net expenditure for 2016/17 of £168.282m (see Section 4);

(viii) that the Budget Overview report (Section 2) and forecast budget positions for 2016/17 to 2020/21 contained in Section 2i of the report (Medium Term Financial Forecast) be noted and monitored as part of the arrangements for the delivery of the Future Council;

(ix) that the Director of Finance, Assets and Information Services, in liaison with the Chief Executive and SMT as appropriate, be required to submit reports into Cabinet, as a matter of urgency, in relation to the detailed General Fund Revenue Budget for 2016/17, including recommendations on any action further to that set out above required to achieve an appropriately balanced budget for that financial year;

(x) that the Chief Executive, Director of Finance, Assets and Information Services and SMT be responsible for managing within their respective budgets including ensuring the implementation of savings proposals;

(xi) that the Authority's Senior Management Team be charged with ensuring that the budget remains in balance and report regularly into Cabinet on budget/savings monitoring including any action required;

(xii) that the Cabinet be authorised to make any necessary technical adjustments to form the 2016/17 budget;

(xiii) that appropriate consultation on the agreed budget proposals takes place with the Trade Unions and representatives of Non Domestic Ratepayers and that the views of consultees be considered by Cabinet and the Council; and

(xiv) that the budget papers be submitted for the consideration of the whole Council.

(B) <u>Council Tax 2015/16</u>

RECOMMENDED TO COUNCIL

(i) that the contents of Section 8 of the report (2016/17 Council Tax calculation) of the Director of Finance, Assets and Information Services now submitted, be noted;

(ii) that the Council Tax Collection Fund net surplus as at 31st March 2015 relating to BMBC of £1.615M be used to reduce the 2016/17 Council Tax requirement, in line with statute;

(iii) that the 2016/17 Band D Council Tax increase for Barnsley MBC's services be set at 3.9% (1.9% for Barnsley MBC services and an additional 2% for the Chancellor's Adult Social Care levy);

(iv) that the Band D Council Tax for Barnsley MBC's areas be determined following confirmation of the South Yorkshire Police Authority and South Yorkshire Fire Authority precepts for 2016/17; and

(v) that the Band D Council Tax for areas of the Borough with Parish/Town Councils be determined following confirmation of individual parish precepts for 2016/17.

Note: with regard to recommendations (iv) and (v) of item 3(B) above, the precepts for the Police and Crime Commissioner for the South Yorkshire Police area, the South Yorkshire Fire Authority and for Parish/Town Councils will be circulated as soon as they are received.

4. 2016/17 Treasury Management Policy and Strategy Statement (Cab.10.2.2016/12) *(Pages 87 - 136)*

RECOMMENDED TO COUNCIL

(i) that the main treasury management policies, as outlined in the Treasury Policy Statement (Annex A of the report now submitted), be noted;

(ii) that the attached Treasury Management Strategy Statement for 2016/17 (Annex B of the report) be approved, including:-

a) The revised Minimum Revenue Provision (MPR) Statement at Appendix E, and

b) The Annual Investment Strategy for 2016/17.

5. Prudential Indicators 2016/17 (Cab.10.2.2016/13) *(Pages 137 - 150)*

RECOMMENDED TO COUNCIL

(i) that approval be given to the Prudential Indicators, set out at Appendix B of the report now submitted, for the financial year 2016/17 to 2018/19; and

(ii) that further monitoring reports be submitted on the indicators during the year as necessary.

6. Redundancy Compensation and Procedures 2016/17 (Cab.10.2.2016/11) *(Pages 151 - 154)*

RECOMMENDED TO COUNCIL

(i) that for the purpose of the 2016/2017 budgetary procedures, payments in accordance with the Discretionary Compensation Regulations 2006 be up to a maximum of 30 weeks actual pay based on the Statutory Redundancy Scheme; and

(ii) that any employee (excluding Teachers) declared redundant be afforded the maximum of 12 weeks notice of termination of employment.

Report for Decision

7. Sheffield City Region Devolution Agreement - Ratification of the Proposal *(Pages 155 - 196)*

The Council will consider a report of the Chief Executive seeking approval of the Sheffield City Region 'SCR' Devolution Agreement and detailing the proposed terms of the agreement and the implications thereof.

Diana Terris
Chief Executive

Wednesday, 17 February 2016

BARNSLEY
Metropolitan Borough Council

MEETING:	Cabinet
DATE:	Wednesday, 10 February 2016

2016/17 SERVICE AND FINANCIAL PLANNING

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MAIN BUDGET PAPERS

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2016/17 SERVICE AND FINANCIAL PLANNING

LOCAL GOVERNMENT ACT 2003, SECTION 25 REPORT ON THE 2016/2017 BUDGET PROPOSALS

1. **Purpose of the Report**

1.1 To provide, in accordance with the requirements of Section 25 of the Local Government Act 2003, advice from the Authority's Chief Finance Officer (CFO) on aspects of the 2016/17 Budget Proposals.

2. **Background**

2.1 Part 2 of the Local Government Act 2003 contains a series of duties and powers that give statutory support to aspects of good Financial Management within Local Government.

2.2 Section 25 requires the CFO to report to an Authority, when it is making its decision on determining the council tax, providing advice on the following issues:

- The robustness of the estimates included in the budget
- The adequacy of the reserves the budget will provide

2.3 The CIPFA Prudential Code also requires consideration to be given to the affordability and prudence of capital investment, given its impact on the revenue budget.

3. **Advice of the Chief Finance Officer**

3.1 This report is based on the Budget Recommendations as set out in **Section 3** of the 2016/17 Budget documentation.

Robustness of the Estimates

3.2 As Members are aware, the setting of the 2016/17 Revenue and Capital budgets is the final stage of the Future Council two year plan that was agreed last year. As part of this process consideration has been given to various pressures and key priorities for inclusion within those budgets.

3.3 Given the difficult financial environment facing Local Government the emphasis has been given to ensuring that any risks associated with the budget have been clearly identified to ensure that properly informed and prioritised decisions are made.

3.4 Members have also been made aware throughout this year's process that there are significantly greater risks in relation to overall funding levels, given the Business Rates Retention system and the local Council Tax discount scheme.

3.5 This assessment therefore reflects this changing financial environment in addition to the specific proposals contained within the budget.

3.6 In terms of expenditure estimates of a general nature, which are included in the proposed budget, I would offer the following comments:

(i) ***Pay Inflation Assumptions***

A provision for the pay award currently being considered of 1.2% has been included within the budget, and a 1% increase in future years taking account of the Government's general position on public sector pay. Further consideration may need to be given to this provision if that position changes.

(ii) ***Interest Rate Assumptions***

A prudent view of interest rates has been taken in constructing estimates for interest charges in 2016/17 and future years. Whilst these estimates are considered to be adequate at this point in time, interest rates will inevitably rise at some future point and therefore Capital Financing operations will need to continue to be monitored closely throughout the year by the established Treasury Management Panel, to facilitate timely action designed to optimise the Authority’s position.

3.7 In relation to the income estimates that form the proposed budget, I would offer the following comments:

(i) ***Council Tax Income Assumptions***

The estimates for Council Tax Income are based on a collection rate of 95%. This remains at the same level as last year and reflects the anticipated ongoing impact of the revised local Council Tax Discount scheme. Although at this stage I have no reason to believe that this is not a robust assumption, given the changes, the position will need to be closely monitored during the course of the year.

(ii) ***Business Rates Income Assumptions***

Under the current Business Rate Retention scheme, Barnsley retains 50% of the total income collected. Clearly there is the potential for volatility around this income source, in relation to the overall level of businesses in the Borough and also in relation to any appeals that are already within the ‘system’ that will fall to the Council to fund. At this stage the expected income of £25.4M included within the budget is, I believe, based on prudent assumptions, however the position will need to be closely monitored during the course of the year.

Other Potential Pressures

3.8 Members have also be made aware as part of the service and financial planning process that there are a number of potentially significant pressures during 2016/17 that are not reflected in the current budget proposals. These include the impact of the Governments new Living Wage and increased costs of Children's Social Care.

3.9 It is therefore important that such pressures are monitored and managed in year and any corrective action is taken to deal with them. The position in relation to these will be reported through the normal budget monitoring procedures.

Adequacy of Reserves

3.10 **Section 9** of the Budget papers sets out the position in relation to the current level of Provisions, Reserves and Balances available to the Authority.

3.11 As indicated in that paper, the current Minimum Working Balance held by the Authority stands at £10.0M. This Balance is in line with the target previously agreed by Members a number of years ago.

3.12 There are also further earmarked Reserves and Provisions that were reviewed following the closure of the 2014/15 Accounts to ensure their continued validity and so against this backcloth I consider the current levels to be adequate. However, it is appropriate and necessary that ongoing monitoring should be applied to these levels in the light of any changing circumstances and a further review will be carried out as an integral part of the 2015/16 Accounts closure.

3.13 The current strategic reserves strategy considered all known pressures / risks over the planning period 2015/16 – 2017/18. Of the total then earmarked for such events £20.5M remains. A full review of these earmarkings will be undertaken following the closure of the 2015/16 accounts as part of an updated reserves strategy.

3.14 Additional resources totaling £15M have also become available during 2015/16 and are therefore potentially available. However given the significant financial challenges that the Council faces over the medium term and the increasing volatility of our funding sources I consider it prudent at this stage to increase the Minimum Working Balances by £5M to £15M. I also recommend that the remaining £10M be earmarked at this stage against any further unforeseen pressures over the planning period.

Prudence and Affordability

3.15 The current Prudential Borrowing regime places a duty on the CFO to ensure that the financial impact of decisions to incur additional borrowing over and above that supported by Government are affordable both in the immediate and over the longer term.

3.16 Consideration of all new Capital Schemes and their revenue impact is therefore undertaken alongside other Revenue service issues to ensure that resources are allocated in accordance with the Authority's overall priorities and within the overall resources available.

3.17 The budget includes provision for £5.0M of Prudential Borrowing which has already been earmarked to support the priorities of the Jobs and Business Growth Plan and Town Centre Redevelopment. The position on any additional capital resources arising over the planning period will continue to be monitored throughout the year and further consideration given to their use.

Medium Term Financial Strategy and Budget Reduction Measures 2017/2021

3.18 A balanced 2016/17 budget can be delivered through the agreement of the proposals within the budget papers. However**,** this view is contingent upon the additional matters identified at 3.8 and 3.9 above and 3.19 below.

3.19 The draft budget for 2016/17 is again based upon a significant volume of budget reduction measures and there needs to be a strong and sustained focus on ensuring the timely and comprehensive implementation of these measures.

3.20 Whilst the Government has provided a 4 year indicative allocation of funding, there still remain uncertainties around the overall level of resources which will be available to Local Authorities over the planning period and particularly given the Governments ambition to move to full localisation of Business Rates.

3.21 There are also further pressures that have been identified over the forthcoming planning period and will need to be considered as part of the determination of a 4 year plan. Members therefore need to be mindful that if these pressures cannot be contained then the gaps already identified within the current MTFF paper at **Section 2i** have the potential to increase.

4. **Budget Recommendations**

4.1 As indicated in the 3 year forecast at **Section 2i,** based on the Budget Recommendations a balanced budget would be set for 2016/17.

4.2 This would also see Minimum Working Balances increased to £15.0M and an additional £10M of reserves available to be earmarked in support of future pressures or investment.

4.3 The proposals identified within the budget papers consolidate the framework around which Future Council was implemented and provides a platform to build a new 4 year plan to 2020/21

4.4 It is therefore clear that to bridge the gaps in future years, actions will need to be taken to extend the current plan over those years. However, as previously stated a strong focus must be given to ensuring the achievement of the service changes and associated savings already agreed for 2016/17.

4.5 **In summarising my advice, I would stress that the robustness of the estimates and adequacy of the reserves which the budget will provide are satisfactory. However, this is contingent upon the requirements outlined at paragraphs 3.18 and reiterated at paragraph 4.4 being delivered.**

F Foster CPFA
Director of Finance, Assets and Information Services

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2016/17 SERVICE & FINANCIAL PLANNING

BUDGET OVERVIEW & FUTURE COUNCIL

1. Purpose of the Report

1.1 This paper provides an update on the Council's Service and Financial Planning process and its impact on the formulation of our 'Future Council's' General Fund budget for 2016/17.

2. Background/ Context

The Council's Funding Position

2.1 The Council's 2015/16 budget was approved on 26th February 2015. This budget approved measures to address the 2 year gap (2015-17) of £28M that had been reported to Cabinet in August 2014.

2.2 Previous Cabinet reports have also indicated the overall loss of funding to Barnsley since the inception of the current Government. The 2015/16 Local Government settlement confirmed that during the period 2010/11 to 2015/16 Barnsley's cut in general Government grant had fallen by almost £70M (approximating to a 40% cash cut).

2.3 In order to address the level of cuts that Barnsley has and will continue to face over this period, the Council established a priority led, coordinated approach to delivering savings. A Key Lines of Enquiry (KLOE) programme, set up in 2011/12, has already established savings totaling some £59M over the period 2011/12 – 2014/15.

Future Council

2.4 The Future Council model was introduced to deliver our key services on a new Business Unit model supported by a strong and lean core. The aim was to provide improved key outcomes for local people whilst still achieving a balanced budget by addressing the remaining deficit for the period 2015-17.

2.5 The inception of 'Future Council' has therefore identified savings over a 3 phased approach totaling £27M (a further £1M was identified through income proposals mainly relating to Council Tax). A summary of the KLOE savings for 2015/16 and 2016/17 is shown below:-

	2015/16 £M	**2016/17 £M**	**TOTAL £M**
KLOE's	17.1	9.9	27.0

2.6 Despite these reductions it is still important to note that the Future Council 2 year plan will still spend around £168M (net) by 2016/17 on services for the residents of Barnsley.

3. Barnsley's Draft 2016/17 Local Government Settlement

Business Rate Retention (BRR) scheme

3.1 The provisional Local Government Finance Settlement was announced on 17th December. This outlined the funding resources for the new Business Rates Retention (BRR) scheme that was implemented in April 2013 split between:-

- Local Share of Business Rates;
- Top Up Grant;
- Revenue Support Grant (RSG).

3.2 The purpose of the BRR scheme is to allow local authorities to retain 50% of any income it raises locally on business rates (known as the 'local share') and pass the other 50% over to central Government. The figure that Government expects Barnsley to generate as its local share is £25.4M (this increases to £27.4M including section 31 grant for the 2% business rate capping in 2015/16 and the extension of the small business rate relief).

3.3 The £25.4m is a notional figure that ultimately determines the level of top up grant and RSG that Barnsley will receive. At this stage, this is in line with the Authority's own expectations although there is potential for considerable change. It should be emphasised that if the actual income collected locally differs from the expected income of £25.4M it will have a direct impact on the Authority's budget.

3.4 The revised resource position as a result of the provisional Local Government Settlement is provided in the table below for 2016/17.

	2016/17 £M
Local Share of Business Rates	25.440
Top Up Grant	26.660
Revenue Support Grant (RSG)	34.560
Funding via BRR scheme	***86.660***
S31 Grant - 2% capping & SBRR*	1.994
Total Funding	**88.654**

* SBRR – small business rate relief

3.5 The revised settlement provided an additional increase of £2.57M in RSG compared to previous indications, offset by a reduction in other funding support in the settlement. The settlement/ Autumn Statement also announced some further details that will/could affect the Council's budget position. These include:-

- The Government has indicated that the referendum threshold requirement will continue to be set at 2% as in previous years;
- The Government announced a further extension to the 100% business rate relief awarded to small businesses (SBRR) until March 2017;
- The Government also announced the move to 100% retention of Business Rates from 2020/21, consultation on which is expected in 2016;
- The Government announced consultation on the New Homes Bonus scheme including a proposal to reduce grant from 6 years to 4.

Funding for Schools / Education services

3.6 Details of the Dedicated Schools Grant (DSG) were also announced on 17 December 2015 and included details of the DSG allocations and other schools / education related funding such as the Pupil Premium Grant (PPG), Education Services Grant (ESG), etc.

i) *Dedicated Schools Grant (DSG)*

3.7 The schools' revenue funding settlement for 2016/17 confirmed Barnsley's funding allocations for schools. DSG funding continues to be based on the current 'spend-plus' methodology and is set out in three spending blocks (schools; early years and high needs blocks). The following are the main highlights for Barnsley as announced in the settlement:

- The total DSG allocation for Barnsley for 2016-17 is £159.2M (inclusive of academies), made up of a schools block of £133.8M; an early years block of £11.7M and a high needs block of £13.7M (after Education Funding Agency adjustments);

- The schools block funding has been derived using the schools per pupil unit of funding for Barnsley of £4,473 and is consistent with the amount for 2015/16 and as previously notified in July 2015 (with no growth or inflation). The funding for academies although included in the total allocation for Barnsley will be paid directly to academies by the Government;

- The school block funding for 2016/17 has risen by £1.6M due to an increase in pupil numbers (by 372 compared to the census figures used for the 2015/16 allocations);

- Early years block funding of £11.7M includes 15-hour entitlement for 3 and 4 year olds; participation funding for 2 year olds and the early years' pupil premium. The early years block unit of funding (£3,914) for 3 and 4 year olds has been maintained at 2015/16 levels;

- The baseline high needs block funding has increased by £391k to reflect the additional funding (£92.5M) distributed by the Government to all local authorities. The allocation for Barnsley of £13.7M has been adjusted to reflect high needs places that are funded directly by the Education Funding Agency (EFA) e.g. special academies.

3.8 The DSG settlement for schools is as expected and not significantly different from budget planning assumptions as reported to the Schools Forum. It should be noted that the Government has confirmed the continuation of the minimum funding guarantee for schools, which will ensure that no school will see more than a 1.5% per pupil reduction in their 2016-17 budgets compared to 2015-16. Funding allocations to individual schools will be determined using: the schools funding formula; early years single funding formula; with high needs funding allocated based on the number of high needs pupils in schools.

ii. Pupil Premium Grant (PPG)

3.9 The PPG is based on the number of eligible disadvantaged pupils (i.e. pupils on free school meals); number of Armed Forces' children and number of pupils that are looked after by the authority.

3.10 From 2016/17, the PPG allocation for eligible free school meals pupils will remain the same as the current year i.e. £1,320 for primary schools and £935 for secondary schools. The PPG allocation for pupils looked after by the authority or adopted from care (referred to as pupil premium plus) will remain at the current rate of £1,900 per child.

3.11 Overall, the PPG allocation for Barnsley (including academies) for 2016/17 is currently estimated at £12M (based on 2015/16 pupil count). Final allocations for 2016/17 will not be confirmed until the summer of 2016 as it is based on the January 2016 pupil census count.

iii) *Education Services Grant (ESG)*

3.12 ESG funding was introduced in 2013 to replace LACSEG (local authority central spend equivalent grant), and is paid to local authorities and academies to cover the cost of education services that local authorities maintain. ESG is paid as an un-ringfenced grant to local authorities and academies using a per pupil rate and based on the number of pupils in maintained schools and academies.

3.13 The ESG settlement for 2016/17 incorporates a proportion of the 4 year £600m efficiency savings indicated by the Government in its 2015 autumn spending review. The ESG per pupil general funding rate for 2016/17 is £77 (equates to a reduction of £10 compared to 2015/16). This is in addition to a reduction of £26 in 2015/16. The impact of this efficiency saving, based on the existing number of pupils / maintained schools, is a £240k funding loss for Barnsley. This will be exacerbated by the increasing number of schools expected to convert to academies.

4. <u>Implications of the Local Government Settlement / Other changes to MTFS</u>

Revenue

4.1 The impact of the draft Local Government Settlement and other related issues resulted in a slight reduction to the deficit position previously reported. The settlement takes into account a number of known cost pressures largely resulting from the Chancellor's July Budget Statement and the Autumn Statement in November including:-

- Cuts to specific grants (including Public Health);
- The potential cost of Living Wage on the Council's social care and other contracts;
- Impact of unfunded demographic pressures on the social care budget;
- Stagnating Business Rate growth partly as a result of very low inflation;
- Apprentice Levy for employers announced in the Autumn Statement.

4.2 A summarised breakdown of the forecast incorporating the Finance Settlement and the announcements above, is outlined below. This is exclusive of Social Care issues outlined at para 4.4:-

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M
Revised Gap (Dec 2015)*	***-***	***+12.091***	***+10.458***	***+9.073***	***+5.174***
Impact of Indexation	+1.065	+0.205	-0.500	-0.106	-
Change in RSG/BRRS projections	-2.585	-1.521	-3.023	-2.091	+2.046
Education Services Grant (ESG)	+0.240	+0.400	+0.400	+0.400	-
Housing Benefit admin subsidy grant	+0.200	+0.200	+0.300	+0.300	-
Public Health Grant	+1.400	+0.478	+0.463	+0.565	-
Apprentice Levy	+0.323	+0.000	+0.000	+0.000	-
Unallocated Savings	-0.643	+0.000	+0.000	+0.000	-
After Settlement (Jan 2016)*	***0.000***	***+11.853***	***+8.098***	***+8.141***	***+7.220***

** Assuming permanent savings achieved to meet previous years deficits*

4.3 The revised position is based on the following key forecast assumptions:-

- Assuming permanent savings achieved to meet the previous years' deficit;
- Pay award in 2016/17 to reflect the final employer offer which is an average 1.2% increase;
- Assuming a 1% per annum pay increase (2017/18 onwards) and a provision for contract inflation;
- Council Tax based on a 1.9% increase (see Section 8);
- No additional capital spend over and above previous investment decisions relating to the Town Centre / Jobs & Growth Plan.

Social Care

4.4 The above forecast position is prior to addressing Social Care pressures. The Chancellor has announced that local authorities with Social Care responsibilities are afforded an additional 2% Council Tax increase above the current referendum criteria. For Barnsley, an additional 2% increase in the Council Tax would result in additional resources of £1.5M and provide the Authority with the opportunity to fund known 2016/17 Social Care pressures relating to fair fee/ living wage and demographic issues as follows:-

	2016/17 £M
Additional Council Tax income	-1.503
'In Year' Social Care pressures	+1.503
Net Impact on Forecast	**0.000**

4.5 Over and above the issues referred to at para 4.4, the Authority is also aware of other 'in year' Social Care pressures that still need addressing. These largely relate to Children's Social Care pressures and other living wage costs and the Authority will be establishing a strategy to address these (see para 6.2).

Capital

4.6 The Council's Reserves Strategy (Cab. Ref. 3.12.2014/6.2) and subsequent decisions committed all immediately available resources (borrowing / reserves) on the Council's existing capital programme priorities relating to Town Centre and the Jobs and Growth Plan. At this stage, there is no other funding available in the Council's budget and therefore any additional investment would mean a further cost of some £0.1M p.a. for each £1M invested (full year effect). See **Section 6** for further details.

5. Council Tax Options

5.1 Details of the current position on Council Tax can be found at **Section 8** which outlines the resources that could be generated at various levels of increase. In summary each 1% variation in the level of increase equates to approximately £0.751M of Council Tax Income.

5.2 The Government has however announced that there will not be a Council Tax freeze grant in 2016/17 as in previous years and also announced details of the referenda criteria for increasing Council Tax based on a 2% cap. The precepts levied by the Police and Fire Authorities will also impact upon the overall Council Tax levels for the Borough.

5.3 As mentioned at para 4.4, the 2015 Spending Review also announced that for the remainder of the current Parliament local authorities with responsibilities for Adult Social Care will be given flexibility to increase council tax by an additional 2% over and above the current referendum threshold (2%).

5.4 This flexibility is offered in recognition of demographic changes which are leading to a growing demand for Adult Social Care, with consequential higher cost pressures on council budgets.

5.5 The Adult Social Care pressures in Barnsley are widely publicised and therefore this option open to Members will help the Council bridge the ever increasing funding gap. Should Members choose to adopt this option additional **permanent** base resources of £1.5M over and above the £1.4M received from a 1.9% increase would be generated. However, these resources would need to be earmarked specifically for Adult Social Care.

5.6 It should be noted that a specific strategy to alleviate Social Care cost pressures will be established. This will include seeking to access the Better Care Fund to generate further funding in addition to any income raised via Council Tax increases.

6. Medium Term Budget Forecast

6.1 In taking decisions in relation to the 2016/17 budget, it is very important that Members are mindful of the position over the Medium Term. There is still the following gaps in future years:-

2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
11.9	8.1	8.1	7.2

6.2 The above gaps do not include a number of known non-Social Care pressures that the Authority is aware of and still needs to consider. As referred to at para 4.5, there are also a number of 'in year' Social Care pressures in future years and the Authority will be seek to establish a strategy to specifically address these issues. The strategy will look to contain additional costs and/ or raise additional income via further Council Tax levies (2017/18 onwards) or accessing the additional allocations that the Government has invested in the Better Care Fund.

6.3 Given these levels of potential shortfall in future years, ongoing work needs to concentrate on the implementation/ embedding of 'Future Council' over the next 3-5 years.

6.4 Further reports detailing the progress on the Medium Term Financial Strategy will be brought back to Members as part of the ongoing Service and Financial Planning process.

7. Options for Achieving a Balanced Budget in 2017/18 and Beyond

7.1 In order to deliver future years budgets the Council will continue to assess more 'traditional' methods of delivering a balanced budget which will include:-

- ***Cross Cutting Thematic Reviews*** **–** review major areas of spend across all Council departments including contracts, commissioning and business support;
- ***Further Service Reductions*** **–** identify areas of current service which whilst still highly desirable, do not have a relatively high priority overall;
- ***Income Generation*** **–** continue to review current levels of charges and investigate the potential for any new areas of income generation;
- ***Additional Funding*** – seek to access / influence funding opportunities including the Better Care Fund and funding allocations to the Sheffield City Region;
- ***Asset Rationalisation*** – review the Authority's asset base and ensure its relevance to future service needs;
- ***Council Tax Levels*** **–** increased income could be generated by setting Council Tax levels higher than those assumed within the forecast, however this needs to be considered within the constraints of needing to go to a local referendum, the capacity of the local taxpayer to pay for higher bills and the Chancellor's announcement to allow local authorities to raise a further 2% to deal with Social Care pressures;
- ***Use of "One Off" resources*** **–** any such use must only be considered as part of a 'bridging' strategy whilst permanent reductions in expenditure are delivered.

7.2 Consideration to develop a 4 year plan will begin in the new financial year. This will build on the Future Council model and seek to deliver further efficiencies and improvements in services. It will focus on our agreed priorities and develop the current work of existing Business Units but will specifically address:-

- the recurring MTFS deficits in 2017/18 onwards;
- the new powers afforded the Authority resulting from an additional levy for Social Care issues and accessing the Better Care Fund;
- the Authority's developing role in the Sheffield City Region and assess any opportunities arising from it (specifically the Devolution Deal).

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MEDIUM TERM FINNACIAL FORECAST
2016/17 to 2020/21

	FORECAST 2016/17 £M		FORECAST 2017/18 £m		FORECAST 2018/19 £m		FORECAST 2019/20 £m		FORECAST 2020/21 £m	
EXPENDITURE:										
1. Base Net Expenditure (Net of Schools)										
Base Expenditure		175.125		168.282		172.745		177.293		181.954
Previously Approved KLOE savings		-9.888		0.000		0.000		0.000		0.000
Revised Base Position		**165.237**		**168.282**		**172.745**		**177.293**		**181.954**
2. Fixed and Ongoing										
Pay Award, National Insurance & Increments. Pay assumed at 1%.	3.101		1.555		1.375		1.386		1.386	
Pension - Actuarial Assessment 2014-7	0.162		0.258		0.258		0.258		0.258	
Other Inflation (inc BSF)	0.437		1.072		1.252		1.252		1.252	
Financing Capital New Starts Programme (including FYE from Previous Years)	0.500		0.500		0.500		0.500		0.500	
		4.200		3.385		3.385		3.396		3.396
3. Investment & Other Decisions										
Contribution to Reserves (14/15 surplus)										
Contribution to Reserves (15/16 surplus)	-4.519									
Insurance Fund	0.340									
Education Services Grant	0.240		0.400		0.400		0.400			
Public Health (including FY Savings and substance misuse / 0-19 etc)	1.400		0.478		0.463		0.565			
HB admin subsidy grant reduction	0.200		0.200		0.300		0.300			
Apprentiship Levy	0.324									
Additional savings	-0.643									
Adult Social Care pressures (Dom/ Res fees & demographics)	1.503									
		-1.155		1.078		1.163		1.265		0.000
4. TOTAL EXPENDITURE		**168.282**		**172.745**		**177.293**		**181.954**		**185.350**
RESOURCES:										
5. Core Resources										
Council Tax										
Council Tax Income inc Base	75.083		78.013		79.403		80.793		82.183	
Council Tax Collection Fund Surplus	1.615		1.615		1.615		1.615		1.615	
		76.698		79.628		81.018		82.408		83.798
Business Rates Retention (BRR) scheme										
Local Share - Business Rates (net 50% share)	25.321		25.321		25.321		25.821		26.321	
Business Rate Collection Fund Surplus	0.119		0.119		0.119		0.119		0.119	
Local Share - Top Up Grant	26.435		26.660		27.180		27.980		28.880	
S31 Grant for 2% Capping - Top Up	0.384		0.384		0.384		0.384		0.384	
S31 Grant for 2% Capping - Local Share	0.366		0.366		0.366		0.366		0.366	
RSG including Rolled in Grants / CTF Grant	44.746		34.560		25.260		19.020		12.750	
		97.371		87.410		78.630		73.690		68.820
S31 Grant Per NNDR1										
S31 Grant for SBRR	1.244		1.244		1.244		1.244		1.244	
		1.244		1.244		1.244		1.244		1.244
Core Resources b/f		***175.313***		***168.282***		***160.892***		***157.342***		***153.862***
6. Change in Resources										
Council Tax										
Council Tax increase (@ 1.9%) inc increased tax base	1.427		1.390		1.390		1.390		1.390	
Council Tax (@2%) - increase for Adult Social Care	1.503									
		2.930		1.390		1.390		1.390		1.390
Business Rates Retention (BRR) scheme										
Local Share - Business Rates (net 50% share)			0.000		0.500		0.500		0.500	
Top Up Grant @ 0.8% in 16/17 (2% thereafter)	0.225		0.520		0.800		0.900		0.556	
Revenue Support Grant	-10.186		-9.300		-6.240		-6.270		-6.270	
		-9.961		-8.780		-4.940		-4.870		-5.214
7. TOTAL RESOURCES		**168.282**		**160.892**		**157.342**		**153.862**		**150.038**
NET SHORTFALL		**0.000**		**11.853**		**19.951**		**28.092**		**35.312**
SHORTFALL IF PERMANENT SAVINGS ANNUALLY		**0.000**		**11.853**		**8.098**		**8.141**		**7.220**

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SERVICE AND FINANCIAL PLANNING

2016/17 BUDGET RECOMMENDATIONS

1. 2016/17 Revenue Budget, Capital Programme and Council Tax

1.1 Further to previous reports submitted by the Director of Finance, Assets and Information Services.

RECOMMENDED:-

i) that Cabinet are recommended:-

a) to consider the budget for all services and approve, for submission to Council, the 2016/17 budget proposals as separately presented in **Sections 4 and 5**;

b) to note the following specific items incorporated within **Section 2i** (Medium Term Financial Forecast) including for 2016/17 :-

(i) A provision for an average 1.2% pay award in 2016/17;

(ii) A provision for inflation in relation to external providers;

(iii) An adjustment of £500,000 to reflect the provision required for the anticipated revenue costs of existing and new borrowing;

(iv) The savings previously agreed as part of the 2 year Plan (minute 148 of Council on 26th February 2015)

c) that the total additional funded 2016/17 capital investment of £3.348M (£9.099M is already approved) as outlined at **Section 6** be included within the capital programme and released subject to further detailed reports on the proposals for its use;

d) that the detailed proposals for increases in fees and charges as set out in **Section 7** be agreed;

e) **Section 9** (Position on Reserves, Provisions and Balances) be noted and the proposal to use £5M of available resources to increase the Minimum Working Balance to £15M be agreed, and the remaining £10M be earmarked for future pressures/investments;

f) that the report of the Director of Finance, Assets and Information Services under **section 25 of the Local Government Act 2003 at Section 1** be noted and that the 2016/17 budget proposals be agreed on the basis that the Chief Executive, in liaison with the Director of Finance, Assets and Information Services and in consultation with the Senior Management Team, submits for early consideration a four year revenue and capital plan from the ongoing activity in order that the potential budget gaps in 2017/18 and the longer term be closed;

g) that the Council be recommended to approve cash limited budgets for each service with overall net expenditure for 2016/17 of £168.282M (see **Section 4**);

h) that the Budget Overview report **(Section 2)** and forecast budget positions for 2016/17 to 2020/21 contained in **Section 2i** (Medium Term Financial Forecast) be noted and monitored as part of the arrangements for the delivery of the Future Council;

i) that the Director of Finance, Assets and Information Services in liaison with the Chief Executive and SMT as appropriate be required to submit reports into Cabinet, as a matter of urgency, in relation to the detailed General Fund Revenue Budget for 2016/17 including recommendations on any action further to that set out above required to achieve an appropriately balanced budget for that financial year;

j) that the Chief Executive, Director of Finance, Assets and Information Services and SMT be responsible for managing within their respective budgets including ensuring the implementation of savings proposals;

k) that the Authority's Senior Management Team be charged with ensuring that the budget remains in balance and report regularly into Cabinet on budget/ savings monitoring including any action required;

l) that the Cabinet be authorised to make any necessary technical adjustments to form the 2016/17 budget;

m) that appropriate consultation on the agreed budget proposals takes place with the Trade Unions and representatives of Non Domestic Ratepayers and that the views of consultees be considered by Cabinet and the Council;

n) that the budget papers be submitted for the consideration of the whole Council.

2. <u>Council Tax 2016/17</u>

RECOMMENDED:-

that Cabinet note the contents of **Section 8** (2016/17 Council Tax calculation) and that:-

a) the Council Tax Collection Fund net surplus as at 31 March 2015 relating to BMBC of £1.615M be used to reduce the 2016/17 Council Tax requirement, in line with statute;

b) the 2016/17 Band D Council Tax increase for Barnsley MBC's services be set at 3.9% (1.9% for Barnsley MBC services and an additional 2% for the Chancellor's Adult Social Care levy);

c) the Band D Council Tax for Barnsley MBC's areas be determined following confirmation of the South Yorkshire Police Authority and South Yorkshire Fire Authority precepts for 2016/17;

d) the Band D Council Tax for areas of the Borough with Parish / Town Councils be determined following confirmation of individual parish precepts for 2016/17.

DRAFT NET GENERAL FUND BUDGET 2016/17

Line	DIRECTORATE:	Sec. 5	Col (1) Original 2016/17 Net Expenditure (inc previously approval proposals) £	Col (2) Fixed and Ongoing Items £	Col (3) Investment & Other Decisions £	Col (4) Revised 2016/17 Net Direct Expenditure (controllable) £
1	PEOPLE	A	**57,338,836**	978,504	1,743,000	**60,060,340**
2	PLACE	B	**30,037,345**	1,090,176	(643,000)	**30,484,521**
3	COMMUNITIES	C	**11,685,648**	485,174	-	**12,170,822**
4	PUBLIC HEALTH	D	**(44,426)**	24,489	1,400,000	**1,380,063**
5	FINANCE, ASSETS & IS	E	**10,829,170**	487,755	200,000	**11,516,925**
5	HR, PERFORMANCE, PARTNERSHIPS & COMMUNICATIONS	F	**5,251,179**	233,253	-	**5,484,432**
5	LEGAL & GOVERNANCE	G	**2,959,155**	69,341	-	**3,028,496**
6	***TOTAL SERVICE EXPENDITURE***		**118,056,907**	**3,368,692**	**2,700,000**	**124,125,599**
7	LEVIES		**631,529**	-	324,000	**955,529**
8	CORPORATE & DEMOCRATIC CORE		**458,335**	-	-	**458,335**
9	NON DISTRIBUTED COSTS		**307,315**	-		**307,315**
10	CAPITAL FINANCING		**24,657,540**	500,000	-	**25,157,540**
11	CORPORATE ITEMS / PROVISIONS		**21,125,492**	331,308	(4,179,000)	**17,277,800**
12	RESERVES & BALANCES			-	-	-
13	***SUB-TOTAL NON SERVICE EXPENDITURE***		**47,180,211**	**831,308**	**(3,855,000)**	**44,156,519**
14	**TOTAL NET EXPENDITURE**		**165,237,118**	**4,200,000**	**(1,155,000)**	**168,282,118**

DIRECTORATE:	Col (3) Investment & Other Decisions £	
Social Care Levy	1,503,000	
Education Support Grant	240,000	
PEOPLE		1,743,000
Additional PTE Savings	(765,000)	
Concessionary Fares	100,000	
PLACE		(665,000)
COMMUNITIES		-
PUBLIC HEALTH - 0-19 & Substance Misues		1,400,000
FINANCE, ASSETS & IS Benefits Admin Grant		200,000
HR, PERFORMANCE, PARTNERSHIPS & COMMUNICATIONS		-
LEGAL & GOVERNANCE		-
TOTAL SERVICE EXPENDITURE		**2,678,000**
Transport Hub	170,000	
Apprentice Levy	324,000	
LEVIES		494,000
CORPORATE & DEMOCRATIC CORE	-	
NON DISTRIBUTED COSTS	-	
CAPITAL FINANCING	-	
Additional Insurance	340,000	
Reserves from 15/16	(4,519,000)	
Additional PTE	(148,000)	
CORPORATE ITEMS / PROVISIONS		(4,327,000)
RESERVES & BALANCES	-	
SUB-TOTAL NON SERVICE EXPENDITURE		**(3,833,000)**
TOTAL NET EXPENDITURE		**(1,155,000)**

PEOPLE
KEY ACTIVITIES

Proposed Spending

ACTIVITY	Gross Exp £m	Gross Inc £m	Net £m
• Schools Delegated Budget	160.499	-159.163	1.336
• Early Start, Family Centres & Targeted Youth Support	9.166	-5.011	4.155
• School Evaluation, Inclusion Services & LA functions to schools	10.967	-10.151	0.816
• Adult social Care – Care Packages	41.264	-13.646	27.618
• Adult Assessment & Care – Safeguarding; Access; Brokerage; EDT	6.174	-1.230	4.944
• Children in Care - Adoption, Fostering, Residential Placements and Leaving Care	13.121	-0.426	12.695
• Children Assessment & Care, Disability & Short Breaks, Education Welfare and Safeguarding	9.400	-2.115	7.285
• Commissioning, Partnership and Preventive Services	5.878	-4.904	0.974
• Directorate, Service Management & Other Costs	1.055	-0.818	0.237
Total Resource Envelope	**257.524**	**-197.464**	**60.060**

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PLACE
KEY ACTIVITIES

Proposed Spending

ACTIVITY	Gross Exp £m	Gross Inc £m	Net £m
• Planning & Building	2.211	-1.454	0.757
• Business Growth and Regeneration	3.336	-2.906	0.430
• Town Centre and Markets	1.055	-1.325	-0.270
• Adult Skills, Employability & Community Learning	10.261	-8.650	1.611
• Bereavement	1.062	-2.220	-1.158
• Sports, Culture, Heritage & Arts	3.829	-1.789	2.040
• Housing and Energy Service	1.049	-1.253	-0.204
• Regulatory Services	1.836	-1.258	0.578
• Commercial Services	11.112	-5.043	6.069
• Highways Engineering & Transportation	27.659	-16.037	11.622
• Waste & Recycling	3.663	-0.062	3.601
• Transport	6.346	-2.423	3.923
• Neighbourhood Services	3.672	-2.187	1.485
Total Resource Envelope	**77.091**	**-46.607**	**30.484**

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COMMUNITIES
KEY ACTIVITIES

Proposed Spending

ACTIVITY	Gross Exp £m	Gross Inc £m	Net £m
• Management Team	0.601	-0.014	0.587
• Customer Contact	4.056	-0.997	3.059
• School Catering Services	4.241	-4.406	-0.165
• Provision of Equipment and Property Adaptations to Vulnerable Adults	0.780	-0.295	0.485
• Provision of in-house care services to vulnerable adults	5.866	-0.238	5.628
• Provision of Registrars Service	0.349	-0.393	-0.044
• Area Governance and Area Based Commissioning	3.813	-0.300	3.513
• Homeless / Welfare Support	1.046	-0.726	0.320
• Parks Service	0.547	-0.577	-0.030
• Work with Troubled Families	0.193	-0.218	-0.025
• Assist communities to tackle unhealthy lifestyles, harm caused by drugs etc	7.988	-10.734	-2.746
• Support safer communities (ASB / environmental crime / private sector landlords / tenancy and behaviour standards / victims of crime)	2.534	-0.946	1.588
Total Resource Envelope	**32.014**	**-19.844**	**12.170**

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PUBLIC HEALTH
KEY ACTIVITIES

ACTIVITY	Proposed Spending Gross Exp £m	Gross Inc £m	Net £m
• Public Health Management and Co-ordination	0.640	-0.660	-0.020
• Healthy Child Programme	6.102	-4.702	1.400
• Integrated Sexual Health Service	2.187	-2.187	-
• Health Checks	0.539	-0.539	-
• Other Public Health Protection and Improvement	0.577	-0.577	-
Total Resource Envelope	**10.045**	**-8.665**	**1.380**

Expenditure and Income includes planned carry forward of Public Health grant per the 4 year plan and excludes Public Health spend in other Directorates of £8m.

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Finance, Property and Information Services

KEY ACTIVITIES

Proposed Spending

ACTIVITY	Gross Exp £m	Gross Inc £m	Net £m
• Asset / Property Portfolio Management (Inc BSF/PFI Contracts)	60.500	-57.611	2.889
• Facilities Management	0.339	-0.866	-0.527
• Mail / Printing	1.650	-1.807	-0.157
• Procurement & Commissioning Unit	0.347	-0.027	0.320
• IT Support and Information Governance	8.793	-3.285	5.508
• Strategic Finance / Budgetary Control	2.265	-0.440	1.825
• Finance – Commercial Services	1.861	-0.666	1.195
• Benefits and Taxation	81.640	-81.605	0.035
• Audit	0.990	-0.461	0.529
Total Resource Envelope	**158.385**	**-146.868**	**11.517**

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HR, Performance and Communication

KEY ACTIVITIES

ACTIVITY	Proposed Spending Gross Exp £m	Gross Inc £m	Net £m
• Communications & Marketing	0.617	-0.076	0.541
• Human Resources	2.931	-0.952	0.979
• Organisation and Workforce Improvement	3.959	-1.428	2.531
• Health, Safety and Emergency Resilience	0.447	-0.122	0.325
• Business Support	1.870	-0.762	1.108
Total Resource Envelope	**8.824**	**-3.340**	**5.484**

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Legal and Governance

KEY ACTIVITIES

ACTIVITY	Proposed Spending Gross Exp £m	Gross Inc £m	Net £m
• Assurance that the Council / Joint Authorities are conducting their affairs lawfully, and to properly safeguard their interests and those of Elected Members.	1.391	-0.326	1.065
• In-house legal advice and services to support corporate priorities and council services.			
• Procurement of specialist external legal support and Counsel, where appropriate.			
• Governance advice and support for Member and officer decision-making processes to ensure compliance with statutory requirements.	2.040	-0.570	1.470
• Support for school appeals and other meetings			
• PA support to the Leader of the Council and Cabinet Spokespersons.			
• Support to the office of the Mayor and for wider civic functions.			
• Support more generally for Elected Members, particularly with diaries, surgeries, expenses & allowances and the Register of Interests.			
• Elections and Electoral Registration.	0.614	-0.031	0.583
• Local Land Charges.	0.098	-0.188	-0.090
Total Resource Envelope	**4.143**	**-1.115**	**3.028**

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2016/17 – 2017/18 SERVICE & FINANCIAL PLANNING

INDICATIVE CAPITAL PROGRAMME 2016/17 – 2018/19

1. **Purpose of Report**

1. 1 To identify the Council's capital investment needs and resource availability for 2016/17 through 2018/19 and to outline a methodology for approving next years capital programme.

2. **Overall Position**

2.1 Resources available to invest in the Council's infrastructure have been severely restricted by the Comprehensive Spending Review and subsequent local government finance settlements.

2.2 Specific allocations have been indicatively issued to the Authority relating to future years which have been approved as part of other Cabinet Reports. This report will reference these for information.

2.3 Specific resources available for investment in 2016/17 total £12.4M, £9.1M of which has already been approved by Cabinet, with the remaining £3.3M to be approved by this Cabinet Report.

2.4 Future years' resources available for investment total £14.7M. £13.4M of this has already been approved by Cabinet, with the remaining £1.3M to be approved by this Cabinet Report.

2.5 The resources are restricted to the type of expenditure they can be used on by virtue of conditions attached to the allocations and therefore are not available for reprioritisation. The proposals are summarised in the table at the end of this report.

3. **Place Directorate**

3.1 Resources in 2016/17 totalling £6.0M of specific grants relate to the Local Transport Programme (LTP Maintenance Block Allocation £3.5M + LTP Maintenance Block Incentive Funding £0.2M + Integrated Transport Pot £1.3M + STEP Programme Grant £1.0M) which is available to invest in the Borough's road maintenance needs.

3.2 Resources in future years have been identified relating to the Local Transport Programme totalling £10.3M (LTP Maintenance Block Allocation £6.4M + LTP Maintenance Block Incentive Funding £0.6M + Integrated Transport Pot £2.6M + STEP Programme Grant £0.7M).

3.3 These allocations were approved by Cab 7.10.2015/8.0 and are for information only.

4. **People Directorate**

4.1 Resources in 2016/17 totalling £1.3M relate to investment and maintenance in the schools’ stock, early years settings and children’s’ centres (maintenance allowance).

4.2 In future years, resources totalling £1.3M are also available for the same purpose.

4.3 These amounts are given indicatively at this stage and are subject to change depending on the rate of academy conversion of the Authority’s maintained schools. The capital programme plans will be capped accordingly, in line with the confirmed amounts in due course.

4.4 Also within the People Directorate, grant funding totalling £3.1M relates to the Basic Need Grant which supports the capital requirement for providing new pupil places by expanding existing schools within the Borough.

4.5 In future years, resources totalling £3.1M are also available for the same purpose.

4.6 These allocations (Basic Need) were approved by Cab. 29.6.2015/6.1. and are for information only.

5. **Communities Directorate**

5.1 The Authority has an indicative grant allocation totalling £2.0M for 2016/17 with respect to The Better Care Fund. In previous years, this allocation was made up of an element relating to the Social Care Capital Grant and an element relating to the Disabled Facilities Grant.

5.2 The Authority has had confirmation that the Social Care Capital Grant is to cease from 2016/17. Central Government has indicated that the amount of Disabled Facilities Grant is to be expanded to “more than cover” the loss of the Social Care Capital Grant.

5.3 These amounts are not yet confirmed at this stage and are therefore subject to change. The capital programme plans will be capped in line with the confirmed amounts established in due course.

6. **Other Available Funding**

6.1 Over and above the specific grants outlined above, the Council has set aside a provision for further capital investment in 2016/17 funded via prudential borrowing (with the revenue budgetary provision for debt charges included within the Medium Term Financial Forecast).

6.2 Prior to the 2015/16 budget setting process, separate ‘bids’ for investment were submitted by directorates for consideration against the non ringfenced funding available. Following a report approved by Cabinet (Cab Ref. 3.12.2014/6.2) regarding the Authority’s reserves strategy, no further bids were considered as the funding was entirely made available to specifically fund the Town Centre Development and Jobs and Growth Plan schemes respectively.

6.3 The reserves position since this date has been updated (see Section 9) and it is intended to submit a revised reserves strategy into Cabinet for detailed consideration. Any further capital pressures will be addressed as part of this revised reserves strategy and submitted to the Authority's Capital Programme 'Oversight' Board for consideration.

7. Proposal

7.1 It is recommended that the list of programmes summarised in the table below (funded from specific capital grants) are approved for inclusion in the Authority's 2016/17 – 2018/19 Capital Programme. However, it needs to be noted that the school allocations are indicative and the approvals will be capped in line with actual allocations.

7.2 The funding approved as part of other Cabinet Reports has been aligned to specific capital schemes and included within the Capital Programme.

7.3 The funding to be considered as part of this report has yet to be assigned to specific schemes. The inclusion for approval is to indicatively note the anticipated receipt of the allocation. Subsequent Cabinet Reports will be presented, aligning the confirmed allocation to individual schemes, in due course.

7.4 The indicative capital programme proposals for 2016/17 – 2018/19 are as follows:

	2016/17 £M	2017/18 £M	2018/19 £M	Total £M
Specific Funding to Be Approved				
School Maintenance Schemes (Indicative)	1.332	1.332	0.000	**2.664**
Disabled Facilities Grant	2.016	0.000	0.000	**2.016**
	3.348	**1.332**	**0.000**	**4.680**
Specific Funding Already Approved				
Local Transport Programme / Borough Road Maintenance	6.036	5.634	4.663	**16.333**
School Admissions Schemes	3.063	3.116	0.000	**6.179**
	9.099	**8.750**	**4.663**	**22.512**
TOTAL	**12.447**	**10.082**	**4.663**	**27.192**

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2016/17 SERVICE AND FINANCIAL PLANNING

FEES AND CHARGES 2016/17

1. **Purpose of The Report**

1.1 This report brings together the Authority's proposed fees and charges for 2016/17 which are an integral part of 2016/17 Business Unit plans. These are summarised in Appendix 1 to this report.

2. **Recommendation**

2.1 **It is recommended that:**

- **The fees and charges set out in Appendix 1 are recommended to Council for approval from 1st April 2016 or later in 2016/17 as applicable;**

- **That additional reports are submitted throughout the course of the year, as and when further amendments to existing fees & charges have been finalised as part of the development of Business Unit plans.**

3. **Introduction & Background**

Work Undertaken on Fees & Charges

3.1 The implementation of Future Council during this financial year means that the delivery of our key services are based on a new Business Unit model supported by a strong and lean core. The 2016/17 financial plans for the new Business Units have been developed around a reduced resource envelope and therefore consideration of setting appropriate fees and charges has been an important consideration.

3.2 All fees and charges for 2016/17 have been proposed in light of the Council's formally agreed Fees and Charges Policy. This provides a corporate framework within which all decisions on implementation and / or changes in the levels of fees and charges are considered and approved.

3.3 It should be noted that proposals in relation to some existing fees and charges have not yet been finalised as they form part of a wider consideration of Business Unit plans. These will be submitted to Cabinet in due course when all relevant issues have been worked through.

Fees & Charges Policy

3.4 A significant element of the Authority's activity is underpinned by income generated through a variety of fees and charges made in relation to such activities.

3.5 Whilst being an important element of the overall financing of the Council's services and activities, fees and charges can also have an important role in other areas such as:

- Demonstrating the value of a service;
- Discouraging abuse of a service;
- Strengthening service and corporate objectives; and
- Promoting and encouraging access to services.

3.6 Therefore, as well as ensuring that fees and charges are in line with Council objectives, it is also sound practice to ensure that there is good evidence on the likely impact of charges on patterns of service use by different groups of users. The objectives of any charging policy should also be clearly communicated to the public who should have the opportunity to hold the Council to account.

3.7 The overall principle aim is to ensure that the Council's fees and charges are set within a framework of value for money management, whereby financial, performance, access and equality issues are considered fully and appropriately, and decisions taken represent a transparent and balanced approach.

3.8 The legal basis for charging has now been made much clearer following the implementation of specific provisions contained in the Local Government Act 2003.

3.9.1 In addition to existing statutory provisions which expressly authorise charging, Section 93 of the 2003 Act allows a local authority to charge for any services which it has discretion to provide. Charges cannot be made for any services for which there is a duty to provide or where legislation expressly prohibits the charging for discretionary services. In exercising its charging powers, a local authority is under a duty to ensure that taking one financial year with another, the income from any charge for a service does not exceed the cost of providing the relevant service.

3.10 This means that over a realistic period of time, any surpluses or under recovery of income should be addressed through a review of the charging policy. However, the reinvestment of any income generated in excess of the cost of providing the service would not represent a surplus. The underlying principle behind the legislation is that one service should not be cross subsidising another as each service must be viewed as distinct for charging purposes. Statutory Guidance has been issued by the Secretary of State which needs to be taken into account in considering the exercise of the charging powers and which addresses the above principles in greater detail.

3.11 The key features to consider in the framework include:

- Fees and charges will be structured to support the Authority's Corporate Plan and encourage public engagement in policy development;

- The income generated from fees and charges will be used to support the work of the Authority;

- Fees and charges will normally be calculated on a marginal or full cost recovery basis, depending on the state of the market and any other relevant factors;

- All concessions will be specified;

- Any Fees and Charges agreed to generate income greater than costs incurred should be clearly articulated as part of the decision, having regard to the principles in the 2003 Act and the guidance issued by the Secretary of State;

- Market research, comparative data, management knowledge and any other relevant information will be used where appropriate to ensure that charges do not adversely affect the take up of services;

- Fees and charges will not be used in such a way that would restrict access to information or services;

- The impact on income from fees and charges will be taken into consideration when a decision is taken to change any services provided by the Authority;

- The cost of collection will be considered to ensure that fees and charges are economical to collect; and

- The income generated from fees and charges will be monitored on a monthly basis as part of the overall budget monitoring process.

3.12 Through consideration of these factors and assessment of their relative importance for individual services, it is envisaged that the overall principal will be achieved.

4. Summary

4.1 In accordance with the overall review of all fees and it is recommended that the full schedule of fees and charges as set out in Appendix 1 are implemented from the 1st April 2016 or later in 2016/17 as applicable.

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FEES & CHARGES ANALYSIS - 2016/17

	2015/16 Fees	2016/17 Proposed Fees	Total Increase/ (Decrease) in Fees	Included in KLOE	Additional / (Reduction) in Fees
	£000s	£000s	£000s	£000s	£000s
People (Appendix 1A) *					
To Be Approved By This Cabinet Report	14,080	13,040	(1,040)	(1,040)	-
	14,080	**13,040**	**(1,040)**	**(1,040)**	**-**
Place (Appendix 1B)					
To Be Approved By This Cabinet Report	9,764	9,936	172	150	22
	9,764	**9,936**	**172**	**150**	**22**
Communities (Appendix 1C) **					
To Be Approved By This Cabinet Report	6,502	5,459	(1,043)	-	(1,043)
	6,502	**5,459**	**(1,043)**	**-**	**(1,043)**
Core Services (Appendix 1D)					
To Be Approved By This Cabinet Report	6,991	6,998	7	-	7
	6,991	**6,998**	**7**	**-**	**7**
Total					
To Be Approved By This Cabinet Report	**37,337**	**35,433**	**(1,904)**	**(890)**	**(1,014)**

***** This decrease in fees and charges is in respect of the closure of daycare facilities as part of KLOE PO1 and the loss of parental fees as a result.

****** The decrease in fees and charges relates to services that have transferred to the Council's trading company, ILAH (Barnsley) Ltd, namely the Central Call service.

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16: Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	PROPOSED INCOME 2016-17: Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Education & Early Start Prevention						
Early Years						
Day Care charges	Daily Rate (ranges on avg (£30.00 - £36.00) NO CHANGE		1,040	No day care charges in 2016/17 We won't be taking any parental fees we will only be offering funded sessional care for 2,3 and 4 yr olds. We are closing all our daycare that we invoice parents for currently. Therefore our only income for childcare will be via TYE/EEF		0
School Workforce Modernisation						
Tuition Fees - Governor Development	£65 per governor x number of governors (buy back) £50 per Governor (outside of buy back) NQT support / training no longer provided under Future Council		15	£65 per governor x number of governors (buy back) £50 per Governor (outside of buy back) NQT support / training no longer provided under Future Council		15
School Organisation & Governance Governor Clerking for schools	Full service primary £1,435	60	99	Full service primary £1,435	60	99
	Additional committee service £1,031	2		Additional committee service £1,031	2	
	Full secondary service £1,747	5		Full secondary service £1,747	5	
	Partial secondary service	1		Partial secondary service	1	
	Penistone foundation	1		Penistone foundation	1	
Admission services (Academy)	Admissions £9.20 Appeals: £42 pp on roll + £354 per 1/2 day hearing	dependent on buy back from converting academies	30	Admissions £9.20 Appeals: £42 pp on roll + £354 per 1/2 day hearing NO CHANGE	dependent on buy back from converting academies	30
Educational Visits & Journeys (Academies, VA and Trust Schools)	Per Acad/VA/trust school: £299 flat fee + £1 pp on roll	dependent on buy back from converting academies	3	Per Acad/VA/trust school: £299 flat fee + £1 pp on roll	dependent on buy back from converting academies	3
	Sec+Spe £1,995 pa			Sec+Spe £1,995 pa		
Education Psychology						
Schools: Additional provision	Various levels of service; charged at rates between £510 & £550 per day for agreed full year contracts , or £650 per day for ad hoc service provision	670 days	350	Various levels of service; charged at rates between £510 & £550 per day for agreed full year contracts , or £650 per day for ad hoc service provision	670 days	350
Adult Assessment & Care Management						

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e
Means Tested Charges - Linked to Fairer Charging Policy care package and are then charged the full cost or whatever they are assessed as being able to pay up to a maximum sum.	Agreed maximum an individual would pay towards care would go up from £90 to £150 in increments of £15. The 2014/15 limit is currently £120 per week which will increase to £135 per week in 2015/16. Given the number of clients affected the full income effect of £100k was adjusted for in 2013/14 so no additional budgeted income for 2015/16.	NA	3,249	Currently the agreed maximum an individual would pay towards meeting their assessed care cost is £150. A review of the Charging Policy is currently underway, with consideration to be given to reducing further the subsidy to those who can pay and increase charging to 100%. The financial impact will need to be assessed with any change subject to consultation and Cabinet approval.	NA	3,249
Residential Care Residential and Nursing Care	Charges based on national guidance - CRAG	Council pays providers net of assessed client contribution - provider recovers contribution from individual - amount shown represents estimated conribution for the year	8,945	Charges based on national guidance - CRAG	Council pays providers net of assessed client contribution - provider recovers contribution from individual - amount shown represents estimated conribution for the year	8,945
Children Assessment & Care Management						
Education Welfare Schools: Additional provision	S175 safeguarding training- £400 prim & £500 sec. EWO Buy Back £26 per Hour for maintained schools / academies plus vat where applicable		6 326	S175 safeguarding training- £400 prim & £500 sec. EWO Buy Back £26 per Hour for maintained schools / academies plus vat where applicable		6 326
Safeguarding Multi-agency child protection and safeguarding training - academies	£30.00 per licence for e-learning No Change £75.00 per person for non attendance at training courses and not cancelling within the agreement of the Cancellation Policy No Change		5	£30.00 per licence for e-learning No Change £75.00 per person for non attendance at training courses and not cancelling within the agreement of the Cancellation Policy No Change		5
Newsome Avenue Respite Care Daycare / Overnight stays for Children with Disabilities from other Authorities	Respite care £450 per night, £20 per hr day care.	25 nights	12	Respite care £450 per night, £20 per hr day care.	25 nights	12
Fees and Charges To Be Agreed Via This Report			**14,080**			**13,040**

PLACE

SECTION 7ib

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Economic Regeneration						
CLIS / Adult Learning						
Tuition / Course Fees	£2.90 per hour . £1.45 for clients on means tested benefits excluding JSA & ESA (WRAG)		176	£2.90 per hour . £1.45 for clients on means tested benefits excluding JSA & ESA (WRAG) NO CHANGE		176
Building Control.						
Searches	Searches	At cost	1	Searches	At cost	1
Building Control Fees	Fees recalculated to ensure costs of running the service are recovered	See Below	392	Fees recalculated to ensure costs of running the service are recovered	See Below	392
BUILDING REGULATION APPLICATION CHARGES						
NEW HOUSING						
No. of Dwellings						
1	490			515		
2	680			700		
3	870			885		
4	1,040			1,065		
5	1,210			1,250		
6 or more	IDC			IDC		
DOMESTIC BUILDING WORKS						
Attached/detached garage or carport, n.e. 36m2	200			215		
Attached/detached garage or carport, 36-100m2	250			265		
Extension 40 - 60m²	475			500		
Extension 60 - 100m²	515			550		
Replacement window/s & door/s to one property	75			75		
Replacement window/s & door/s to more than one property	IDC			IDC		
Controlled domestic electrical work (not CPS)	250			250		
R[illegible]ation of a thermal element (non-structural)	75			75		
R[illegible]ation of a thermal element (structural)	130			135		
R[illegible]s in a roofspace including means of access	375			385		
A[illegible]nal rooms in a roof space excluding means of access	300			320		
O[illegible] domestic work - estimated cost < £2,000	125			140		
Other domestic work - estimated cost £25,000 - £50,000	400			450		
Other domestic work - estimated cost > £50,000	IDC			IDC		
NON-DOMESTIC BUILDING WORKS						
Installation of < 20 windows and doors	150			150		
Installation of 20 - 50 windows and doors	IDC			IDC		
Other non-domestic work - estimated cost < £2,000	175			200		
Other non-domestic work - estimated cost £2,000 - £5,000	200			225		
Other non-domestic work - estimated cost £5,000 - £10,000	300			300		
Other non-domestic work - estimated cost £10,000 - £25,000	400			420		
Other non-domestic work - estimated > £50,000	IDC			IDC		
STREET NAMING & PROPERTY NUMBERING CHARGES						
New property addresses on existing steet						
1	35			50		
2 to 5	45			80		
6 to 10	70			100		
11 to 50	125			150		
51+	125			200		

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16 Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	PROPOSED INCOME 2016-17 Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Change to a new development after notification						
1	35			50		
2 to 5	45			80		
6 to 10	70			100		
11 to 50	125			150		
51+	125			200		
Re-addressing of properties on existing street (per property)	45-135 total			120		
New property addresses requiring new street names						
1	55			70		
2 to 5	70			100		
6 to 10	95			140		
11 to 50	145			200		
51+	145			270		
Music Service	2015-16 academic year	Dependent on take up and expression of interest by schools. Information still being gathered	350	2016/17 academic year	Dependent on take up and expression of interest by schools. Information still being gathered	371
	Instrument Hire @£15			Instrument Hire @£15		
	Contin Lessons @£30.00			Contin Lessons @£32.00 /term		
	Group Lessons @£45			Group Lessons @£48 /term		
	Individual Lessons @£90			Individual Lessons @£96 /term		
	KS1 1 term projects@£360			KS1 1 projects@£1140 / year		
	KS2 full year projects @£700			KS2 full year projects @£700		
Development Management.						
Planning Application Fees (Statutory)	Statutory Fees set by Government	Variable	794	Statutory Fees set by Government	Variable	794
Non Statutory Fees:						
Householder Enquiry Forms	Non Statutory Fees approved and	30	11	Non Statutory Fees approved and	33	11
Minor Pre-application Advice	to be implemented from	30	10	to be implemented from	33	10
Listed Building & Conservation Area Advice	1st January 2015	30	2	1st January 2015	33	2
Sec 106 Legal Agreement Enquies		30	1		33	1
Planning Policy Evidence Based & Land Allocation Discussions	(Delegated approval received in November 2014)	Variable	1	(Delegated approval received in November 2014)	Variable	1
Markets	No changes proposed other than the ones shown below		629	No changes proposed other than the ones shown below		629
Barnsley Open Market						
Stall A	£13.15 per day			No change recommended.		
Stall B	Stalls removed			No change recommended.		
Stall C	Stalls removed			No change recommended.		

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Stall D stall 81 only - small stall	£11.95 per day			No change recommended.		
Stall E stalls 58 and 65	£11.25 per day			No change recommended.		
Stall F stalls 41 and 45 - concrete pillars through stalls	£11.20 per day			No change recommended.		
Stall G pitch 5 only	£5.00 per day			No change recommended.		
Stall H stalls 72 and 73 and pitches 1-4	£10.30/£2.50 per day			No change recommended.		
Stall I (Weds / Fri / Sat stalls 57,58,66,70,74,76,86,85,88,92,76,77,93 and 89) (Note 57 and 66 were £10.65 only on Tuesday now is £11.00)	£5.75 per day			No change recommended.		
Stall J (Weds / Fri / Sat stalls 43,46,47,50,51,54,55,59,60,61)	£8.20 per day			No change recommended.		
Stall K (Weds / Fri / Sat - stalls 35,38,39,42,62,63,64)	£11.40 per day			No change recommended.		
Tuesday stalls 58,69,74,75,86 and 89 £21.60 and stall 70 £19.80)	£11.25/£10.30 per day			No change recommended.		
Triangle pitch	£15 per day			No change recommended.		
Barnsley Central Sunday Market						
All 8ft stalls	£10.00 per day			No change recommended.		
Pitches 1-4	£5.00 per day			No change recommended.		
Pitch 5	£5.00 per day			No change recommended.		
Shutter pitches	£10.00 per day			No change recommended.		
Barnsley Semi-Open Market - all days						
A+	£15.05 per day			No change recommended.		
A	£13.05 per day			No change recommended.		
B+	£14.50 per day			No change recommended.		
B	£11.60 per day			No change recommended.		
C - 8' x 4' stand	£9.00 per day			No change recommended.		
D - stalls 82,86,87,89	£6.25 per day			No change recommended.		
E - stalls 84 and 88	£6.25 per day			No change recommended.		
Additional space charged per square foot in open and semi open market	£0.50 per square foot - to support effective enforcement of spreading into areas that have not been paid for.			No change recommended.		
E[illegible] stalls A[illegible] markets traders paying for at least one stall at full rent can take a[illegible]onal stalls at 25% of the going rate on a casual basis subject to s[illegible]stalls not being used at the full rate by other traders	No change recommended.			No change recommended.		
S[illegible]-open pitches per day						
P1	£12.20 per day			No change recommended.		
P2	£14.10 per day			No change recommended.		
P3	£10.35 per day			No change recommended.		
P4	£20.80 per day			No change recommended.		
P5	£21.30 per day			No change recommended.		
P7	£22.45 per day			No change recommended.		

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16: Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	PROPOSED INCOME 2016-17: Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
P8	£6.00 per day			No change recommended.		
P9	£4.40 per day			No change recommended.		
P10	£14.25 per day			No change recommended.		
P11 (was P12)	£9.05 per day			No change recommended.		
P12 (was P17)	£8.30 per day			No change recommended.		
P13 (was P18)	£8.30 per day			No change recommended.		
Market Hall Trading Tables and Pitches						
T1 - T4	£8.25 per day			No change recommended.		
Pitch 5 (Hiltons)	Pitch has been removed			No change recommended.		
Ground floor pitches 1-4	£5.00 per day			No change recommended.		
Storage boxes at Barnsley Market						
Standard per week	£10.00 per week.			No change recommended.		
Large per week	£12.50 per week			No change recommended.		
Charges for electricity Where metered standard and unit charges are automatically reviewed in accordance with YEB non domestic charges. Semi-open market stalls ;- standard charge of £1.50 for the first 4 lights now incorporated into the stall charge. A charge of 10p per light to be charged over the first 4 used. Other charges not listed.	Semi-open market every extra light 10p per day. Any fridge or major electrical appliance 30p per day. No change to other charges recommended.			No change recommended. No change to other charges recommended.		
Other town centre fees and charges						
Gazebo						
Gazebo hire - charities	£15.00 per day			No change recommended.		
Gazebo hire - businesses	£30.00 per day.			No change recommended.		
Poster sites - metropolitan centre						
All sites	£25.00 per week			No change recommended.		
Stage hire						
Including transport	£495 per day.			No change recommended.		
District Markets						
Wombwell						
Stall 10 x 8	£13.22 per day			No change recommended.		
Hoyland						
A 11' stall	£14.03 per day			No change recommended.		
B 11' stall	£13.45 per day			No change recommended.		
C 11' stall	£12.88 per day			No change recommended.		
Goldthorpe						
A 9' stall	£9.54 per day			No change recommended.		
B 9' stall	£8.39 per day			No change recommended.		
C 9' stall	£7.24 per day			No change recommended.		
Penistone						
2 metre stall	£10.00 per day			No change recommended.		
3 metre stall	£15.00 per day			No change recommended.		
Trader car parking						
Standard trader bay	£2.50 per day			No change recommended.		

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Town centre space management - pricing structure						
Cheapside						
Daily rate Mon, Tue, Wed & Fri.	£150			No change recommended.		
Daily on Thursday or Sunday	£100			No change recommended.		
Daily on Saturday	£200			No change recommended.		
Weekly rate	£700			No change recommended.		
Queen Street						
Daily rate Mon, Tue, Wed & Fri.	£100			No change recommended.		
Daily on Thursday or Sunday	£75			No change recommended.		
Daily on Saturday	£150			No change recommended.		
Weekly rate	£500			No change recommended.		
Peel Square						
Daily rate Mon, Tue, Wed & Fri.	£150			No change recommended.		
Daily on Thursday or Sunday	£100			No change recommended.		
Daily on Saturday	£200			No change recommended.		
Weekly rate	£700			No change recommended.		
Mayday Green						
Daily rate Mon, Tue, Wed & Fri.	£100			No change recommended.		
Daily on Thursday or Sunday	£75			No change recommended.		
Daily on Saturday	£150			No change recommended.		
Weekly rate	£500			No change recommended.		
Stall 1 & 2 May Day Green – Adjacent to Car Phone Warehouse	£20.00 per bay per day			No change recommended.		
Stall 3 & 4 – May Day Green – Adjacent to Metropolitan Centre	£20.00 per bay per day			No change recommended.		
Albert Street, East Street and Market Street						
Daily rate Mon, Tue, Wed & Fri.	£50			No change recommended.		
Daily on Thursday or Sunday	£30			No change recommended.		
Daily on Saturday	£100			No change recommended.		
Weekly rate	£250			No change recommended.		
The Arcade						
Daily rate Mon, Tue, Wed & Fri.	£50			No change recommended.		
Daily on Thursday or Sunday	£10			No change recommended.		
Daily on Saturday	£75			No change recommended.		
Weekly rate	£200			No change recommended.		
Culture, Housing & Regulation Services						
Dog Warden Fees						
Dog Release Fee	£50 per Dog	Variable	6	£50 per Dog	Variable	6
Dog Surrender Fee	£100 per Dog	Variable	2	£100 per Dog	Variable	2

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Pollution Control						
Misc Fees & Charges	No change recommended- various charges.	variable - anticipated drop in volumes expected	2	No change recommended- various charges.	variable - anticipated drop in volumes expected	2
PPC Permits	Statutory Fee - Individual charge to each company based on an Annual Risk Assessment	variable - anticipated drop in volumes expected	44	Statutory Fee - Individual charge to each company based on an Annual Risk Assessment	variable - anticipated drop in volumes expected	44
LSO Contracts	Fixed Annual Contracts - Varying terms	variable - anticipated drop in volumes expected	10	Fixed Annual Contracts - Varying terms	variable - anticipated drop in volumes expected	10
Entertainment Licenses						
Licence Fees - Premises, Alcohol & Gambling	Statutory fees set by Government, except sex establishments. New charges for sex establishments:- new application - £234, renewal application £112, variation £234, transfer £34.	Variable	184	Statutory fees set by Government, except sex establishments. New charges for sex establishments:- new application - £234, renewal application £112, variation £234, transfer £34.	Variable	184
Hackney Carriage Licenses						
Private Hire & Hackney Vehicle, Driver & Operator Licensing	Can only recover fees to recover total cost of service - New Fees for 2014/15 Approved by the Taxi Licensing Board in October 2014.	Variable	171	Can only recover fees to recover total cost of service	Variable	171
Trading Standards						
Stamping Fees and Poison Licences	No change recommended.	Variable	1	No change recommended.	Variable	1
Animal Health - Licence Fees						
Home Dog Boarders	£104 per Licence	Variable	9	£104 per Licence	Variable	9
Performing Animals	£104 per Licence	Variable	}	£104 per Licence	Variable	}
Dangerous Wild Animals	£104 per Licence (plus rechargeable vets fees)	Variable	}	£104 per Licence (plus rechargeable vets fees)	Variable	}
Dog Day Care (Low Volume)	£104 per Licence	Variable	}	£104 per Licence	Variable	}
Dog Day Care (High Volume)	£135 per Licence	Variable	}	£135 per Licence	Variable	}
Dog Breeders	£135 per Licence	Variable	}	£135 per Licence	Variable	}
Pet Shops	£127 per Licence	Variable	}	£127 per Licence	Variable	}
Boarding Kennels (Dogs / Cats)	£150 per Licence	Variable	}	£150 per Licence	Variable	}
Greyhound Racing Track	£135 per Licence	Variable	}	£135 per Licence	Variable	}
Riding Schools	£135 per Licence (plus rechargeable vets fees)	Variable	}	£135 per Licence (plus rechargeable vets fees)	Variable	}
Zoo	£197 per Licence (plus rechargeable vets fees)	Variable	}	£197 per Licence (plus rechargeable vets fees)	Variable	}
Food Health & Safety						
Tuition Fees	No change recommended.	Variable	8	No change recommended.	Variable	8
Museums and Heritage Centres	At cost - this includes charges for car parking , room hire etc.	Variable	374	At cost - this includes charges for car parking , room hire etc. Changes include: **Cooper Gallery** Private Hire £220 full day £50 per hr outside core hrs Charities £150 full day £30 per hr outside core hrs	Variable	424

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
	Gallery Hire £500 (2 hours)			Gallery Hire £500 (2 hours)		
				Sadler for Weddings £400 - £700		
	Sadler £100 (1 hour)			Sadler £100 (1 hour)		
				Commission on Artists work 35%		
	Cannon Hall			**Cannon Hall**		
				Spencer Wing Conference Hire		
				Full day £220, £50 per hr outside core hrs		
				Charities £150 full day, £30 per hr outside core hrs		
				Victorian Wing		
				£50 - £100 per day		
				£70 per hr weekends		
				charities		
				£30 - £75		
				£30 per hr weekends		
	Ballroom Hire for ceremony £500 - £930			Ballroom Hire for ceremony £500 - £930		
				Deer Shelter for Ceremony £500 - £930		
	Library Hire for ceremony £400 - £700			Library Hire for ceremony £400 - £700		
	Ballroom Hire for private functions £1000			Ballroom Hire for private functions from £700		
Museums and Heritage Centres (Cont)	Gallery Hire for functions £500 (2 hours)			Gallery Hire for functions £500 (2 hours)		
	Drink Functions (walled garden/Spencer wing) £100 per hr			Drink Functions (walled garden/Spencer wing) £50 per hr		
	Car Parking			Car Parking		
	£3 up to 4 hours (incl VAT)			£3 all day cars & minibuses (incl VAT)		
	£5 all day (incl VAT)			Coaches £5 all day (incl VAT)		
				Motorcycles free in designated areas		
	Season Ticket £100 (incl VAT)			Season Ticket £100 (incl VAT)		
				Fishing £3 per day (Juniors £1)		
				Land Hire £1000 per day		
				£50 per day per pitch (£25 charities)		
	Elsecar			**Elsecar**		
	Building 21 Hire £500 -£1250			Building 21 Hire £50 -£1250		

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
	Hard based space outside £416.66			Hard based space outside £416.66 Stage Hire -£500 Seating - £256 Trestle tables - £2 - £6 per table Additional chairs £2 per chair (over 50) Crash barriers £5 per barrier per day		
	Visitor Centre Meeting Room			Visitor Centre Meeting Room		
	Private & Commercial Mon-Fri £256 per day. Weekends and evenings £67 per hour			Private & Commercial Mon-Fri £220 per day. Weekends and evenings £50 per hour		
	Internal BMBC Mon-Fri £185 per day. Weekends and evenings £67 per hour			Internal BMBC Mon-Fri £150 per day. Weekends and evenings £30 per hour		
	Worsbro Mill			**Worsbro Mill**		
	Season Ticket £100 (incl VAT)			Season Ticket £100 (incl VAT)		
				Car Parking £1 per hour £3 per day £5 per day coaches Land Hire £1000 per day £50 per day per pitch (£25 charities)		
Museums and Heritage Centres (Cont)	**Experience Barnsley** Hire of Learning Lab (office hours) £256 Hire of galleries (office hours) £500			**Experience Barnsley** Hire of Learning Lab (office hours) £220 Hire of galleries (evening function) from £500		
	Archives Various copying, printing charges (£0.30 - £20.00)			**Archives** Various copying, printing charges (£0.35 - £20.00)		
	Commercial use of images or documents. Various charges £50 - £400.			Commercial use of images or documents. Various charges £120 - £480.		
				Low resolution images for use on the internet £6 - £240		
				Commercial use of exhibitions £60-£180		
				Television - £360 incl VAT first broadcast £180 incl VAT for subsequent repeats		
	School Visits			**School Visits**		
	Victorian Kitchen visit £9.20 per child (full day)					
	Other Visits £8.99 per child (full day)			Visits £8.99 per child (full day)		
	Half day £5.10 per child			Half day £4.99 per child		

SECTION 7ib

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e
			£000s			£000s
				Outreach in classroom £150		

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
				Handling boxes per week £50		
	Talks and Tours on Site £100 (10:00am -4:00 pm) £150 (after 4:00pm)			Talks and Tours on Site £80 (10:00am -4:00 pm) £150 (after 4:00pm)		
	Talk off site - £150 + expenses			Talk off site - £150 + expenses		
	Professional consultancy rates - from £250 per day + expenses			Professional consultancy rates - from £250 per day + expenses		
S[illegible]s						
Passport to Leisure	No change suggested - income target not being met	-	5	No change suggested - income target not being met	-	5
Golf Course - Green Fees / Season Tickets	Fees levels are currently being examined as part of the ongoing review of the Golf service	-	300	Fees levels are currently being examined as part of the ongoing review of the Golf service	-	300
Bereavement Services						
Burial & Cremation fees	6% increase burials and cremations	-	1,662	6% increase burials and cremations	-	1,762
Gypsy Sites	Increase should be in line with the increase in rents for Berneslai Homes stock - 1.2%			Increase in line with formula used (until 2016/17) to increase rents for council housing; (i.e. CPI (as at Sept. 2015) + 1%: = - 0.1% + 1% = 0.9% rent increase.		
Pitch rents at Smithies Lane Gypsy & Traveller site (Small improved pitch)	£72.12 per week per pitch		-	£72.77 per week per pitch		-
Pitch rents at Smithies Lane Gypsy & Traveller site (Large improved pitch)	£93.75per week per pitch		96	£94.59 per week per pitch		97
			-			
Hire of caravans (Ings Road site etc)	£59.68 per week 28ft caravan		-	£60.22 per week 28ft caravan		-
	£66.10 per week 35ft caravan		-	£66.69 per week 35ft caravan		-
Environment & Transport						
Waste						
Commercial waste collection		1,700	942		1,700	942
Zone A	140 litres bin size £196.56 240 litres bin size £245.44			No change recommended. No change recommended.		

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
	360 litres bin size £329.16 660 litres bin size £531.96 700 litres bin size £574.60 1100 litres bin size £744.64 Recyclable waste - £104 for all bin sizes			No change recommended. No change recommended. No change recommended. No change recommended. No change recommended.		
Zone B	140 litres bin size £214.76 240 litres bin size £263.64 360 litres bin size £347.36 660 litres bin size £549.64 700 litres bin size £594.88 1100 litres bin size £762.84 Recyclable waste - £104 for all bin sizes			No change recommended. No change recommended. No change recommended. No change recommended. No change recommended. No change recommended. No change recommended.		
Zone C	140 litres bin size £231.92 240 litres bin size £280.80 360 litres bin size £364.00 660 litres bin size £566.80 700 litres bin size £615.16 1100 litres bin size £780.00 Recyclable waste - £104 for all bin sizes			No change recommended. No change recommended. No change recommended. No change recommended. No change recommended. No change recommended. No change recommended.		
Clinical waste collection	Consideration to ceasing service Zone A £196.78 Zone B £205.80 Zone C £216.47	15 Customers	-	Consideration to ceasing service No change recommended. No change recommended. No change recommended.	15 Customers	-
Clinical waste charge to PCT	Consideration to ceasing service	1	-	Consideration to ceasing service	1	-
Bin delivery charges	£15 is a reasonable charge	660	10	£20 delivery charge and removal of service subsidies	660	10
Bin provision						
Special (bulky) collection	£5 for 1 item & £10 for 2/3 or 4 items. £15 for 5 items	4,000	35	£10 for 1 item, £20 for 2-4 items, £25 for 5 items, £30 for 6-8 items, £35 for 9 items, £40 for 10-12 items	4,000	35
New Premium Bulky Collection	Subject to contract - income may fall depending on market forces. Market prices are currently high			£20 for first item, +£7.50 for each additional item thereafter. Additional items fridges £10 and additonal items excess weight/size +£10		
Glass	Subject to contract - income may fall depending on market forces. Market prices have recently dropped	8,500	220	Subject to contract - income may fall depending on market forces. Market prices are currently high	7,500	220
Paper	Subject to contract - income may fall depending on market forces.	4,000	400	Subject to contract - income may fall depending on market forces. Market prices have recently dropped	4,000	400
Cardboard		3,000	80	Subject to contract - income may fall depending on market forces.	2,500	80
Fleet						
MOT fees - taxi	£45 per inspection and £20 re-test	1300 tests and 600 re-test	75	£45 per inspection and £20 re-test	1300 tests and 600 re-test	75
MOT fees - general public	£45 per inspection no re-test charge	160	7	£45 per inspection no re-test charge	160	7
Engineers						

SECTION 7ib

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Street Lighting - external	Individually priced jobs dependant upon work required	70	290	Individually priced jobs dependant upon work required	70	290
Other (dropped crossings)	Individually priced jobs dependant upon work required	80	50	Individually priced jobs dependant upon work required	80	50

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16 Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	PROPOSED INCOME 2016-17 Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Other (signs)	Individually priced jobs dependant upon work required	20	45	Individually priced jobs dependant upon work required	20	45
Other (Engineering Services external works)	Individually priced jobs dependant upon work required		50	Individually priced jobs dependant upon work required		50
Mechanical sweeping - external	£61.05 per hour	7 customers	10	+3% and roundup £63 per Hr	7 customers	10
Cesspit emptying - domestic	£265 per visit	91	24	+3% and roundup £273 Per visit	91	24
Cesspit emptying - industrial	£187.42 for 2 hrs	107 hrs	10	+3% and roundup £193 for 2 Hrs	107 hrs	10
Recycling	individually priced per material and tonnage purchased	-	105	individually priced per material and tonnage purchased	-	105
Neighbourhood Services						
External income	Individually priced jobs dependant upon work required		50	Individually priced jobs dependant upon work required		50
Disposal of dead animals following RTA				£30 per Animal		
Stores						
Sales of scrap metal and timber	Individually priced per material and tonnage purchased	-	1	Individually priced per material and tonnage purchased	-	1
Tipping	Individually priced per type of material	232 tonnes	1	Individually priced per type of material	232 tonnes	1
Weighbridge	£10 per use	180	2	£10 per use	180	2
Highways Licences, Permits and Services						
Licensing of builders' skips placed on the highway	£15 per skip for a maximum of 14 days (non permitted) or 7 days maximum if permitted	Variable	45	Increase of £5 per skip to £20 per skip for a maximum of 14 days (non permitted) or 7 days maximum if permitted	Variable	45
Licensing of builder's skips placed on the highway - retrospective licence	£50 per skip	Variable		3% increase to £75 Per Skip and round up	Variable	
Licence charge for scaffolding and other structures on highways (Fixed)	£155 for first week, £50 for subsequent weeks	Variable	10	£175 for first week, £60 for subsequent weeks	Variable	10
Licence charge for scaffolding and other structures on highways (Mobile)	£51 per day	Variable	1	53	Variable	1
Licensing of builder's materials deposited on the highway	£10 per day	Variable	1	11	Variable	1
License to dispense with erection of a hoarding	£77 to cover site inspection	Variable	1	80	Variable	1
Site inspections to monitor compliance with duties relating to the erection of hoardings	Nationally agreed fee - £51 per inspection	Variable	1	51	Variable	1
Various licences to make openings in the street or footway for constructing works, cellars or the admission of light into premises	£180 per licence	Variable	1	185	Variable	1
License to construct a vehicle crossing - use of BMBC Engineering Services or private contractors	Application fee £51 - where Engineering Services are used no fees for site inspections. For hardened footway applications using private contractors two site inspections at £51 each. For commercial applications involving radius kerb /full carriageway const	Variable	5	Application fee £53 - where Engineering Services are used no fees for site inspections. For hardened footway applications using private contractors two site inspections at £53 each. For commercial applications involving radius kerb /full carriageway const	Variable	5
Clearance of accident debris	Actual costs +10%			Actual costs +10%		
Application for an exemption to a Traffic Regulation Order	£102 per application	Variable		105	Variable	
Road Closure Orders (Planned)	£847 per closure		66	£847 + advertising cost		66

PLACE

SECTION 7ib

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e
			£000s			**£000s**
Road Closure Notice (Emergency)	£341 per closure			351		
Road Closure Order (Special Events)	£847 per closure			£847 + advertising cost		
Parking place suspension	Estimated loss of parking revenue plus 10% to cover administration costs	Variable		Estimated loss of parking revenue plus 10% to cover administration costs	Variable	

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DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16: Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	PROPOSED INCOME 2016-17: Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Application for a traffic sign to specified land or premises (permanent)	£51 per sign application fee. If the application is successful - a charge for the costs of manufacturing and erecting the sign plus 10%	Variable		£51 per sign application fee. If the application is successful - a charge for the costs of manufacturing and erecting the sign plus 10%	Variable	
Application for a traffic sign to specified land or premises	£40 per sign	Variable		41	Variable	
Placing of traffic sign for specified land or premises	Actual cost +10%	Variable			Variable	
Pavement café licences	£362 application fee plus annual maintenance fee for 2 site inspections of £202	Variable	3		Variable	3
Consideration of applications for consent for overhead beams, Rails, wires, banners etc above the highway	£90 per application (no charge for charities)	Variable		93	Variable	
Highways Licences, Permits and Services (cont)						
Licence to Oversail the Highway with Tower Cranes etc	£85 application fee plus a monthly £56 inspection charge	Variable		88	Variable	
Consideration of applications to buildings, structures, balconies etc over the highway	£561 per application	Variable		578	Variable	
Licence to non-Statutory Undertakers to place and maintain apparatus in the Highway (New Roads and Street works Act)	£400 per licence	Variable	55	420	Variable	55
Construction of highways to be adopted (section 38 Highways Act 1980)	8.5% of estimated total works	Variable	94		Variable	94
Charges for Demolition Notices	£250 per licence	Variable	11	258	Variable	11
Penalty charges to Statutory Undertakers for exceeding permitted licence to occupy the Highway (Section 74 New Roads and Street works Act)	Variable	Variable	151	Variable	Variable	151
Bus lane enforcement	£60 for driving in a bus lane with 50% discount for early payment and 50% enhancement for late payment.	Variable	15	£60 for driving in a bus lane with 50% discount for early payment and 50% enhancement for late payment.	Variable	15
Increased Highways Act enforcement	Charges will be made to people based on cost for clearing the highway, if they fail to do it themselves. This will include, for example overhanging vegetation.	Variable	5	Charges will be made to people based on cost for clearing the highway, if they fail to do it themselves. This will include, for example overhanging vegetation.	Variable	5
Licensing of builder's skips placed on the highway - retrospective licence	From £50 to £72/ license (inspection fee £52 + £20 admin cost)	30	2	75	30	2
Weekly Inspection of Scaffolding and hording	£52 (This is an increase of 2% based on pay)			60		
Retrospective Licenses for S184, S50 & Scaffold licenses would incur a charge of £70 additional to the normal license fee.	New £72 fee (inspection fee £52 + £20 admin cost)	36	3	£75 + normal licence fee	36	3
Road Closure Orders (Planned) PROW Initial fee - dependant on dwelling numbers, sliding scale for more than 1 dwelling	484 (Increase of 10%)	Variable	-	499	Variable	-
Road Closure Orders (Planned) PROW weekly fee	91 (Increase of 10%)	Variable	-	94	Variable	-
Road Closure Orders (Planned) PROW Extension	242 (Increase of 10%)	Variable	-	227	Variable	-
Road Closure Notice (Emergency) PROW	220 (Increase of 10%)	Variable	-	227	Variable	-
Public Path Orders (Diversion Orders) - dependant on dwelling numbers, sliding scale for more than 1 dwelling	2901 (Increase of 10%)	Variable	-	Sliding scale	Variable	-

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Pavement café licences new application	£370 (based on an increase of 2%)	2	1	381	2	1
Pavement café licences (continuation fee)	£202 (No change recommended)	16	3	208	16	3
Water Course Consenting	£52 (This is an increase of 2% based on pay)	5	0	56	5	-
Status Enquiries	£52 (This is an increase of 2% based on pay)	100	5	56	100	5
Residents Parking Zones						
Permits for Residents Parking Zones	£20 1st Resident Permit and Special Organisation Permit; £30 1st Business Permit; 2nd & 3rd Resident Permit £40 and £60; 2nd &3rd Business Permit £60 & £100; Resident Change of Vehicle/Lost Permit £5; Business Replacement Permit £10; Voucher Books £7.50.	Variable	24	£20 1st Resident Permit and Special Organisation Permit; £30 1st Business Permit; 2nd & 3rd Resident Permit £40 and £60; 2nd &3rd Business Permit £60 & £100; Resident Change of Vehicle/Lost Permit £5; Business Replacement Permit £10; Voucher Books £7.50.	Variable	24
Car Parking						
Off Street Parking	£1.20 1 Hour, £1.60 2 Hours, £2.50 4 Hours, £5.00 All Day. Pitt Street, Burleigh Street (East and West) and Joseph Street, 2 Hours 70p, Pitt Street, Burleigh Street (East and West) and Joseph Street 4 Hours £1.20, Pitt Street, Burleigh Street (East and West) and Joseph Street more than 4 hours £2.00. West Road less than 4 Hours £1.10, more than 4 hours £2.20		619			619
On Street parking	Inner Zone £0.70 for 1/2 Hour & £1.40 for 1 Hour Outer Zone £0.70 for 1 Hour & £1.4 for 2 Hours		310			310
Car Parking (Cont)						
Public Season Tickets	£22 for 5 days, £27 for 6 days, £82 one month (5 days per week) £100 one month (6 days per week), £230 for 3 months (5 days per week), £275 for 3 months (6 days per week), £770 for 1 year (5 days per week), £910 for 1 year (6 days per week). £940 for 1 year (reserved bay)		72			72
Staff Discounted Season Tickets	£17.50 per month or £35 per month for Chief Officers.		203			203
Charges for Fixed Penalty Notices	£70 or £50 depending on the type of contravention, falling to £35 and £25 if paid early		284			284
Pest Control & Drainage						
Pest Control Fees (Owner occupiers, B Homes, Private contracts)	£41.67 for a call out (exclusive of VAT)		125			125

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e
			£000s			£000s
Fees and Charges To Be Agreed Via This Report			**9,764**			**9,936**

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16 Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	PROPOSED INCOME 2016-17 Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Customer Services						
School Meals						
School Meals	Charge is based on providing the level of service (SLA) required by each individual school governing body, and logistics necessary to fulfil their requirement.	Dependent on take up by schools / academies. Proposed Budget TBC when SLA's returned by schools and outcome of a contract for school meals provision to 9 schools is known	4,063	Charge is based on providing the level of service (SLA) required by each individual school governing body, and logistics necessary to fulfil their requirement.	Reduction in total income from 2015/16 is a result of an Academy making its own arrangements. Will be equivelant reduction in spend	4,000
Day Opportunities						
Transport (Day Care)	£1.00 per journey		30	£1.00 per journey	No proposed change. Significant increase in recent years as part of KLOE Review of charging to be done in 2016/17	30
Laundry/Bathing (At Day Centre)	£1.05 per load		1	£1.05 per load		1
Lunch (At Day Centre)	£3.00 per meal		54	£3.00 per meal		54
Central Call					This is now delivered thorugh the Trading Company ILAH (Barnsley) Ltd. Fees and charges will be considered by the Board	
Careline	£3.24 per week					
Mobile Care	£1.00 per week		984			
Assistive Technology - Passive	£0.55 per week					
Assistive Technology - Non Passive	£1.05 per week					
Barnsley Library & Information Service						
Fines, Sales and Receipts (Book fines, video & CD hire, obsolete stock etc)	Various Charges		118	Various Charges	No proposed change for 2016/17. Review to be undertaken to consider income and level of charges during the year.	118
Berneslai Homes	Based on number of transactions attributable to BH over the various locality settings and specific costs for out of hours support and Contact Centre		780	Based on number of transactions attributable to BH over the various locality settings and specific costs for out of hours support and Contact Centre	No change for 2016/17. Business review being undertaken with BH to consider needs for 2017/18	780
Other						
Statutory Fees						
General Search	£18.00			£18.50		
Certificates	£10.00		140	£10.00		141
Marriages (Register Office)	£45.00	5	-	£45.00	5	-
Non Statutory Fees						
Marriages / Ceremonies (Ceremony Suite)						
- Monday - Thursday	£112.00	81	9	£113.00	81	9
- Friday	£134.00	90	12	£135.50	90	12
- Saturday	£161.00	199	32	£163.00	199	33
- Friday	£345.00	102	35	£348.50	102	36
- Saturday	£440.00	222	98	£444.50	222	99
- Sunday	£448.00	42	19	£452.50	42	19
- Bank Holiday	£448.00	2	1	£452.50	2	1
Advanced Booking Fee	£448.00	721	19	£452.50	721	19
Safer, Stronger & Healthier Communities						
Planning & Housing Enforcement						

COMMUNITIES

SECTION 7ic

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Misc Fees & Charges	No change recommended- various charges.	Variable	11	No change recommended- various charges.	Variable	11
Public Health and Drainage						
Works in Default	Charged @ Cost Rechargeable works a/c	Variable	49	Charged @ Cost Rechargeable works a/c	Variable	49
Parks Services						
Fairs & Circuses		Recommended introduction of new pricing structure. Charitable Events and Income-generating Community-led Events £100/day Small commercial rate (example: six children's rides and side stalls, or horse fair) £300/day plus £75/day for non income generating 'set up' days. Large commercial rate (example: large rides plus smaller children's rides and side stalls, circus's, music festival) £500/day plus £150/day for non income generating 'set up' days.	10	No change recommended.	Charitable Events and Income-generating Community-led Events £100/day Small commercial rate (example: six children's rides and side stalls, or horse fair) £300/day plus £75/day for non income generating 'set up' days. Large commercial rate (example: large rides plus smaller children's rides and side stalls, circus's, music festival) £500/day plus £150/day for non income generating 'set up' days.	10
Playground Inspections		£58 suggested	2	No change recommended.	No change recommended.	2
Football Pitch Rent Income		5% increase suggested	34	No change recommended.	No change recommended.	34
Cricket Pitch Rent Income	No change recommended.	No change recommended.	1	No change recommended.	No change recommended.	1
Fees and Charges To Be Agreed Via This Report			**6,502**			**5,459**

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e £000s	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s
Assets						
Property and Procurement						
Land and Building Rent; Maintenance, Service Charges	Market Value	N/A	4,629	Market Value	Currently considering increase of up to 3% across all charges to reflect increases in mimumum wage affecting service contracts and potential changes in utility prices. Any increase in income will be offset by increases in costs.	4,629
Rent Income Way leaves	No change suggested		7			7
Rent Income Council Dwelling	No change suggested		16			16
Allotment Enrolment Fees	No change suggested		3			3
Allotment Rent income	£69 per plot with water access/ £34 with no access to water.		114	£73.14 per plot with water access/ £36.04 with no access to water.	Increase in income offset from increase in payments to Groundworks	121
Garage Rent Income	£47 per site		5	£47 per site		5
Storage and Advertising Sites			20			20
Room Hire			33			33
IT						
Finance						
Summons	£52 per Summons		925	£52 per Summons	Volumes Under Review	925
Benefits/Taxation - Liability Order	£28 Per Order			£28 Per Order		
Benefits/Taxation - Late Payment of Commercial Debts (Interest) Act 1998			25			25
Commercial - Prompt Payment Discount Scheme	Percentage Discount dependant on payment terms	tbc	284	Percentage Discount dependant on payment terms	tbc	284
Commercial - Sickness Insurance Administration	Service Level Agreements	Service Level Agreements with Schools	75	Service Level Agreements	Service Level Agreements with Schools	75
Free school meals eligibility checking (Academy)			4			4
HR						
Human Resources / Performance / Comm's						
Recruitment - DBS Checks	20	DBS Checks provided to Schools, Berneslai Homes and Other Organisations	151	20	DBS Checks provided to Schools, Berneslai Homes and Other Organisations	151
Business Advisory - Occupational Health		Occupational Health checks - Schools and other organisations	31		Occupational Health checks - Schools and other organisations	31
Health and Safety - Training Courses		Training Course Income	15		Training Course Income	15
Research and Business Intelligence	Service Level Agreements	Schools Information Management	120	Service Level Agreements	Schools Information Management	120
Workforce Development - Training Fees	Fees agreed across the region	Provision of various training courses	342	Fees agreed across the region	Provision of various training courses	342

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	BUDGETED INCOME 2015-16			PROPOSED INCOME 2016-17		
	Basis and charge for 2015/16 (d)	2015/16 (units if applicable) (e)	Budget 2015/16 f = d x e	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e
			£000s			£000s
Legal Services						
Legal, Elections, Governance						
Land Charge Searches - Various Types	Various Charges Dependant on type of Search	All Fees are set by parliament	188	Various Charges Dependant on type of Search	All Fees are set by parliament	188
Elections - Electoral Registers - Charges to other LA's	NA	Charges to other LA's	4	NA	Charges to other LA's	4
Fees and Charges To Be Agreed Via This Report			**6,991**			**6,998**

2016/17 SERVICE & FINANCIAL PLANNING
2016/17 COUNCIL TAX OPTIONS

1. Introduction

1.1 This report considers the calculation and options for setting the Authority's Council Tax for 2016/17.

2. Basis of Council Tax Calculation

2.1 The following stages are involved in determining options for setting the Council Tax:

1) Determining the Council Tax Base;
2) A review of past performance in collecting Council Tax;
3) Identifying the potential impact on the Council's Medium Term Financial Strategy of various Council Tax increases; and
4) Options for setting the Council Tax in the context of national and local policy.

Step 1 – Determining the Council Tax Base

2.2 The Authority's Tax Base represents the estimated number of chargeable dwellings in the area, expressed in terms of Band D equivalent properties and after allowing for disabled persons relief, discounts and other statutory adjustments.

2.3 The calculation of the tax base is further complicated by the Governments' Local Government Finance reforms that took effect from 1st April 2013. These changes are summarised below.

Local Council Tax Support Scheme

2.4 The Local Council Tax Support Scheme (LCTS) was introduced in 2013/14. Funding for the scheme forms part of the overall resources allocated to the Council as part of the Local Government Settlement.

2.5 Members will recall that following cuts in Government funding, a review of the original LCTS scheme was conducted in 2014/15. Following this review Members agreed a revision to the original scheme. The new scheme introduced on 1st April 2015 requires working age claimants to contribute a minimum of 30% to their Council Tax. It was also agreed that this revised scheme would operate for a minimum of 2 years before any further revision would be considered. (Cab.14.1.2015/7.3 refers).

2.6 A further review of the scheme will be conducted during 2016/17 with any recommendations on its revision forming part of the 2017/18 budget process.

Technical Changes to Council Tax

2.7 Government announced that from 2013/14, local authorities have more discretion to charge Council Tax on second homes and empty properties. The Council implemented the following policy:-

- A discount of 0% be applied to second homes and empty furnished homes;
- a discount of 25% be applied to properties that are vacant and undergoing repair or major structural alterations for up to 12 months, or 6 months after the completion of works, whichever is shorter;
- a discount of 8.3% (1 month) be applied to properties that are vacant and unfurnished from the date the property becomes empty;
- a 150% premium be charged on properties which have been empty and unfurnished for in excess of two years.

2.8 A revised Council Tax Base report was submitted in January 2016 (Cab.13.1.2015/XX refers) reflecting these policy changes as well as normal in year movements to the Tax Base.

Step 2 - Review of Performance in Collecting Council Tax

2.9 The policy changes mentioned above have impacted on the collection of Council Tax. However, estimates made predicted this and the current projected collection rates are in line with forecast assumptions. The collection rates will continue to be reviewed and a final update made prior to the setting of the 2016/17 Council Tax.

Step 3 – Potential Council Tax Yields 2016/17

2.10 Table 1 below provides information on the estimated Council Tax yields that could be generated based on the currently estimated Council Tax base at different levels of tax increase.

Table 1 – Council Tax Options (2016/17)

% Increase	**0%**	**0.50%**	**1.00%**	**1.50%**	**1.90%**	**2.00%**	**2.50%**	**3.00%**	**3.5%**	**3.9%**
	£M	**£M**	**£M**	**£M**	**£M**	**£M**	**£M**	**£M**	**£M**	**£M**
Council Tax Income	**75.083**	75.458	75.834	76.209	76.510	76.585	76.960	77.335	77.711	78.012
Collection Fund Surplus	**1.615**	1.615	1.615	1.615	1.615	1.615	1.615	1.615	1.615	1.615
Total Council Tax Income	**76.698**	**77.073**	**77.449**	**77.824**	**78.125**	**78.200**	**78.575**	**78.950**	**79.326**	**79.627**

2.11 Each 1% increase in the Authority's Band D Council Tax generates additional income to the Authority of approximately **£0.751M** per annum recurrently (0.5% = £0.375M etc).

2.12 Table 2 below provides an analysis of the impact of the various increases on the actual Council Tax for BMBC services for each band.

Table 2 –Indicative 2016/17 Council Tax Levels for BMBC Services

% Increase	0.00% £	0.50% £	1.00% £	1.50% £	1.90% £	2.00% £	2.50% £	3.00% £	3.50% £	3.90% £
Band A-	**692.57**	696.03	699.50	702.96	705.73	706.42	709.88	713.35	716.81	719.58
Band A	**831.09**	835.25	839.40	843.56	846.88	847.71	851.87	856.02	860.18	863.50
Band B	**969.61**	974.46	979.31	984.15	988.03	989.00	993.85	998.70	1,003.55	1,007.42
Band C	**1,108.12**	1,113.66	1,119.20	1,124.74	1,129.17	1,130.28	1,135.82	1,141.36	1,146.90	1,151.34
Band D	**1,246.63**	1,252.86	1,259.10	1,265.33	1,270.32	1,271.56	1,277.80	1,284.03	1,290.26	1,295.25
Band E	**1,523.66**	1,531.28	1,538.90	1,546.51	1,552.61	1,554.13	1,561.75	1,569.37	1,576.99	1,583.08
Band F	**1,800.70**	1,809.70	1,818.71	1,827.71	1,834.91	1,836.71	1,845.72	1,854.72	1,863.72	1,870.93
Band G	**2,077.72**	2,088.11	2,098.50	2,108.89	2,117.20	2,119.27	2,129.66	2,140.05	2,150.44	2,158.75
Band H	**2,493.27**	2,505.74	2,518.20	2,530.67	2,540.64	2,543.14	2,555.60	2,568.07	2,580.53	2,590.51

2.13 It must be noted that the final overall Council Tax increase for properties in the Borough will also depend on the precepts levied by the Police and Fire Authorities. These are currently being discussed by the respective authorities and are not yet available. It is however estimated that every 1% increase in the precepts (applied equally to Police and Fire) from the base BMBC increase will add an additional 0.15% to the overall headline Council Tax increase.

Step 4 – Options for Setting the Council Tax in the Context of National and Local Policy

<u>Options for 2016/17</u>

Council Tax Referendums & Council Tax Capping

2.14 Schedule 5 of the Localism Act introduced a new Chapter into the 1992 Local Government Finance Act, making provision for Council Tax referendums to be held if an authority increases its Council Tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.

2.15 For 2016/17, the Secretary of State announced that a referendum will be required if an Authority sets Council Tax increases above **2%.** The cost of holding a referendum is estimated to be around £0.4M so any additional income received for increases above 2% would need to wholly cover this cost.

2.16 The Council could however agree an increase in Council Tax of say 1.9% without the requirement to seek the approval of the electorate in a referendum. This would result in additional **permanent** base resources of £1.4M per annum.

Additional 2% increase flexibility for Adult Social Care Pressures

2.17 The 2015 Spending Review announced that for the remainder of the current Parliament local authorities with responsibilities for Adult Social Care will be given flexibility to increase council tax by an additional 2% over and above the current referendum threshold (2%)

2.18 This flexibility is offered in recognition of demographic changes which are leading to a growing demand for Adult Social Care, with consequential higher cost pressures on council budgets.

2.19 The Adult Social Care pressures in Barnsley are widely publicised and therefore this option open to Members will help the Council bridge the ever increasing funding gap. Should Members chose to adopt this option additional **permanent** base resources of £1.5M over and above the £1.4M raised from a 1.9% increase, would be generated. However, these resources would need to be earmarked specifically for Adult Social Care.

2.20 Table 3 below provides an analysis of the impact of an additional 2% on top of the suggested 1.9% increase as above, on the actual Council Tax for BMBC services for each band.

Table 3 –Indicative 2016/17 Council Tax Levels for BMBC Services

% Increase	**0.00% £**	**1.90% £**	**3.90% (inc 2% Social Care Levy) £**		**Annual Increase (at 3.9%) £**	**Weekly Increase (at 3.9%) £**
Band A-	**692.57**	705.73	719.58		27.01	0.52
Band A	**831.09**	846.88	863.50		32.41	0.62
Band B	**969.61**	988.03	1,007.42		37.81	0.73
Band C	**1,108.12**	1,129.17	1,151.34		43.22	0.83
Band D	**1,246.63**	1,270.32	1,295.25		48.62	0.93
Band E	**1,523.66**	1,552.61	1,583.08		59.42	1.14
Band F	**1,800.70**	1,834.91	1,870.93		70.23	1.35
Band G	**2,077.72**	2,117.20	2,158.75		81.03	1.56
Band H	**2,493.27**	2,540.64	2,590.51		97.24	1.87

Pensioner Discount Scheme

2.21 The Council introduced a Council Tax Pensioner Discount scheme in 2010/11 whereby eligible persons aged 65 and over do not experience an increase in the Barnsley element of their Council Tax (over the previous year).

2.22 Members agreed in 2014/15 to gradually phase out the scheme over 5 years. The effects of this have already been factored into the Medium Term Financial Strategy.

Conclusion

2.23 Given the significant financial pressures that the Council continues to face particularly in relation to Adult Social Care, Members will need to give careful consideration as to whether to:

1. Increase Council tax over and above the referendum cap and hold a referendum; or;
2. Increase Council Tax upto the existing 2% referendum cap; and/or
3. Take up the flexibility of an additional 2% increase to fund Adult Social Care pressures;

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2016/17 SERVICE & FINANCIAL PLANNING

RESERVES AND BALANCES UPDATE – JANUARY 2016

1. **Purpose of Report**

1.1 To update the Council's reserves positon as at January 2016.

2. **Recommendation**

2.1 Note the current position in relation to revenue reserves and capital balances, including a balance of £10m which is currently available to support Council wide investment priorities;

2.2 Approve the proposal to increase the Council's Minimum Working Balance from its current £10m to £15m as a contingency for unforeseen events; and

2.3 Note the intention to carry out a full review of all reserves and balances as part of an updated Medium Term Financial Strategy and report this back at a later date.

3. **Summary Position**

3.1 The latest position on *banked* reserves can be summarised as follows with a full breakdown attached as Appendix 1:

	2015/16 £M	**2016/17 £M**	**2017/18 £M**	**TOTAL £M**	
Unavailable – Statutory Items	68.5	-	-	**68.5**	***1**
Unavailable - Investment Decisions	7.8	5.3	7.4	**20.5**	***1**
Available Balances (reported via 15/16 Cabinet)	17.1	-2.0	-	**15.1**	***2**

**1 – Taken from Statement of Accounts.*
**2 – Includes £3.9m of unallocated reserves reported in the 2014/15 audited accounts and is prior to approval to increase Minimum Working Balance from £10m to £15m.*

3.2 Total earmarked reserves (including investment decisions) total £89m (per the audited accounts). From this figure, the Council has set aside (earmarked) some £68.5m for statutory items such as the minimum working balance / school balances, funding to cover anticipated liabilities such as the Council's down-sizing / insurance costs as well as sums previously set aside to fund the Council's priorities such as the Town Centre Re-development.

3.3 In addition, investment decisions totalling £20.5m have also previously been agreed by Cabinet following approval of the Council's Reserves Strategy.

3.4 Over and above those reserves a further £15.1m of unallocated reserves (including £3.9m of unallocated reserves previously reported in the 2014/15 audited position) have been reported to Cabinet during the current financial year as part of standard budgetary procedures.

3.5 A full review of all earmarked reserves shown at Appendix 1 will take place as part of a refresh of the Council's Reserves Strategy which will form part of a fully updated 2017/18 – 2019/20 Medium Term Financial Strategy to be reported later in the year.

3.6 However, at this stage it is considered prudent financial stewardship to bolster the Authority's Minimum Working Balance (MWB) from its current level of £10m to £15m. A MWB of £15m would approximate to around 10% of the anticipated 16/17 net spend budget and is considered appropriate and proportionate to the risks faced by the Council over the medium term.

3.7 This would reduce the amount currently reported as available to support wider investment decisions to £10.1m.

3.8 Over and above the revenue position above, the capital position has also been reviewed. The previous Reserves Strategy had identified £24.2M of investment decisions requiring capital investment, resulting in an oversubscribed position of £3.4m. Subsequently, further unallocated capital receipts have been identified of around £3.2m (£1.9M from additional asset disposals with a further £1.3m from the Jobs and Business Growth Fund relating to investment no longer required) resulting in a minor over-subscribed position of around £0.2m.

APPENDIX 1i

RESERVES & BALANCES – POSITION AS AT JANUARY 2016

Unavailable – Statutory & Other	**£m**	**£m**
School Balances	4.394	
Town Centre Redevelopment	19.000	
Future Council Down-sizing Costs	1.533	
Future Council - Implementation	1.910	
Insurance Fund Reserve	4.810	
Pension Fund	0.500	
Jobs & Growth Plan (Phase 1)	0.680	
Building Schools for the Future	5.167	
Service Specific Earmarking (slippage per Cabinet report)	20.551	
		58.545
Minimum Working Balance		**10.000**
TOTAL – UNAVAILABLE (Statutory & Other)		**68.545**

APPENDIX 1ii

RESERVES & BALANCES – POSITION AS AT JANUARY 2016

<u>Unavailable – Investment Decisions</u>	**£m**	**£m**
Future Council Budget Mitigation	9.000	
Jobs & Growth Plan (Phase 2)	2.200	
Academy Review / Legal Costs	1.000	
Pay Award (Additional Costs)	0.900	
Future Council Down-sizing Costs	6.000	
Placement & Sufficiency Strategy 15/16	0.500	
Moorland Plastics (Decommissioning)	0.878	
TOTAL – UNAVAILABLE (Investment Decisions)		**20.478**

APPENDIX 1iii

RESERVES & BALANCES – POSITION AS AT JANUARY 2016

<u>**Available – Balances from 2015/16 Movements**</u>	**£m**	**£m**
2014/15 Carry Forward (unallocated)	3.949	
New Homes Bonus	5.600	
Over Achievement of 15/16 Savings Target & Other Underspends	8.600	
Public Health Funding Cuts 15-17	(3.000)	
TOTAL – AVAILABLE (Balances)		**15.149**

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is a key decision within the Council's definition and has been included within the relevant Forward Plan

Report Ref:

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

TREASURY POLICY AND STRATEGY STATEMENTS 2016/17

1. Purpose of Report

1.1 The purpose of this report is to present for approval the 2016/17 Treasury Policy Statement and Treasury Strategy Statement, including the Annual Investment Strategy.

2. Recommendations

2.1 It is recommended that: -

- **Members note the main treasury management policies, as outlined in the Treasury Policy Statement (Annex A).**

- **Members approve the attached Treasury Management Strategy Statement for 2016/17 (Annex B) including:**

  - the revised Minimum Revenue Provision (MRP) Statement at Appendix E.

  - the Annual Investment Strategy for 2016/17.

3. Background

3.1 The Treasury Management Code of Practice requires local authorities to produce a Treasury Management Strategy and Policy Statement on an annual basis.

3.2 The Council adopted the original CIPFA Code of Practice on 13th February 2002, and this resolution is carried through to the revised Code. Therefore, the attached Treasury Policy Statement and Treasury Management Strategy Statements for 2016/17 have been prepared in compliance with the revised Code.

4. Treasury Policy Statement

4.1 Attached at Annex A is the Council's Treasury Policy Statement (TPS) for 2016/17. This complies with the requirements of the Code and is submitted for approval.

4.2 The TPS defines the Council's polices, objectives and approach to risk management of its treasury management activities. Further detail is contained within the Council's Treasury Management Practices (TMPs) document. This is the key systems document for the Council and the Executive Director of Finance, Assets and Information Services in the operation, review and performance assessment of the Treasury Management function.

4.3 The revised code recommends the TPS should include the organisation's high level policies for borrowing and investments and these requirements are addressed within the 2016/17 document.

5. Treasury Management Strategy Statement

5.1 Attached at Annex B is the Council's Treasury Management Strategy Statement (TMSS) for 2016/17. This Statement details:

- Outlook for interest rates;
- Borrowing requirements & strategy;
- Annual investment strategy;
- Approach to risk management;
- Minimum Revenue Provision statement for 2016/17.

5.2 The Authority's treasury management advisor Capita forecasts the first rise in official interest rates in the fourth quarter of 2016 and gradual increases thereafter. The TMSS is based on this interest rate forecast and close monitoring of rates will continue throughout the year.

5.3 The Council has developed General Fund and Housing Revenue Account borrowing strategies in response to the changes following the implementation of housing self-financing.

5.4 The Council's borrowing strategy will continue to focus on interest costs in order to minimise the impact on the overall revenue budget however it will also seek to address the GF interest rate risk exposure and refinancing risk. The approach will consider a range of options to address these aims including:

- Continuing the process of internal borrowing;
- Continuing temporary/short-term borrowing from other local authorities;

- A phased programme of long-term borrowing aimed at reducing interest rate risk and refinancing risk especially for future borrowing;
- Taking fixed rate debt to cover maturities, generating guaranteed savings;
- Restructuring/rescheduling existing debt.

The potential combination of the above approaches should help to keep interest payments at relatively low levels, whilst gradually reducing the General Fund's exposure to interest rate and refinancing risk.

5.5 The key aim of the HRA borrowing strategy is to manage the affordability of debt repayments within the 30 year business plan. There is a limited borrowing requirement in 2016/17 and therefore the initial strategy will be to internally borrow.

5.6 The TMSS outlines the Council's Minimum Revenue Provision (MRP) statement for 2016/17. The Council will apply Option 3 (Asset Life Method) in respect of supported and unsupported capital expenditure. Within Option 3 revenue provision will be calculated using the annuity method. The MRP Statement for 2016/17 is shown at Appendix E.

6. Annual Investment Strategy

6.1 In compliance with CLG Guidance the Council's investment priorities are security, liquidity and then yield.

6.2 As a result of the Council's strategy of internal borrowing, investment balances will remain depleted. This approach, combined with low money market rates will reduce the level of investment income.

6.3 The Code requires authorities to analyse information over and above credit ratings including share price and Credit Default Swaps (CDS). In tandem with Capita, the Council will continue to monitor these revised indicators of creditworthiness.

6.4 We remain in a very difficult investment environment and the 2016/17 investment strategy has been developed to take into account of continuing uncertainty within financial markets. Whilst counterparty risk appears to have eased, market sentiment has been subject to extreme volatility and economic forecasts remain full of uncertainty.

6.5 Following a tender process, in June 2015 Capita Asset Services were appointed as the Authority's Treasury Management Advisers. This has resulted in some changes to our approach to the creditworthiness of counterparties which is detailed within the strategy.

7. Consultations

7.1 The Treasury Policy and Strategy Statements were drafted in consultation with the Council's Treasury Management advisers (Capita).

8. Risk Implications

8.1 The successful identification, monitoring and control of risk is an important and integral element of its treasury management activity.

8.2 Credit, interest rate and refinancing risk are the most relevant to the Council at the current time. The following 2016/17 TMSS and TPS sets out how the Council intends to address these risks. An additional Appendix has also been included (Appendix B) within the TMSS which further examines the risks faced by the Council and the mitigations used to address these risks.

8.3 In order to implement the strategy and monitor treasury management activity, the Council has set up a Treasury Management (TM) Panel. Chaired by the Director of Finance, Assets and Information Services and including the Cabinet Spokesperson and Cabinet Support Member for Corporate Services, the TM Panel meets on a quarterly basis to ensure that the approved treasury strategy is implemented.

8.4 To further enhance the scrutiny and risk management of the treasury management operation, treasury officers have been working closely with members of the Audit Committee.

9. Reduction of Crime and Disorder

9.1 None arising directly from this report.

10. Employee Implications

10.1 None arising directly from this report.

11. Financial Implications

11.1 The strategy outlines borrowing and investment activity which will be factored into the wider budget.

12. Annexes

12.1 Annex A - Treasury Policy Statement 2016/17
Annex B - Treasury Management Strategy Statement 2016/17

13. Background Papers

13.1 The following documents and publications were used in preparation of the Treasury Management documents :

- CIPFA's Treasury Management Code of Practice
- CIPFA's Prudential Code for Capital Finance in Local Authorities.
- CIPFA's guide to Housing Self Financing.
- Papers from the Council's Treasury Management advisers (Capita).

Office Contact: Frances Foster Tel: 3163 Date:

Annex A

TREASURY POLICY STATEMENT

2016/2017

1 Introduction & Background

1.1 The Treasury Management Code of Practice requires local authorities to produce a Treasury Management Strategy and Policy Statement on an annual basis.

1.2 The Council adopted the original CIPFA Code of Practice on 13th February 2002, and this resolution is carried through to the revised Code. Therefore, the Treasury Policy Statement for 2016/17 has been prepared in compliance with the revised Code.

1.3 Accordingly, the Council will create and maintain the following key documents in accordance with the revised Code of Practice and other relevant guidance:

- Treasury Management Policy Statement, outlining the key objectives of its treasury management activities;
- Treasury Management Strategy Statement including the Annual Investment Strategy setting out the specific expected treasury activities for the forthcoming financial year;
- Treasury Management Practices (TMP) setting out the manner in which the Council will seek to achieve its objectives, and prescribing how it will manage and control those activities;
- Treasury Management Prudential Indicators as prescribed within the Prudential and Treasury Management Codes.

1.4 The Council will receive reports on its treasury management activities, including as a minimum, an annual strategy for the forthcoming year, an annual report after year end and interim quarterly reports.

1.5 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Full Council, and for the execution and administration of treasury management decisions to the Director of Finance, Assets and Information Services, who will act in accordance with the Council's Policy Statement and the CIPFA Code of Practice.

1.6 The Council nominates the Treasury Management Panel and the Audit Committee as being responsible for ensuring the effective scrutiny of the treasury management strategy and policies.

1.7 The Treasury Management Panel will meet on a quarterly basis to monitor and review the Councils implementation of the Treasury Management Strategy and Policy. The Audit Committee will receive reports through which it will gain assurance regarding the effective implementation of the Strategy and Policy.

1.8 The Treasury Management function will be subjected to an independent internal audit review on annual basis as a designated core system and subject to external audit inspection as part of the final accounts review.

2. Policies and Objectives of Treasury Management Activities

2.1 The Council defines its treasury management activities as:

"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.2 Approved activities of the Treasury Management operation cover:

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing cash flow;
- banking activities;
- leasing;
- managing the risk associated with the Council's treasury management activities.

2.3 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will include their risk implications for the organisation.

2.4 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2.5 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The Director of Finance, Assets and Information Services has delegated powers to select the most appropriate form of capital financing (including leasing arrangements) from the approved sources. The source from which the borrowing is taken and type of borrowing should allow the Council transparency and control over its debt.

2.6 The Council's primary objective in relation to investment remains the security of capital. The liquidity of the Council's investments and the yield earned remain important but secondary considerations.

2.7 The Annual Investment Strategy details the categories of investment the Council will invest in, maturity periods and criteria for selecting investment counterparties. Any revisions to these criteria will require Council approval.

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Annex B

TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17

Contents

1. Background

1.1 The Council is required to produce a Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also incorporates the Annual Investment Strategy (AIS). Together, these cover the financing and investment strategy for the forthcoming financial year. The PIs for 2016/17 to 2018/19 are included at Appendix D.

1.2 The Council is responsible for its treasury decisions and activity. The successful identification, monitoring and control of treasury management risk are integral to treasury management activity. The following 2016/17 TMSS sets out how the Council intends to address the most significant risks and a schedule is included at Appendix B.

1.3 In order to implement the strategy and monitor treasury management activity, the Council has set up a Treasury Management Panel. Chaired by the Executive Director of Finance, Assets & Information Services and including the Cabinet Spokesperson and Cabinet Support Member for Corporate Services, the TM Panel meets on a regular basis to ensure that the approved treasury strategy is implemented.

2. Outlook for Interest Rates

2.1 The risk profile of the Council's General Fund (GF) has altered significantly following apportionment of debt resulting from the implementation of self-financing. The GF loan pool is now subject to a much greater degree of interest rate risk. With 58% of the GF loan pool exposed to short-term interest rate movements it becomes increasingly important to closely monitor the outlook for interest rates.

2.2 The latest forecast from our Treasury Management Advisers has pushed back the timing of the start of increases in Bank Rate to quarter 4 of 2016. This forecast reflects the differences in the strength and pace of recovery between the US and UK which has resulted in the US Federal Reserve making a start on increasing rates in December 2015 while the slower and weaker pace of recovery in the UK, and continuing measures to reduce Government budget deficits in the UK, mean that the UK's Monetary Policy Committee (MPC) will take a slower and more gradual path in increasing rates than in the US.

2.3 The UK GDP growth rates in 2013 and 2014 were the strongest growth rates of any G7 country, including the US, Canada, Germany and Japan. The November 2015 Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years. However, the report also flagged up particular concerns for the potential impact on the UK of worldwide economic statistics distinctly weakening during recent months.

2.4 In terms of borrowing, Capita see the overall trend in the longer term will be for PWLB rates to rise when economic recovery is firmly established, accompanied by rising inflation and increases to the bank rate. Given the Council's (specifically the General Fund's) ongoing borrowing requirement and existing exposure to interest rate movements (see 4.2), the forecasting and monitoring of borrowing rates and the associated management of risk is a key issue for 2016/17. The following strategy outlines how the Council intends to manage this risk.

2.5 A more detailed economic and interest rate forecast provided by Capita is attached at Appendix A.

3. Debt Split – Two Pool Approach

Background

3.1 Following the reform of the HRA Subsidy system, the Council adopted the two-pool approach to debt management, maintaining separate pools for the General Fund (GF) and Housing Revenue Account (HRA).

3.2 Maintaining two pools in theory allows decisions on the structure and timing of borrowing to be made independently. Whilst the key issue facing the GF is one of short-term affordability, the HRA has to consider treasury management as a key risk against the viability of the 30 year business plan.

3.3 To address these differing requirements borrowing strategies for both the HRA and GF have been produced.

GF Borrowing Requirement

3.4 The Council's underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). To ensure that this expenditure will ultimately be financed, local authorities are required to make a Minimum Revenue Provision (MRP) for repaying debt from within the revenue budget each year.

3.5 Capital expenditure not financed from internal resources (i.e. Capital Receipts, Capital Grants and Contributions, Revenue or Reserves) will produce an increase in the CFR and in turn produce an increased requirement to charge MRP in the revenue account. A separate statement on the Council's policy on MRP is shown at Appendix E.

3.6 The GF's estimated CFR is shown below:

	Estimate 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
Capital Financing Requirement (CFR)	654	650	632	615
Less: Other Long Term Liabilities	231	235	227	220
Borrowing CFR	**423**	**415**	**405**	**395**
Less : Existing Profile of Borrowing	262	260	258	255
Cumulative Maximum External Borrowing Requirement	161	155	147	140
Usable Reserves	100	80	70	60
Cumulative Net Borrowing Requirement	**61**	**75**	**77**	**80**

3.7 The GF has a significant ongoing borrowing requirement as shown in the table above. This is as a result of the strategy of internal rather than external borrowing (using internal balances to minimise credit risk and avoid the cost of holding cash in the current climate of low investment returns – see section 4.11 to 4.13) to fund major capital schemes such as the Building Schools for the Future Programme and the markets and town centre development.

3.8 As at 31st March 2016 the level of un-funded CFR exceeds the available balances and reserves, illustrated by the positive net cumulative borrowing requirement of £61M. This position will be monitored throughout the financial year and the borrowing options available to the Authority are discussed in greater detail throughout section 4 of the report.

3.9 This position is subject to change as factors such as capital slippage, working capital and the level of investments will all impact on the borrowing requirement. Officers will monitor the Council's cash position to ensure sufficient liquidity is maintained.

4 <u>The Council's borrowing strategy (GF)</u>

Aim

4.1 Given the significant cuts to local government funding, the GF's borrowing strategy seeks to address the key issue of affordability whilst managing the interest rate risk and refinancing risk contained within the debt portfolio.

Interest Rate Risk

4.2 As stated at 3.2, the risk profile of the GF has altered significantly following the apportionment of debt resulting from the implementation of self-financing. The GF loan pool is now subject to a much greater degree of interest rate risk, as shown below (estimated at 31.3.16):

Borrowing method	Value (£M)	% of portfolio	Interest Rate Risk
PWLB - fixed	150	36	No
Market Fixed	27	6	No
PWLB – variable	35	8	Yes
Temporary Borrowing	55	13	Yes
Internal Borrowing / Borrowing Requirement	156	37	Yes
TOTAL	**423**	**100**	

Note – although market loans are viewed as fixed rate borrowing, there is a potential interest rate risk attached to these instruments should the lender exercise the call option.

4.3 Assuming an estimated borrowing CFR of £423M (CFR less long-term liabilities) at the end of 2015/16, 58% (£246M) of the GF loan pool is exposed to short-term interest rate movements and in the case of temporary borrowing, refinancing risk.

4.4 Exposure to variable interest costs will be offset to some extent by maintaining a level of variable rate investments. Assuming investments of £40M, net interest rate exposure is reduced from 58% to 49%.

4.5 Retaining a relatively high level of exposure has clear benefits in reduced interest costs. The GF’s share of existing PWLB variable rate loans (£35M) continues to represent excellent value with an interest rate of 0.70% and the average rate payable on temporary borrowing is 0.64% (Dec 15).

4.6 It is important to view the interest rate risk against the cost of shutting that risk down. For example, the rate on the £55M of temporary borrowing is calculated at 0.64% in Dec 2015. A 5 year and 10 year fixed rate PWLB loan would cost 2.25% or 2.84% (Dec 2015) respectively. If the mid-point is taken on these rates, the cost of eliminating this interest rate risk is roughly 2.5%, equating to a monthly cost of approximately £115K, which equates to £1.3M per annum.

4.7 However, the current composition of the portfolio is exposed to interest rate fluctuations. A 1% increase in variable interest rates (calculated on the liability benchmark) would increase interest payments by approximately £1.7M per annum.

Refinancing Risk

4.8 The strategy of using inexpensive temporary borrowing to fund capital expenditure does expose the Council to a degree of refinancing risk. Whilst there is limited PWLB borrowing maturing in the next five years, approximately £50M of temporary borrowing from other local authorities is set to mature within the next 12 months. This source of funding is not guaranteed and rates are dictated to some extent by supply and demand, which represents an ongoing risk.

4.9 Low interest rates mean the Council's £63M of LOBOs loans (GF share of £27M) are unlikely to be called in 2016/17. The interest rate of 4.75% is above current market rates and therefore the refinancing risk in respect of these loans is low when taking into account prevailing market conditions. The Council will take the option to repay the LOBO loans at no cost should the opportunity arise to do so. In addition, the Council is also exploring the option (with specialist advisers) to repay the debt on more favourable terms in order to take advantage of prevailing low interest rates. The extent to which this will present an opportunity will depend upon the level of penalties that the current funders are likely to charge to break the loan conditions.

Strategy

4.10 The borrowing strategy for 2016/17 will continue to focus on interest costs in order to minimise the impact on the Council's overall revenue budget however it will also seek to address the GF interest rate risk exposure and refinancing risk. The approach will consider a range of options to address these aims including:

1. Continuing the process of internal borrowing;
2. Continuing temporary/ short term borrowing from other local authorities;
3. A phased programme of long-term borrowing aimed at reducing interest rate risk and refinancing risk especially for future borrowing;
4. Taking fixed rate debt to cover maturities, generating guaranteed savings;
5. Restructuring/ rescheduling existing debt.

The potential combination of these 5 approaches should help to keep interest payments at relatively low levels, whilst gradually reducing the GF's exposure to interest rate and refinancing risk.

Internal Borrowing Strategy

4.11 Following on from the previous year, it is anticipated that at 31st March 2016, the GF will be in an internally borrowed position. Essentially, this means that the level of actual debt is below the CFR, and therefore the GF has used internal resources (reserves and balances) to fund some of its unfinanced capital expenditure.

4.12 The strategy of internal borrowing has two main benefits:

- The 'cost of carry' associated with long-term fixed rate borrowing compared to investment returns is such that the use of internal resources remains an attractive means of minimising external debt payments.

- The use of internal resources reduces the funds available for investment thereby reducing credit risk. This is a key consideration given the Council's investment priority of maintaining capital.

4.13 Whilst the strategy is to reduce cash balances, the Council will aim to maintain a suitable level of liquid cash so as not to expose the Council to undue liquidity risk. This will allow decisions on further borrowing to be made using a considered approach, with flexibility around the timing of new borrowing.

Temporary Borrowing Strategy

4.14 The GF will continue to access short-term borrowing opportunities from other local authorities. The restricted lending list of most authorities means that they are willing to lend at rates of around 0.65% for periods up to one year.

4.15 The use of temporary borrowing injects volatility into the portfolio in terms of interest rate and refinancing risk, but this is offset by reduced interest costs. At a time of increasing budgetary pressures, the use of temporary borrowing is a key consideration when balancing the requirements of risk versus affordability.

4.16 Officers will attempt to mitigate the refinancing risk by spreading the maturity profile of these loans as much as possible within the constraints of what is available.

Phased Programme of Longer-Term Borrowing

4.17 Achieving a suitable balance between minimising interest costs and reducing interest rate risk and refinancing risk whilst maintaining the long-term stability and affordability of the portfolio is a key borrowing theme. As such, consideration will also be given to undertake a phased programme of longer-term borrowing.

4.18 The Council adopts the following criteria to determine exposure to interest rate risk. It is intended to move towards the upper and lower limits of fixed and variable rate risk depending upon the margins between short term variable rate and long term borrowing using 25 year rates as a benchmark (see examples shown below the table).

	2016/17 Lower Limit	2016/17 Upper Limit	Review Points *	Review Points *
Upper Limit for **Fixed** Interest Rate Exposure	75%	90%	If the difference (i.e. margin) between long-term fixed rates and short-term variable rates are equal to or above 3%, review interest rate exposure towards the lower limit.	If the difference (i.e. margin) between long-term fixed rates and short-term variable rates are equal to or below 2%, review interest rate exposure towards the upper limit.
Upper Limit for **Variable** Interest Rate Exposure	5%	25%	If the difference (i.e. margin) between long-term fixed rates and short-term variable rates are equal to or below 2%, review interest rate exposure towards the lower limit.	If the difference (i.e. margin) between long-term fixed rates and short-term variable rates are equal to or above 3%, review interest rate exposure towards the upper limit.

**For example, if the rate for temporary borrowing was approximately 0.5% for a 3 month loan and the 25yr PWLB rate was 4%, the difference is above 3% and we would therefore look more towards variable rate borrowing. Conversely, if rates changed and short-term borrowing became more expensive we would look at fixing borrowing out. For example, if short-term rates rose above 1% for a 3 month temporary loan and the PWLB 25 year rate dropped to 3%, we would seek to fix out more of the portfolio with fixed term borrowing.*

4.19 The framework puts in place review points to assess the Authority's borrowing position but will take into account other factors such as interest rates trends and outlook, the Council's budget provision, investment returns and advice from its treasury advisers, Capita. The 'trigger points' will act as signals to review rather than absolute points to change or act.

Maturing Loans

4.20 A list of maturing loans over the next 5 years (GF element) is shown below:

Year	2016/17	2017/18	2018/19	2019/20	2020/21
Amount	£2.1M	£8.6M	No maturity	£34.7M	No maturity
Rate	8.6%	7.8%	No maturity	0.7%	No maturity

** this represents maturity loans only. There are number of part repayments on annuity and equal installment of principal loans.*

4.21 Given the rates on the maturing loans, the Council is highly likely to make savings when it comes to replacing these loans. The aim will be to replace these loans with fixed term debt, securing interest savings whilst maintaining the risk composition of the portfolio. The exception to this is the maturity of two variable rate loans in 2019/20 totaling almost £35M which are subject to refinancing risk.

Debt Options

4.22 The Council will consider a number of options including restructuring / rescheduling existing fixed term loans, together with reviewing the Minimum Revenue Provision and PFI Refinancing.

4.23 The low interest rate environment and changes to the regulations regarding the premature repayment of PWLB loans has limited the opportunity for any debt rescheduling. However, the Council's forecast budget deficit requires all options to be considered and this approach has the benefit of generating immediate savings.

4.24 In theory, any premature repayments will include elements of both GF and HRA debt. However, it is possible to partially repay PWLB loans, negating any potential impact on the HRA debt pool.

4.25 This strategy will need to take account of the value of exiting loans early in relation to premium costs and the level of savings that will be generated. As such this is likely to be a selective approach and will need to be part of a mixed approach to past and future borrowing.

Minimum Revenue Provision

4.26 The Council is required by law to annually "determine for the current financial year an amount of minimum revenue provision which it considers to be prudent" which is represented by a charge to the Council's general fund to make a provision for the repayment of the Council's outstanding capital debt liabilities. The Council's Minimum Revenue Provision (MRP) Statement for 2016/17 is shown at Appendix E.

4.27 The Council's current MRP policy (2015/16) uses both annuity and equal instalment methods to repay debt. The Council is seeking to revise its MRP policy to solely adopt the annuity method, only repaying debt over a standard 50 year repayment period, unless a more appropriate timescale is suitable. The revised policy for 2016/17 is attached at Appendix E.

4.28 The changes can be justified on a prudent basis taking into account the following:

- Adopting a single method (i.e. annuity) ensures that the Council adopts a consistent approach to the way it treats its debt going forward;
- Adoption of the annuity method recognises the time value of money i.e. a £1 being worth more today than in 22 years' time, whereas the equal instalment basis unduly penalises the current tax payer in comparison to the future tax payer. This is fundamental to the change in policy as it equitably spreads the true cost of capital across all generations of Council Tax payer;
- Adopting a 50 years average repayment period for non-school assets is a reasonable and prudent average. This is in line with the methodology adopted by other authorities and which is supported by our professional valuers;
- Using a 60 year average life for school assets (as now) is equally prudent. Many of the Authority's schools are part of PFI/BSF programmes with the purpose of maintaining them in day 1 condition at the end of the 25 year programme.

4.29 The proposals above demonstrate that the policy is consistent, affordable over the longer term and ensures a more equitable spread of debt repayment costs across all generations of taxpayer.

4.30 The Council will continue to periodically review its MRP policy to ensure that it consistently follows the above principles in the future but in addition will review its 2015/16 position in line with these revisions. This will be subject to a separate report.

PFI Refinancing

4.31 The Council's is currently reviewing its PFI programmes (especially its Building Schools for the Future programme) to determine whether these can be refinanced on cheaper terms. The PFI element of the BSF programme was originally financed through commercial funders in 2009/2010 and the Council is currently exploring opportunities (in conjunction with shareholders on the Barnsley Local Education Partnership) to re-finance the programme on more favourable terms taking into account potential break costs. It is envisaged that this work be completed during the coming 2016/17 financial year.

Borrowing in advance of need

4.32 Given the GF's internal borrowing position, it is unlikely there will be any borrowing in advance of need to fund future capital expenditure. As stated above there may be opportunities to borrow in advance of need to replace maturing loans, but this will only be undertaken where there is a clear business case for doing so.

Source of Borrowing

4.33 As detailed in the 2015/16 Strategy, a consultation has gone out regarding the abolition of the PWLB Commissioners. HM Treasury have confirmed that despite the proposed abolition, the lending function will continue unaffected and that Local Authorities will continue to have access to the same range of borrowing facilities and there will be no impact on existing loans held by Authorities.

4.34 The preferred method of borrowing will be through the PWLB but officers will continue to examine alternative options in 2016/17. The Authority has become a shareholder in the Local Government Agency's (LGA) Municipal Bond Agency. The LGA bond is looking to undercut PWLB rates and will also offer an alternative for local authorities to PWLB should the government limit borrowing or artificially raise interest rates. A Cabinet report will be submitted to gain approval to the Framework Agreement and the Agency's Joint and Several Guarantee. This Standard Confirmation will not commit the Authority to any borrowing but will ensure approval is in place should the opportunity arise to borrow a required amount at an acceptable rate.

4.35 As stated at 4.14, the Council will continue to access funding from other local authorities. The source of funding is not guaranteed and is reliant on the cash flow position of other authorities. Officers will continue to assess the market to identify the level of refinancing risk.

4.36 Approved sources of long and short-term borrowing are:

- PWLB
- UK local authorities
- any institution approved for investment
- UK public and private sector pension funds
- capital market bond investors

- special purpose companies created to enable joint local authority bond issues
- commercial lenders and banks

4.37 As stated at 4.9, the Council holds £63M of LOBOs, the GF share of £27M representing just less than 10% of GF debt. To protect against the uncertainty and refinancing risk associated with such products, no further LOBO borrowing will be undertaken.

Leasing

4.38 Leasing remains a value for money option for financing suitable assets with a defined residual value, such as vehicles. Despite the financial crisis causing some banks to withdraw from the market, the remaining funders are willing to take risks on the future residual value of assets, making leasing a cheaper option for financing than funding acquisitions in-house. There is also a benefit to transferring the risk associated with the residual value away from the Council.

4.39 The process for the acquisition of vehicles has been reviewed as part of Future Council. The Authority is moving away from approving a total vehicle replacement programme and towards authorising replacements on a case by case basis. The most appropriate and cost effective method of financing will continue to be identified for all assets.

5. HRA Borrowing Requirement and Strategy

5.1 Following the reform of the HRA subsidy system, on 1st April 2012 the Council notionally split each of its existing long-term loans into General Fund (GF) and Housing Revenue Account (HRA) pools.

5.2 This split included all long-term fixed and variable rate debt, from both the Public Works Loan Board (PWLB) and market sources. The HRA was apportioned debt of £269M in addition to the £22M payment made to Government to ‘buy out’ of the subsidy system, giving a total debt level of £291M.

5.3 Debt costs account for approximately 20% of expenditure on the business plan and therefore represent an area of key risk. Given the significance of debt management to the business plan, it is acknowledged that there is a need for a separate borrowing strategy for the HRA and this is addressed within the TMSS.

Current debt portfolio

5.4 Since 2012, there have been a number of part repayments of PWLB annuity and equal instalment of principal (EIP) loans lowering the debt level to £277M (November 2015). There are no loans maturing before the end of the financial year, so the forecast debt level at the end of 2015/16 is £277M, and the breakdown is shown below:

Borrowing method	Value (£M)	% of portfolio	Interest Rate Risk
PWLB – fixed (inc settlement loan £22M)	195	71	No
Market Fixed	36	13	No
PWLB – variable	46	16	Yes
TOTAL	**277**	**100**	

5.5 As at 31st March 2016, 16% of the forecast debt portfolio is sensitive to interest rate fluctuations. The PWLB variable loans (£46M) continue to represent excellent value at rates of 0.68% (£28M) and 0.70% (£18M). There is an interest rate risk associated with the loans, but the semi-annual rate fixing provides some protection against increases.

5.6 Low interest rates mean the Council’s £63M of LOBOs loans (HRA share of £36M) are unlikely to be called in 2016/17. The interest rate of 4.75% is above current PWLB levels and therefore the refinancing risk in respect of these loans is low when taking into account of prevailing market conditions.

Borrowing and Capital Financing Requirement

5.7 The Capital Financing Requirement (CFR) reflects the HRA's underlying need to finance capital expenditure by borrowing. Any capital expenditure that is not resourced immediately (from useable capital receipts, capital grants and contributions or charges to revenue) will result in an increase in the CFR.

5.8 The forecast CFR for end of the 2015/16 financial year is £285M against a borrowing level of £277M. Therefore, the HRA is £8M under-borrowed. A debt level below the CFR means the HRA has been internally borrowing – using internal reserves and balances in-lieu of external borrowing.

5.9 Assuming this under-borrowed amount is subject to interest rate fluctuations, then 19% of the debt portfolio is subject to interest rate movements, as shown below:

Borrowing method	Value (£M)	% of portfolio	Interest Rate Risk
PWLB – fixed (inc settlement loan £22M)	195	68	No
Market Fixed	36	13	No
PWLB – variable	46	16	Yes
Unfunded CFR	8	3	Yes
TOTAL	**285**	**100**	

5.10 This figure of 19% is still well within the Prudential Indicator of 25% which determines the upper threshold for variable rate exposure.

5.11 The HRA CFR has been reduced from £291M at the implementation of Self-financing, to the forecast £285M at the end of 2015/16. The reduction is due to applied capital receipts from housing properties sold under the Right to Buy Scheme. Where sales under the Right to Buy exceed those assumed in the Self Financing Settlement the Council is allowed to retain an amount to cover the housing debt which would have been supported from the rental income on the additional properties sold. It is considered prudent to apply this funding to reduce the CFR.

5.12 In a surprise announcement in his budget on 8th July 2015 the Chancellor of the Exchequer stated that social housing rents would decrease by 1% per annum for the next 4 years with the aim of reducing the Housing Benefit bill. This replaces the existing Government commitment made in 2013 to allow rents to increase by the Consumer Price Index of inflation (CPI) plus 1%. This means that HRA debt can no longer be repaid within the 30 Year Business Plan. The Council is currently undertaking a review of its debt repayment policy and the HRA will now form part of this review. There is no actual requirement to repay the debt. At this stage, pending the outcome of the Council review, debt repayments are assumed to be at a level which is affordable in the HRA Five year forecasts (i.e. £2.3M in 2016/17, £1.8M in 2017/18 and nil thereafter). The debt figures will be updated prior to submission to the Council to reflect the agreed debt repayment policy.

5.13 Overall borrowing is limited by the debt cap set by the CLG of £301M, leaving headroom of approximately £16M. However, in the new financial environment additional borrowing to fund extra capital investment is unlikely to be affordable.

5.14 There is no requirement to charge Minimum Revenue Provision (MRP) as with the GF CFR.

5.15 The HRA's estimated CFR is shown below:

	Estimate 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
Capital Financing Requirement (CFR)	285	281	277	275
Less : Existing Profile of Borrowing	277	272	259	257
Cumulative Maximum External Borrowing Requirement	8	9	18	18
Usable Reserves	36	24	15	10
Cumulative Net Borrowing Requirement	(28)	(15)	3	8

5.16 The HRA has a borrowing requirement in 2017/18 and 2018/19, this is partially offset by HRA useable reserves.

Borrowing Strategy

5.17 The key aim of the HRA borrowing strategy is to manage the affordability of debt repayments within the 30 year business plan.

5.18 As stated, there is a limited borrowing requirement in the immediate future and any changes to the HRA working balance, for example slippage in the capital programme, will mean the HRA can fund this requirement internally. Given the limited borrowing requirement, the initial strategy will be to monitor the HRA treasury position, and to borrow short-term should any need arise. If the new debt policy requires more debt repayment than assumed in the business plan it will mean a lower borrowing requirement.

5.19 This will avoid any ‘cost of carry’ (the difference between long-term borrowing rates and short-term investment rates) and allow flexibility to be maintained should there be any change in the use of reserves.

Borrowing in advance of need

5.20 Given the HRA’s limited borrowing requirement, it is unlikely there will be any borrowing in advance of need.

5.21 There may be opportunities to borrow in advance of need to fund future loan maturities, but this will only be undertaken where there is a key business case for doing so.

Premature Redemption of Debt

5.22 Given the Council’s budget deficit, consideration will be given to restructuring existing fixed term loans. There is a potential impact on the HRA as the debt split was only notional so any premature repayments will include elements of both GF and HRA debt.

5.23 The Director of Corporate Services for Berneslai Homes will be consulted on any rescheduling decisions to ensure the impact on the HRA, and the 30 year business plan, are fully understood.

Charging of Debt Interest Costs

5.24 Long-term borrowing, post 1st April 2012 is allocated directly to either the GF or HRA pool. Interest payable and other charges (e.g. premiums on early redemption) will be allocated to the respective revenue account.

5.25 Differences between the value of the HRA loans pool and the HRA’s underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative.

5.26 This balance will be measured each month and interest will be transferred on a quarterly basis between the General Fund and HRA at the monthly average rate earned by the Council on its portfolios of treasury investments and short-term borrowing.

6. Annual Investment Strategy

6.1 The Council is required to set an Annual Investment Strategy (AIS) as prescribed in guidance from the CLG on Local Government Investments.

6.2 The Executive Director of Finance, Assets & Information Services, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the Treasury Management Panel.

6.3 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In 2015/16 (to 31st Dec 2015), the Council's investment balance has ranged between £23M and £66M, and similar variations are expected for the forthcoming year, depending on cash flow patterns.

Investment Policy

6.4 Low investment risk is a key treasury objective, and to comply with the CIPFA Code and the CLG guidance, the Council's general policy objective is to invest its surplus funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's investment priorities are:

- **Security of the invested capital;**
- **Liquidity of the invested capital;**
- **Optimum yield which is commensurate with security and liquidity.**

6.5 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

6.6 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisers to maintain a monitor on market pricing such as 'credit default swaps' and overlay information on top of the credit ratings.

6.7 Other information sources used will include the financial press, share price and such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Security (Credit and Counterparty Risk)

6.8 As outlined above, BMBC applies the creditworthiness service provided by the Authority's Treasury Management Advisers, Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

6.9 This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands indicating the relative creditworthiness of counterparties. BMBC Officers receive a weekly credit list from Capita Asset Services and any investments are placed in accordance with the maximum duration specified at that time.

6.10 **Approved Counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 1 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 1: Approved Investment Counterparties and Limits

	Maximum Amount	Maximum Duration
UK Government Debt	**Unlimited**	**5 yrs**
Banks (subject to Capita rating: minimum A-)*	**£10m**	**1 yr**
Barclays Bank – the Authority's banker	**£10m**	**liquid**
Building Societies	**£5m**	**6 mths**
Local authorities	**£5m**	**1 yr**
Money market funds (AAA-mmf rated)	**£10m**	**liquid**
Enhanced money market funds (AAA-mmf rated)	**£10m**	**liquid**

1 year is the maximum duration that fixed-term investments will be placed. Specific banks will be subject to reduced maximum durations depending on Capita's Credit List. This list is received on a weekly basis and investments are placed in accordance with the recommended maximum duration for individual counterparties at that time.* ***The Council will place investments with UK and non-UK institutions that have a minimum long term rating of A- or equivalent.*

6.11 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

6.12 The Barclays Flexible Interest Bearing Current Account (FIBCA) continues to be used by treasury staff to effectively manage daily cash flows and as well as giving the benefit of regular interest paid quarterly, the FIBCA also provides an additional annual interest payment. Barclays currently meets the Council's minimum credit criteria. Even if the bank's credit rating falls below the Council's minimum criteria, it will continue to use the bank for short term liquidity requirements and business continuity arrangements. An individual limit of £10M applies to the Authority's bank account provider, Barclays, (specifically the FIBCA account) in order to meet the Authority's cash flow requirements. From 1st April 2016, no new fixed term deposits will be placed with Barclays.

6.13 Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

6.14 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

6.15 Counterparties will be individually selected for investment and as such there is no definitive list of counterparty names within this Annual Investment Strategy. The list of current eligible counterparties is monitored on a weekly basis and circulated to treasury staff. Any negative credit developments that affect the counterparty list are communicated immediately. An institution that meets criteria may be suspended, but institutions not meeting criteria will not be added.

6.16 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- consideration will be given to recalling or selling any existing investments with the affected counterparty where there will be no cost to the authority.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

6.17 Investments made by the Authority will be classified as either Specified or Non-specified investments. The CLG Guidance defines **specified** investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
    - the UK Government,
    - a UK local authority, parish council or community council, or
    - a body or investment scheme of “high credit quality”.

It should be emphasised that institutions with a rating within the single A band are considered to be ‘high credit quality’ (Fitch). Organisations that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher are considered ‘high credit quality’. Any new specified investments will be made within the limits shown within table 1 in the AIS. For money market funds and other pooled funds ‘high credit quality’ is defined as those having a credit rating of ‘AAA-mmf’ or higher.

6.18 Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in the table below:

Table 2: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£20m
Total investments without credit ratings or rated below [A-]	£30m
Total investments with institutions domiciled in foreign countries rated below [AA+]	£10m
Total non-specified investments	£60m

All non-specified investments must be approved in accordance with the authorisation procedures as detailed in Treasury Management Practice Document 5: Organisation, Clarity and segregation of Responsibilities and Dealing Arrangements. This involves prior authorisation and approval of the Acting Head of Financial Services.

6.19 To minimise counterparty risk, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers' nominee accounts *(e.g. King & Shaxson)*, foreign countries and industry sectors as below:

Table 3: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£15m per group
Any group of pooled funds under the same management	£15m per manager
Negotiable instruments held in a broker's nominee account (King & Shaxson)	£30m per broker
Foreign countries	£15m per country
Registered Providers	£10m in total
Unsecured investments with Building Societies	£10m in total
Money Market Funds	£30m in total
Loans to small businesses	To be determined

6.20 The Council may invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits,
- callable deposits where the Council may demand repayment at any time (with or without notice),
- certificates of deposit,

- bonds, notes, bills, commercial paper and other marketable instruments, and
- shares in money market funds and other pooled funds.

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures specified in Prudential Indicator 8 (Appendix D).

Liquidity (Liquidity Risk)

6.21 In line with the CLG investment advice on the liquidity of investments, the Council will aim to keep a proportion of the investment portfolio totally liquid (i.e. use of FIBCA and Money Market Funds).

6.22 In a period of prolonged low interest rates, accepted practice would be to lengthen the investment period to lock in to higher rates. However, the uncertainty and volatility in the financial markets has heightened credit risk. As a consequence the Council will keep the investment maturity relatively short, and this is reflected in the maturity periods specified in Prudential Indicator 10 in Appendix D.

Yield

6.23 As a result of continuing stress within the market, opportunities for investment are limited and returns are expected to remain subdued. The Council will seek to maximise returns from its investments but this will be secondary to security and liquidity priorities. Short-term money market rates are likely to remain at low levels throughout 2016/17 and this will result in reduced investment income.

6.24 Although the Council currently has a good spread of investment instruments, officers will continue to evaluate alternative investment options that meet the principles of security, liquidity and yield. Consideration will be given to alternative investment instruments and whether they are suitable for the investment portfolio. Proposals for new investment instruments will be taken to Treasury Management Panel for discussion and advice will be sought from Capita prior to making any investment decisions.

Diversification

6.25 In addition to the core investment principles of security, liquidity and yield the Council will also seek to diversify investments to avoid concentration in specific banks, types of instrument, sovereign state etc.

6.26 In order to diversify a portfolio largely invested in cash, investments will be placed with approved counterparties over a range of maturity periods. Maximum investment levels are set to ensure prudent diversification is achieved and these, together with minimum ratings and cash limits, are shown in Table 1.

Performance Measurement

6.27 The Council receives benchmarking information from Capita which compares performance against that of their other clients. This information has the added advantages of including risk weightings and also allows comparison with other Authorities who are receiving the same investment advice.

Use of Advisers

6.28 Following a tender process in June 2015, Capita Asset Services were awarded a three year contract for the provision of Treasury Management Services to the Authority, replacing the previous advisers, Arlingclose Ltd.

6.29 The CLG's guidance on Local Government Investments recommends that the AIS should comment on the use of treasury management advisers, and in particular how the Council uses external advisers and how quality of service is measured.

6.30 The services Capita offer are clearly stated in the 'Schedule of Services' contained within the contract documentation. Whilst it is difficult to measure the quality of service in value added terms, it is hoped that Capita will assist the Council in achieving their Treasury Management objectives in what continues to be a challenging environment.

6.31 With regard to the Annual Investment Strategy, the Council's investment priorities remain security, liquidity and yield and it is the Council's relative success in meeting these objectives against which Capita will be primarily assessed.

Staff Training

6.32 The CIPFA Code requires the AIS to outline the Council's approach to training of staff involved in the management of investments. The Council is committed to ensuring staff involved in Treasury Management are fully trained and possess the necessary skills to effectively discharge their role.

6.33 General training requirements are reported through the Council's Personal Development Review (PDR) process.

6.34 Staff members involved in treasury operations have previously completed the CIPFA-ACT International Treasury Management qualification. Ongoing training is accessed through Capita and CIPFA workshops.

6.35 All training activities are recorded in accordance with Treasury Management Practice 10 – Training and Qualifications.

Berneslai Homes

6.36 The funds of Berneslai Homes continue to be ring fenced in a segregated Barclays account, with clear separation from Council funds. Officers of the Council are responsible for the management of Berneslai Homes cash balances and the account is run in accordance with Treasury Management best practice and the effective management of risk.

7. Reporting on Treasury Management and Leasing activity

7.1 As outlined at paragraph 1.3, the Executive Director of Finance, Assets & Information Services will report to the Treasury Management Panel on a regular basis. It will report to Cabinet on treasury management and leasing activity / performance on a quarterly basis and produce an outturn report to Council on its treasury activity no later than 30th September after the financial year end.

7.2 The Treasury Management Panel will report to both Cabinet and Council on an exceptional basis as required. The Treasury Management Panel will also liaise with the nominated Audit Committee representatives on key issues and reports will be submitted to full Audit Committee on a minimum six monthly basis. The TM Strategy and Policy Statements and Prudential Indicators are subject to Scrutiny.

8. Summary

8.1 The effective identification and management of risk remains at the forefront of the Council's objectives. This is especially so given the move to housing self-financing, and the need to manage the differing requirements of the respective debt pools. The Council is determined to take a proactive approach to treasury management in what are challenging times for local government.

LIST OF APPENDICES

Appendices

A. Capita Economic & Interest Rate Forecast December 2015

B. Risk Schedule

C. Policy on use of Financial Derivatives

D. Prudential Indicators

E. MRP Statement Position

Capita Asset Services Economic & Interest Rate Forecast December 2015

Economic Background

UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again.

The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.3%.

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February.

The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. However, once the falls in oil, gas and food prices over recent months fall out of the 12 month calculation of CPI, there will be a sharp tick up from the current zero rate to around 1% in the second half of 2016.

There is considerable uncertainty around how quickly inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, therefore, arguments that they need to raise rates sooner, rather than later, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively during 2015 from Q4 2015 to Q4 2016 and increases after that will be at a much slower pace, and to much lower levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

Capita Asset Services Forward View

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions) will be liable to further amendment depending on how economic data evolves over time. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast from Capita Asset Services includes a first increase in Bank Rate in quarter 4 of 2016 (shown in the table below).

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

However, the overall balance of risks to the Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in November, (based on short sterling), for the first Bank Rate increase are currently around the end of 2016.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth turns significantly weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Fed. rate increases, causing a flight to safe havens

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.

- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Capita Asset Services Interest Rate View													
	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%
6 Month LIBID	0.70%	0.70%	0.80%	0.90%	1.00%	1.20%	1.30%	1.50%	1.60%	1.70%	1.80%	2.00%	2.20%
12 Month LIBID	1.00%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.80%	1.90%	2.00%	2.10%	2.30%	2.40%
5yr PWLB Rate	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
10yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
25yr PWLB Rate	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
50yr PWLB Rate	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
Capital Economics	0.50%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	-	-	-	-	-
5yr PWLB Rate													
Capita Asset Services	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
Capital Economics	2.60%	2.70%	2.80%	3.00%	3.10%	3.20%	3.30%	3.50%	-	-	-	-	-
10yr PWLB Rate													
Capita Asset Services	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
Capital Economics	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
25yr PWLB Rate													
Capita Asset Services	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
Capital Economics	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
50yr PWLB Rate													
Capita Asset Services	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%
Capital Economics	3.40%	3.50%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	-	-	-	-	-

Council's approach to risk management

The following schedule contains information from the Treasury Management Practice documents and the Council's risk management software, and provides a summary as to how the Council manages the various treasury management risks.

1. **Risk** : Credit and counterparty risk is the risk of failure by a third party to meet its contractual obligations to the Council under an investment.
   Mitigation : Credit & Counterparty risk is addressed through the use of the Annual Investment Strategy (AIS) as detailed in Section 6. The implications of 'Bail-in' will impact on the ratio of probability of loss. The AIS aims to reduce the impact through diversification whilst acknowledging that the probability of default will potentially increase.
   Probability : Medium
   Impact : High

2. **Risk** : Liquidity risk is the risk that cash will not be available when it is needed.
   Mitigation : The Council has access to short-term funding through the money markets and borrowing is also readily available from the PWLB.
   The Council will also aim to keep a proportion of investments totally liquid i.e. with immediate access.
   Probability : Low
   Impact : Medium

3. **Risk :** Interest Rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances.
   Mitigation : Both the HRA and particularly the GF debt pools are subject to a degree of interest rate risk. The balancing of risk against cost is a key theme for 2016/17 and is addressed in detail throughout the TMSS.
   Probability : Medium
   Impact : Very High

4. **Risk :** Exchange rate risk is the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances.
   Mitigation : None – the Council undertakes minimal foreign currency transactions, so the risk is negligible.
   Probability : Very Low
   Impact : Very Low

5. **Risk :** Refinancing risk is the risk that maturing borrowings cannot be refinanced on terms that reflect the provisions made by the Council.
   Mitigation : . The GF has a significant amount of temporary borrowing which will need to be refinanced and this is addressed in the borrowing strategy. The PIs place limits on the maturity structure of borrowing to limit the refinancing risk.

Probability : Medium
Impact : High

6. **Risk :** Legal and regulatory risk is where the Council fails to act in accordance with its legal powers or regulatory requirements, and suffers losses accordingly.
   Mitigation : The Council receives professional advice from Treasury Management advisers and officers receive regular training updates.
   Probability : Low
   Impact : Low

7. **Risk :** Fraud error and corruption and contingency management risk is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings.
   Mitigation : Internal Audit carry out an annual regulatory review of the treasury management function including probity testing. The recommendations of these reports are actioned in accordance with the agreed timetable.
   Probability : Low
   Impact : Medium

8. **Risk :** Market risk is the risk that through adverse market fluctuations in the value of the principal sums the Council invests, its stated investment objectives of security of capital is compromised.
   Mitigation : The use of alternative investments vehicles such as property funds may increase the level of market risk. Investment in such instruments will only be undertaken after rigorous assessment and on the advice of Capita Asset Services.
   Probability : Medium
   Impact : Medium

Policy on use of Financial Derivatives

1. The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of financial derivatives. The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the TMSS.

2. The Council will only use derivatives where they can be clearly demonstrated to reduce the overall level of financial risk

3. Derivatives may be arranged with any organisation that meets the Council's approved investment criteria.

4. The Council will only use derivatives after seeking a legal opinion and ensuring that officers have the appropriate training to effectively manage their use.

APPENDIX D

1. Capital Expenditure

	Current Estimate 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
General Fund (GF)	72	30	24	9
Housing Revenue Account (HRA)	48	37	28	25
TOTAL	**120**	**67**	**52**	**34**

2. Ratio of Financing Costs to Net Revenue Stream

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	%	%	%	%
GF	14	15	16	17
HRA	43	44	44	46

3. Capital Financing Requirement

	Current Estimate 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
GF	654	650	632	615
HRA	285	281	277	275
TOTAL	**939**	**931**	**909**	**890**

4. Estimates of the Incremental Impact of Capital Decisions on Council Tax / Rents

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£	£	£	£
Increase in Band D Council Tax	8.30	8.23	8.17	8.10
Increase in Average Weekly Housing Rents	1.19	0.86	2.26	3.51

5. Authorised Limit for External Debt

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
Borrowing	734	726	712	700
Other Long-term Liabilities	231	235	227	220
TOTAL LIMIT	**965**	**961**	**939**	**920**

6. Operational Boundary for External Debt

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
Borrowing	719	696	682	670
Other Long-term Liabilities	231	235	227	220
TOTAL LIMIT	**950**	**931**	**909**	**890**

7. Adoption of CIPFA code of Practice in TM

The Council adopted the CIPFA Code of Practice on Treasury Management on 13th February 2002.

8a. Interest Rate Exposure - GF

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	%	%	%	%
Upper Limit for Fixed Interest Rate Exposure	90	90	90	90
Upper Limit for Variable Rate Exposure	25	25	25	25

8b. Interest Rate Exposure – HRA

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	%	%	%	%
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100
Upper Limit for Variable Rate Exposure	25	25	25	25

9a. Maturity Structure of Borrowing - GF

	Approved 2015/16		2016/17	
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Less than 12 months	0%	50%	0%	50%
12 months & within 24 months	0%	25%	0%	25%
24 months & within 5 years	0%	25%	0%	25%
5 years & within 10 years	0%	25%	0%	25%
10 years & within 20 years	0%	75%	0%	75%
20 years and within 30 years	0%	75%	0%	75%
30 years and within 40 years	0%	75%	0%	75%
40 years and within 50 years	0%	75%	0%	75%
50 years and above	0%	75%	0%	75%

9b. Maturity Structure of Borrowing - HRA

	Approved 2015/16		2016/17	
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Less than 12 months	0%	25%	0%	25%
12 months & within 24 months	0%	25%	0%	25%
24 months & within 5 years	0%	25%	0%	25%
5 years & within 10 years	0%	25%	0%	25%
10 years & within 20 years	0%	75%	0%	75%
20 years and within 30 years	0%	75%	0%	75%
30 years and within 40 years	0%	75%	0%	75%
40 years and within 50 years	0%	75%	0%	75%
50 years and above	0%	75%	0%	75%

10. Maximum Principal Sums Invested

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
Principal Sums Invested > 364	20	20	20	20
Principal Sums Invested > 2yrs	20	20	20	20
Principal Sums Invested > 3yrs	20	20	20	20

11. Gross Debt and CFR

Gross Debt & CFR	2016/17 Estimate
	£M
Outstanding Borrowing	532
Other Long-term Liabilities	235
Gross Debt	**767**
Max CFR	931
Headroom	**164**

2016/17 MRP STATEMENT

The Council is required to make a prudent provision for debt redemption known as the Minimum Revenue Provision (MRP). Guidance on MRP has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

Option 1: Regulatory Method
Option 2: CFR Method
Option 3: Asset Life Method
Option 4: Depreciation Method

NB This does not preclude other prudent methods.

MRP in 2016/17: Options 1 and 2 may be used only for General Fund supported expenditure. Methods of making prudent provision for General Fund self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses). **There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.**

The MRP Statement is required to be submitted to Council before the start of the 2016/17 financial year for approval. Any revision of which must be submitted to Council for approval.

The Council is recommended to approve the following statement:

- **For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with Option 3.**

- **For non-supported (prudentially borrowed) capital expenditure incurred after 1st April 2008, MRP will be determined in accordance with Option 3.**

- **MRP in respect of Private Finance Initiatives (PFI) brought on balance sheet under the International Reporting Standard Code of Practice will be determined in accordance with Option 3.**

- **Within Option 3, MRP is permitted to be calculated in one of two ways – equal instalments or on an annuity basis. The Council has chosen to calculate MRP on an annuity basis.**

- **MRP will normally commence in the financial year following the one in which expenditure is incurred. However, MRP Guidance permits authorities to defer MRP until the financial year following the one in which the asset becomes operational. The Council has chosen to**

employ this “MRP holiday” on the significant qualifying projects such as the Building Schools for the Future programme.

MRP in respect of leases brought on balance sheet under the International Financial Reporting Standard Code of Practice will match the annual principal repayment for the associated deferred liability. This approach will produce an MRP charge comparable to that under Option 3 in that it will run over the life of the lease term.

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Item 5

BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included within the relevant Forward Plan

Report Ref:

Cabinet:

Report of the Director of Finance, Assets and Information Services

PRUDENTIAL INDICATORS 2016/17

1. Purpose of Report

1.1 The purpose of this report is to seek approval to the Council's 2016/17 Prudential Indicators in accordance with the requirements of the 2003 Local Government Act.

2. Recommendations

2.1 It is recommended that:

- **Members approve the Prudential Indictors set out at Appendix B for the financial year 2016/17 to 2018/19;**
- **Further monitoring reports be submitted on the indicators during the year as necessary**.

3. Background

3.1 The Prudential Code provides a framework that supports effective capital investment decision making by local authorities.

3.2 The framework has two main objectives:

- To ensure that capital investment is affordable, prudent and sustainable;
- To ensure that Treasury Management decisions are made in accordance with good practice.

4. Prudential Indicators

4.1 To ensure that these objectives are achieved, the framework sets out a number of factors that must be taken into account by local authorities as part of the revenue budget setting process and when making capital investment decisions. These are set out below: -

- Service objectives e.g. as set out in the Corporate Plan;

- Stewardship of assets e.g. asset management planning;
- Value for Money e.g. options appraisals;
- Prudence and sustainability e.g. the implications for the Authority's external borrowing and whole life costing;
- Affordability e.g. the implications for Council Tax payers and Council Housing rents;
- Practicality e.g. achievement of the Medium Term Financial Strategy.

4.2 Having consideration to the above factors each authority is required to set a suite of prescribed Prudential Indicators. For information purposes a methodology paper is attached at Appendix A. This provides a description of each indicator and the nature of its calculation. The actual prudential indicators for the forthcoming year are attached at Appendix B for approval.

5. Treasury Policy & Strategy Statements 2016/17

5.1 These are the key operational documents for the Council in relation to treasury management. They detail the framework, objectives and strategies upon which the prudential indicators are based. Member approval of these statements is required and is therefore presented elsewhere on this agenda.

6. Consultations

6.1 The prudential indicators set out in this report were established in consultation with the Council's Treasury Management advisers.

7. Reduction of Crime and Disorder

7.1 None arising directly from this report.

8. Employee Implications

8.1 There are no direct employee implications arising from this report.

9. Financial Implications

9.1 The prudential indicators are factored into the wider budget.

10. Appendices

10.1 Appendix A - Prudential Indicators Methodology Paper
Appendix B - Prudential Indicators 2016/2017

11. Background Papers

11.1 The following documents and publications were used in the preparation of the Prudential Indicators :

- CIPFA's Treasury Management Code of Practice
- CIPFA's Prudential Code for Capital Finance in Local Authorities.
- Papers from the Council's Treasury Management advisers (Capita).

Office Contact: Frances Foster Date:

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Appendix A

Prudential Indicators – Methodology

1 Background and Information

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when setting and reviewing their Prudential Indicators.

The Prudential Code imposes on local authorities clear governance procedures for setting and revising of prudential indicators, and describes the matters to which an authority will 'have regard' when doing so. This is designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.

The Prudential Indicators required by the Prudential Code are designed to support and record local decision making and not as comparative performance indicators.

A number of treasury indicators which previously formed part of the Prudential Code are now contained within the Treasury Management Code and Guidance. Local authorities are still required to 'have regard' for these indicators.

2 Basis of Methodology

1. Estimates of Capital Expenditure

The estimates of the Council's future capital expenditure levels (and the HRA) underpin the calculation of the other prudential indicators. The capital expenditure estimates are based on a projection of future levels of capital resources/ allocation.

Estimates of capital expenditure are a significant source of risk and uncertainty and it is important that these estimates are continually monitored and the impact on other prudential indicators (particularly those relating to affordability) assessed regularly.

2. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

3. Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlining need to borrow for capital purpose, i.e. its borrowing requirement. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.

4. Incremental impact of new capital investment decisions on Council tax / Housing rents

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

5. Authorised limit

The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

The Authorised Limit has been set on the estimated debt with sufficient headroom over and above this to allow for unusual cash movements.

The Authorised Limit is the statutory limit determined under the Local Government Act 2003 and must not be exceeded during the year.

6. Operational Boundary for External Debt

This indicator refers to the means by which the authority manages its external debt to ensure it remains within the statutory authorised limit. It differs from the authorised limit in as far as it is based on the most <u>likely</u> scenario, in terms of capital spend and financing during the year.

The operational boundary limit comprises the Council's existing debt plus the most likely estimate of capital expenditure/financing for the year. It excludes any projections for cash flow movements. Unlike the authorised limit breaches of the operational boundary (due to cash flow movements) are allowed during the year as long as they are not sustained over a period of time.

7. Adoption of the CIPFA TM Code

This indicator is acknowledgment that the local authority has adopted the CIPFA's *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes*.

8. Interest Rate Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget.

The limits adopted by Council provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

9. Maturity Structure of Borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, thereby managing the effects of refinancing risks.

The maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment.

10. Maximum Principal Sums invested for more than 364 days

This indicator sets an upper limit for the level of investment that may be fixed for a period greater than 364 days. This limit is set to contain exposure to credit and liquidity risk.

11. Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

Where **the gross debt is greater than the capital financing requirement the reasons** for this should be clearly stated in the annual treasury management strategy.

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1. Capital Expenditure

	Current Estimate 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
General Fund (GF)	72	30	24	9
Housing Revenue Account (HRA)	48	37	28	25
TOTAL	**120**	**67**	**52**	**34**

2. Ratio of Financing Costs to Net Revenue Stream

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	%	%	%	%
GF	14	15	16	17
HRA	43	44	44	46

3. Capital Financing Requirement

	Current Estimate 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
GF	654	650	632	615
HRA	285	281	277	275
TOTAL	**939**	**931**	**909**	**890**

4. Estimates of the Incremental Impact of Capital Decisions on Council Tax / Rents

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£	£	£	£
Increase in Band D Council Tax	8.30	8.23	8.17	8.10
Increase in Average Weekly Housing Rents	1.19	0.86	2.26	3.51

5. Authorised Limit for External Debt

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
Borrowing	734	726	712	700
Other Long-term Liabilities	231	235	227	220
TOTAL LIMIT	**965**	**961**	**939**	**920**

6. Operational Boundary for External Debt

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
Borrowing	719	696	682	670
Other Long-term Liabilities	231	235	227	220
TOTAL LIMIT	**950**	**931**	**909**	**890**

7. Adoption of CIPFA code of Practice in TM

The Council adopted the CIPFA Code of Practice on Treasury Management on 13th February 2002.

8a. Interest Rate Exposure - GF

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	%	%	%	%
Upper Limit for Fixed Interest Rate Exposure	90	90	90	90
Upper Limit for Variable Rate Exposure	25	25	25	25

8b. Interest Rate Exposure – HRA

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	%	%	%	%
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100
Upper Limit for Variable Rate Exposure	25	25	25	25

9a. Maturity Structure of Borrowing - GF

	Approved 2015/16		2016/17	
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Less than 12 months	0%	50%	0%	50%
12 months & within 24 months	0%	25%	0%	25%
24 months & within 5 years	0%	25%	0%	25%
5 years & within 10 years	0%	25%	0%	25%
10 years & within 20 years	0%	75%	0%	75%
20 years and within 30 years	0%	75%	0%	75%
30 years and within 40 years	0%	75%	0%	75%
40 years and within 50 years	0%	75%	0%	75%
50 years and above	0%	75%	0%	75%

9b. Maturity Structure of Borrowing - HRA

	Approved 2015/16		2016/17	
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Less than 12 months	0%	25%	0%	25%
12 months & within 24 months	0%	25%	0%	25%
24 months & within 5 years	0%	25%	0%	25%
5 years & within 10 years	0%	25%	0%	25%
10 years & within 20 years	0%	75%	0%	75%
20 years and within 30 years	0%	75%	0%	75%
30 years and within 40 years	0%	75%	0%	75%
40 years and within 50 years	0%	75%	0%	75%
50 years and above	0%	75%	0%	75%

10. Maximum Principal Sums Invested

	Approved 2015/16	Year 1 2016/17 Estimate	Year 2 2017/18 Estimate	Year 3 2018/19 Estimate
	£M	£M	£M	£M
Principal Sums Invested > 364	20	20	20	20
Principal Sums Invested > 2yrs	20	20	20	20
Principal Sums Invested > 3yrs	20	20	20	20

11. Gross Debt and CFR

Gross Debt & CFR	2016/17 Estimate
	£M
Outstanding Borrowing	532
Other Long-term Liabilities	235
Gross Debt	**767**
Max CFR	931
Headroom	**164**

BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan.

Report of the Director
(Human Resources, Performance and Communications)

2016/2017 SERVICE AND FINANCIAL PLANNING REDUNDANCY COMPENSATION AND PROCEDURES

1. Purpose of Report

1.1 To consider the maximum amount of compensation to be paid under the Discretionary Compensation Regulations 2006.

1.2 To consider the period of notice to be afforded to employees declared compulsory redundant.

2. Recommendations

2.1 That for the purpose of the 2016/2017 budgetary procedures, payments in accordance with the Discretionary Compensation Regulations 2006 be up to a maximum of 30 weeks actual pay based on the Statutory Redundancy Scheme.

2.2 That any employee (excluding Teachers) declared redundant be afforded the maximum of 12 weeks notice of termination of employment.

3. Introduction/Background

3.1 The above regulations provide Local Authorities with the power to make discretionary one-off lump sum payments (enhanced redundancy payments) to employees who are made redundant.

3.2 With effect from 1 April 2007, the Council introduced a revised scheme of compensation using the Statutory Redundancy Scheme but based on actual pay.

4. Current Position

4.1 Employees are entitled by their contract of employment to receive a period of notice if their employment is to be terminated by reason of redundancy.

4.2 This period of notice is the greater of either that specified within their contract of employment or that specified by statute.

4.3 In previous years, the Council has agreed the maximum of 12 weeks notice, irrespective of an employee's length of service, would be served on any employee declared compulsory redundant. In addition to this, redeployment opportunities will be sought for affected employees during the statutory consultation period.

4.4 The advantage of affording 12 weeks notice to all employees are:-

(i) The maximum time will be available to pursue and achieve redeployment opportunities.

(ii) Successful redeployment will negate the need to make a redundancy payment (maximum up to 30 weeks actual pay).

4.5 The disadvantage is if no redeployment opportunities exist, then there is a cost over and above what the contractual/statutory notice entitlement would have provided.

5. Options

5.1 To accept the report recommending payment up to a maximum of 30 weeks actual pay to all employees who are redundant and any employee declared compulsory redundant to be offered the maximum of 12 weeks notice of termination.

5.2 Not accept the report.

6. Local Area Implications

6.1 There are no direct Local Area implications.

7. Compatibility with European Convention on Human Rights

7.1 There are no implications.

8. Ensuring Social Inclusion

8.1 There are no implications.

9. Reduction of Crime and Disorder

9.1 There are no implications.

10. Risk Assessment

10.1 There are no implications.

11. Consultations

11.1 The Director – Human Resources, Performance and Communications, Finance and the Trade Unions have been consulted.

12. Proposal

12.1 It is recommended that Cabinet approve the recommendations of this report.

13. Glossary

13.1 None

14. List of Appendices

14.1 None

15. Background Papers

15.1 Discretionary Compensation Regulations 2006 – available for inspection from Human Resources.

Office Contact: Julia Bell Telephone No: 3304 Date: January 2016

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

Report of the Chief Executive

Sheffield City Region Devolution Agreement – ratification of the proposal

1. **Purpose of report**

1.1. To seek full Council approval of the Sheffield City Region “SCR” Devolution Agreement. To detail the proposed terms of the agreement and the implications for the Barnsley borough.

2. **Recommendations**

2.1. It is recommended that Council:

a) Note the work that has taken place since the ‘deal’ was proposed in October 2016 – in particular those matters detailed in section 4.
b) Note and take into account that an online consultation exercise took place from the 2nd December to the 15th January– including the summary of this consultation detailed in section 5 and appendix C.
c) Endorse the devolution agreement set out at Appendix A.
d) Delegate authority to the Chief Executive (in full consultation with the Leader of the Council) to consent to an enabling order.

3. **Introduction**

3.1. On 2nd October 2015, Sheffield City Region (“SCR”) political and business leaders secured an *in-principle* Devolution Agreement (“the Proposal”) with the Chancellor of the Exchequer. The Proposal involves the significant devolution of power and funding from Whitehall to local leaders in the City Region including £900m of additional funding which would, if the proposal is ratified, be made available from April 2016.

3.2. The Proposal covers a range of themes including skills and employment; housing, planning and public assets; innovation, advanced manufacturing and business growth and transport. The Proposal also includes elements of fiscal devolution (retained business rates) and changes to City Region-level democratic structures. Specifically, the Proposal makes clear that any ‘deal’ is contingent upon:

The Sheffield City Region Combined Authority [adopting the] model of a directly elected city region Mayor over the Combined Authority's area with the first elections in May 2017. The existing Sheffield City Region Combined Authority will also be strengthened with additional powers.[1]

3.3. The terms of the proposal require formal ratification by the SCR Combined Authority ("CA") by the end of March 2016. Members of the SCR CA have also agreed to seek formal ratification of the Proposal at local authority-level prior to this date. To inform these decisions, a consultation exercise was undertaken. A summary of this consultation exercise is included at section 5 below and in Appendix C.

4. Work undertaken since the deal was signed

4.1. Since signing the Proposal, a body of work has been undertaken to take forward the different elements and commitments within this document. This includes the development of a mobilisation / implementation plan to ensure that the commitments made within the Proposal are realised.

4.2. Key elements of this progress are summarised in below, with additional detail included in the table at Appendix B. Included within this is progress made by City Region partners and Government:

- ***Overview - Funding confirmation:*** subject to the ratification of the Proposal, the SCR will receive its first £30m 'gain-share' payment in April 2016. Furthermore, through the Spending Review the SCR has received indicative confirmation of its £310m Growth Deal award between 2016 and 2021.
- ***Governance - legislation***: the Cities and Local Government Devolution Act 2016 ("the 2016 Act") received Royal Assent on 28th February 2016. The 2016 act provides significant additional flexibility, particularly for the five district councils of the SCR.
- ***Skills - Area Based Review:*** work on the Review has progressed and this is expected to be complete in April.
- ***Employment - DWP***: this area of the proposed Deal is where the City Region currently has the greatest concerns in terms of implementation. This issue is being escalated with HM Government.
- ***Housing Investment Fund:*** the SCR is entering into further discussions on the development of a fund. However, it should be noted that the SCR will not receive additional devolved powers and funding until it has ratified the current proposed Devolution Deal.

[1] http://sheffieldcityregion.org.uk/wp-content/uploads/2015/10/SCR-Devolution-Agreement-2015.pdf at p. 5.

- ***Devolved and consolidated transport budget:*** given the confirmation of funding available nationally for transport through the Spending Review it is expected that the SCR will negotiate and agree its budget in February 2016.
- ***Buses Bill:*** it is expected that the Draft Bill will be published by Government in February. This Bill will establish the primary legislation required to re-franchise bus services and make provisions to strengthen partnership working.
- ***Business rates:*** SCR and Government currently agreeing a baseline against which additional growth will be calculated. It is expected that these arrangements will be in place from April 2016, enabling the City Region to share the benefits of the additional growth it creates.
- ***Intermediate Body status for ESIF:*** discussions have progressed and it is expected that the SCR will be able to make a decision in March 2016 on if it wishes to become an Intermediate Body for the selection of ESIF Projects and create an ESIF Executive Board.

5. The consultation process

5.1. The SCR has been consulting on the Proposal since it was made. This has included:

- consultation through the local media – including interviews on BBC 'Look North' and articles in both the Start and the Yorkshire Post;
- consultation with the business community through the LEP and through a Chamber Business Insider Event in December 2015 (with around 150 business representatives in attendance);
- consultation through social media (including Twitter);
- attendance at formal council Overview and Scrutiny meeting e.g. in Doncaster on 12th January 2016 and Barnsley on 9th February 2016;
- a formal online consultation exercise and survey at: www.sheffieldcityregiondevolution.org.uk;
- Publication of information about what the devolution deal would mean for Barnsley in the January 2016 edition of Open Mail, followed up by a number of Barnsley-specific social media messages

5.2. A detailed report is included at Appendix C which sets out further details of the consultation process undertaken and the main issues identified. The key trends and perspectives from the responses were:

- Positive support throughout for principle of stronger local control of decision-making
- Recognition of the impact that specific policy areas could have on SCR and the local economy

- Negative perceptions of the need for an elected mayor – mainly due to creation of additional bureaucracy; complexity with existing arrangements; outcome of 2012 city mayor referenda
- Real need for clarity about the geographical scope of the mayoral arrangement and powers, particularly for East Midlands districts
- Positive about potential for more devolution, particularly once the current set of proposals have been implemented. Suggestions are ambitious and radical including tax raising powers, all skills, public transport, education and health.

6. Proposal and justification

6.1. On the basis of this consultation and for the matters set out below, it is recommended that Council formally ratify the devolution Proposal set out at Appendix A.

6.2. It is also recommended that Council delegate authority to the Chief Executive to consent to an enabling order (i.e. an order which forms provides for the MCA to exist – but does not confer upon it any functions) in consultation with the Leader and with wider Cabinet consultation as appropriate.

6.3. The reason for this recommendation is that, although the order will be modest in scope, the legislation does specifically require each Constituent Council to consent to the making of the Order and this must be done by May 2016. From a practical point of view, it would be difficult to arrange a further Council meeting to approve the Order when the final text is issued.

6.4. The more significant matters of detail with regard to functions, governance finance and electoral arrangements will be contained in later Orders which will also require formal consent. These must be approved by the end of June to meet the Parliamentary timetable.

6.5. The justification for this recommendation is that we believe the proposal will support the City Region to:

- improve transport and join up our transport connections with other parts of the country;
- deliver major regeneration schemes and secure more private sector investment;
- help more of our businesses export their goods and services and promote our region around the world;
- deliver significant improvements to the skills and training system;
- design and deliver a Careers Service to get young people and adults the information they need;

- deliver the UK's first Advanced Manufacturing Innovation District and National Institute for Infrastructure;
- deliver ultrafast broadband coverage across the Sheffield City Region;
- boost and expand our successful Enterprise Zones;
- control of the powers and resources for the bus network and develop an 'Oyster card' type system for public transport.

6.6. In summary, the proposal will place more powers (and funds) in the hands of local leaders:

- giving them more tools with which to develop our economy;
- create sustainable high-quality employment and;
- fund public services in the future.

6.7. There are also a range of benefits specific to Barnsley, in addition to sharing in the investment of £900m over the next 30 years in economic regeneration projects to improve the borough and create jobs, our current and future plans. This includes:

- ambitious £100m plans for the Better Barnsley scheme that will boost regeneration and act as a catalyst for further investment in the town. Our new town centre will be vibrant, walkable and family friendly; full of opportunity and potential. It will be compact enough to be welcoming and accessible, but large enough to have a high quality market, shops, leisure and cultural facilities.
- increased opportunities for investment in transport infrastructure to deliver housing and job growth
- business park expansion to provide businesses with the right infrastructure they need to thrive, helping to attract and retain new and existing businesses, which in turn will create a more competitive private sector employment base. The development at M1 Junction 36 is the biggest project in Sheffield City Region.
- future opportunities to benefit from a housing investment fund which allows more affordable homes to be built in our area.
- potential funding from the devolved adult skills budget which will help to: review the current post 16 education and training offer in our area to provide skills required by local employers; provide for more traineeships and apprenticeships; offer better, joined up careers advice linked to jobs in our economy, with more businesses inputting to the school curriculum.
- leading on Superfast South Yorkshire. Delivering the broadband infrastructure required to make South Yorkshire a well-connected and attractive place for both residents and businesses located at business parks and in enterprise zones.

- building on the success of Enterprising Barnsley, the economic development branch of the council. Business support programmes, both local and national, will be developed through the new growth hub for Sheffield City Region
- support for businesses to become more productive, offering better paid jobs at higher skill levels, and to export more products, making them more resilient and profitable
- the development of the Barnsley Bus Partnership to lead on improved regulation of public transport.

7. Next steps

7.1. If the Proposal is ratified by all relevant local authorities – the key milestones between now and any election in May 2017 are as follows:

- **March 2016 - Sheffield City Region CA ratifies Proposal in full.**
- **March 2016 – Sheffield City Region agrees a revised Assurance and Accountability Framework that sets out how the process by which the first £30m payment will be managed.**
- **April 2016 – first instalment of £30m paid in line with the Proposal.**
- **April to June 2016 – detail of Order agreed with CLG.**
- **May 2016 – enabling Order laid by government**
- **May to June 20016 – development of further orders detailing the functions of the MCA / further constitutional principles.**
- **November 2016 – latest date by which the Secretary of state (CLG) could lay an order relating to any MCA.**
- **<January 2017 – mayoral candidates come forward.**
- **May 2017 – election takes place.**
- **May 2020 – second election takes place (and every 4 year thereafter).**

8. Financial implications

8.1. There are no direct financial implications from this report: there is no net ‘cost’ associated with the ratification of this proposal. The costs of, for example, any future Mayoral election would be met from future devolved funds.

8.2. However, the constitutional arrangements of any MCA (including revenue raising powers and the use of retained business rates) will have a significant impact on both the finances of the CA and of its Members.

9. Legal implications

9.1. There are no direct legal implications of this paper. However, the MCA would reflect a considerable constitutional change to the CA and its members.

10. Diversity implications

10.1. There are no direct diversity implications arising from this report.

11. List of appendices

11.1. Appendix A - Sheffield City Region Proposed Devolution Deal Agreement.

11.2. Appendix B – Summary of progress made since the proposed Deal was signed in October

11.3. Appendix C – Summary of results of consultation

12. Background papers

Sheffield City Region Devolution file held in the Chief Executive’s Office. Available for inspection, except where it contains confidential or exempt information, in Westgate Plaza One, Barnsley. Telephone (01226) 773301 for further information.

Officer Contact: Diana Terris **Telephone:** (01226) 773301 **Date:** 17 February 2016

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HM Treasury

Sheffield City Region

SHEFFIELD CITY REGION DEVOLUTION AGREEMENT

HM Treasury

Sheffield City Region

....

The Rt Hon George Osborne
Chancellor of the Exchequer

....

Cllr Sir Stephen Houghton CBE
Chair of Sheffield City Region Combined Authority and Leader of Barnsley Metropolitan Borough Council

....

Cllr Julie Dore
Leader of Sheffield City Council

....

James Newman
Chair of Sheffield City Region Combined Authority Local Enterprise Partnership

HM Treasury

Sheffield City Region

J O'Neill

....

Lord Jim O'Neill
Commercial Secretary

C Read

....

Cllr Chris Read
Leader of Rotherham Metropolitan
Borough Council

....

Deputy Mayor Glyn Jones
On behalf of Mayor of Doncaster
Metropolitan
Borough Council

Contents

Sheffield City Region Combined Authority Devolution Deal

This document sets out the terms of a proposed agreement between Government and the leaders of the Sheffield City Region to devolve a range of powers and responsibilities to the Sheffield City Region Combined Authority and a new directly elected mayor. Building on the City Deal, agreed in 2012, the Growth Deals, agreed in July 2014 and January 2015 and initial Devolution Agreement, agreed in December 2014, this Devolution Deal marks the next step in the transfer of resources and powers from central Government to the Sheffield City Region.

The devolution proposal and all levels of funding are subject to the Spending Review and Sheffield City Region consulting on the proposals and ratification from the local authorities. This agreement is subject to the enactment of the necessary legislation (The Cities and Local Government Devolution Bill and the Buses Bill), and to parliamentary approval of the secondary legislation implementing the provisions of this agreement.

This agreement will enable Sheffield City Region to accelerate the delivery of its Strategic Economic Plan, strengthening its position as a world class centre for advanced manufacturing and engineering.

Summary of the proposed Devolution Deal agreed by the Government and the Sheffield City Region Combined Authority with the support of the Local Enterprise Partnership

A new, directly elected Sheffield City Region Mayor will act as Chair to the Sheffield City Region Combined Authority and will exercise the following powers and functions devolved from central Government:

- Responsibility for a consolidated, devolved transport budget, with a multi-year settlement to be agreed at the Spending Review.
- Responsibility for franchised bus services, which will support the Combined Authority's delivery of smart and integrated ticketing across the Combined Authority's constituent councils.
- Responsibility for an identified Key Route Network of local authority roads that will be collaboratively managed and maintained at the city region level by the Combined Authority on behalf of the Mayor.
- Powers over strategic planning, including the responsibility to create a spatial framework for the city region and to chair the Sheffield City Region Joint Assets Board.

The Sheffield City Region Combined Authority (SCR CA), working with the Mayor, will receive the following powers:

- Control of a new additional £30 million a year funding allocation over 30 years, to be invested to boost growth.
- Responsibility for chairing an area-based review of 16+ skills provision, the outcomes of which will be taken forward in line with the principles of the devolved arrangements, and devolved 19+ adult skills funding from 2018/19.
- Joint responsibility with Government to co-design employment support for the harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice. SCR will also bring forward a proposal to pilot more intensive support for those furthest from the labour market.
- More effective joint working with UKTI to boost trade and investment, and responsibility to work with Government to develop and implement a devolved approach to the delivery of national business support programmes from 2017.

In addition:

- To support the development of the SCR Advanced Manufacturing Innovation District, the Government will offer the Sheffield City Region expert advice and support to ensure they are able to put forward a City Region led proposal to undertake a Science and Innovation audit.
- The Sheffield City Region will work with HM Government to achieve their ambitions for a national Institute for Infrastructure within Doncaster.
- HM Government will work with the Sheffield City Region Combined Authority to agree specific funding flexibilities to a Spending Review timetable. The joint ambition will be to give Sheffield City Region Combined Authority a single pot to invest in its economic growth.

Further powers may be agreed over time and included in future legislation.

Governance

1. Sheffield City Region (SCR) has taken bold steps in securing effective and accountable governance arrangements. The SCR Local Enterprise Partnership (LEP) was part of the first wave of LEPs established in 2010 and has been one of the strongest performers since then. The SCR was the first to submit plans for its Combined Authority under the Coalition Government, which was established in April 2014. The Combined Authority enables decisions on economic growth and development to be taken in an open and transparent way in one place for the whole of the SCR.
2. As part of this proposed agreement, the Sheffield City Region Combined Authority will adopt a model of a directly elected city region Mayor over the Combined Authority's area with the first elections in May 2017[1]. The existing Sheffield City Region Combined Authority will also be strengthened with additional powers. This takes the next step in transferring resources and powers from central Government to the Sheffield City Region. There is no intention to take existing powers from local authorities without agreement. The agreement will protect the integrity of local authorities in the Sheffield City Region.
3. The directly elected Mayor for Sheffield City Region Combined Authority will autonomously exercise new powers. The Mayor will chair the Sheffield City Region Combined Authority, the members of which will serve as the Mayor's Cabinet. The Mayor and the Sheffield City Region Combined Authority will be scrutinised and held to account by the SCR Overview and Scrutiny committee(s). The SCR Mayor will also be required to consult the SCR CA Cabinet on his/her strategies, which it may reject if two-thirds of the members agree to do so. The SCR Cabinet will also examine the Mayor's spending plans and will be able to amend his/her plans, if two-thirds of the members who have been appointed by constituent councils agree to do so.
4. Proposals for decision by the Combined Authority may be put forward by the Mayor or any Cabinet Member. The Mayor will have one vote as will other voting members. Any questions that are to be decided by the Combined Authority are to be decided by a majority of the members present and voting, subject to that majority including the vote of the Mayor, unless otherwise set out in legislation, or specifically delegated through the Authority's Constitution.
5. The Sheffield City Region Mayor and the other members of the Sheffield City Region Combined Authority will be required to work closely together. Specifically:
    a. the Mayor will provide overall leadership and chair Combined Authority meetings; and
    b. the SCR Cabinet Model, where the leaders have a clear portfolio of responsibilities, will act as a supporting and advisory function to the Mayor and Combined Authority in respective policy areas.

[1] This will be based on the constituent members of the Combined Authority but can be extended to include any other members of the Combined Authority that change their member status from non-constituent to constituent.

c. The Mayor will also be a member of the LEP, alongside the other members of the Combined Authority, recognising the importance of the private sector in any growth strategies or delivery.

6. The recent changes to strengthen the governance arrangements in the Sheffield City Region by formally establishing five Executive Boards that have delegated decision making powers from the Combined Authority, are expected to continue as part of this agreement.

7. Economic growth is a shared endeavour and is vital in delivering the Northern Powerhouse ambitions. The Mayoral Combined Authority will continue to work very closely with HM Government for the benefit of the public.

8. Sheffield City Region Combined Authority and Local Enterprise Partnership commits to work with partners across the North of England to promote opportunities for pan-Northern collaboration, including Transport for the North, to drive northern productivity and build the Northern Powerhouse.

<u>Skills (19+)</u>

9. The Government will enable local commissioning of outcomes to be achieved from the 19+ adult skills budget starting in academic year 2016/17; and will fully devolve budgets to the Sheffield City Region Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.

10. Devolution will proceed in three stages, across the next three academic years:

    a. Starting now, the SCR Combined Authority will begin to prepare for local commissioning. It will develop a series of outcome agreements with providers about what should be delivered in return for allocations in the 2016/17 academic year. This will replace the current system of funding by qualifications as providers will receive their total 19+ skills funding as a single block allocation. This new arrangement will allow the SCR Combined Authority to agree with providers the mix and balance of provision that will be delivered in return for the block funding, and to define how success will be assessed.

    b. For the 2017/18 academic year, and following the area review, Government will work with the SCR Combined Authority to vary the block grant allocations made to providers, within an agreed framework

    c. From 2018/19, there will be full devolution of funding. The SCR Combined Authority will be responsible for allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the grant to local / combined authorities will need to take into account a range of demographic, educational and labour market factors.

11. The readiness conditions for full devolution are that:

    a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances

    b. Completion of the Area Review process leading to a sustainable provider base

    c. After the area-reviews are complete, agreed arrangements are in place between central government and the Combined Authority to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base

    d. Clear principles and arrangements have been agreed between central government and the Combined Authority for sharing financial risk and managing failure of 16+ providers, reflecting the balance of devolved and national interest and protecting the taxpayer from unnecessary expenditure and liabilities

    e. Learner protection and minimum standards arrangements are agreed

    f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.

Skills (16-18)

12. HM Government commits to an Area Based Review of post-16 education and training leading to agreed recommendations by February 2016. The outcomes of the Area Based Review will be taken forward in line with the principles of the devolved arrangements. The review will be chaired by the Combined Authority and will include all post-16 education and training provision in the initial analysis phase. Recommendations will be focused on General FE and Sixth Form Colleges, however the Regional Schools Commissioner and the relevant local authorities will consider any specific issues arising from the reviews for school sixth form provision.

13. To ensure continued local collaboration following the Area Based Review, the Sheffield City Region Combined Authority will work in partnership with local colleges and providers to publish a local skills strategy. This will aim to help ensure that post-16 providers are delivering the skills that local employers require. It is expected that the Combined Authority will then collaborate with colleges and providers, with appropriate support from EFA, to work towards that plan.

14. Following the Area Based Review, HM Government would expect the Regional Schools Commissioner to continue to engage with the Sheffield City Region Combined Authority to ensure local links and working are maintained.

15. HM Government will work with Sheffield City Region Combined Authority to ensure that local priorities are fed into the provision of careers advice, such that it is employer-led, integrated and meets local needs. In particular, the Sheffield City Region Combined Authority will ensure that local priorities are fed into provision through direct involvement and collaboration with HMG in the design of careers and enterprise provision for all ages, including collaboration on the work of the Careers and Enterprise Company and the National Careers Service.

Employment

16. Sheffield City Region Combined Authority will work with DWP to co-design the future employment support, from April 2017, for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice.

17. The respective roles of DWP and Sheffield City Region Combined Authority in the co-design will include:

    a. DWP sets the funding envelope, Sheffield City Region Combined Authority can top up if they wish to, but are not required to.

    b. Sheffield City Region Combined Authority will set out how they will join up local public services in order to improve outcomes for this group, particularly how they will work with the Clinical Commissioning Groups/third sector to enable timely health-based support.

    c. DWP set the high-level performance framework and will ensure the support appropriately reflects labour market issues. The primary outcomes will be to reduce unemployment and move people into sustained employment. Sheffield City Region Combined Authority will have some flexibility to determine specific local outcomes that reflect local labour market priorities, these outcomes should be complementary to the ultimate employment outcome (for example in-work wage progression). In determining the local outcome(s) Sheffield City Region Combined Authority should work with DWP to take account of the labour market evidence base and articulate how the additional outcome(s) will fit within the wider strategic and economic context and deliver value for money.

    d. Before delivery commences, DWP and Sheffield City Region Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support, including a mechanism by which each party can raise and resolve any concern that arise.

18. In addition, in the event employment support for this group is delivered through a contracted-out programme, Sheffield City Region Combined Authority will co-commission the programme with DWP. the respective roles of DWP and Sheffield City Region Combined Authority will include:

a. DWP sets the contracting arrangements, including contract package areas, but should consider any proposals from Sheffield City Region Combined Authority on contract package area geography.

b. Sheffield City Region Combined Authority will be involved in tender evaluation.

c. Providers will be solely accountable to DWP, but DWP and Sheffield City Region Combined Authority's above-mentioned agreement will include a mechanism by which Sheffield City Region Combined Authority can escalate to DWP any concerns about provider performance/breaching local agreements and require DWP to take formal contract action where appropriate.

19. In the event that alternative delivery mechanisms are put in place, comparable arrangements will be put in place.

20. Sheffield City Region will develop a business case for an innovative pilot to support those who are hardest to help. The business case should set out the evidence to support the proposed pilot, cost and benefits and robust evaluation plans, to enable the proposal to be taken forward as part of the delivery of this agreement, subject to Ministerial approval.

<u>Housing and planning</u>

21. The Sheffield City Region Combined Authority Mayor will also exercise strategic planning powers to support and accelerate these ambitions. This will include the power to:

a. Create a spatial framework, which will act as the framework for managing planning across the Sheffield City Region, and with which all Local Development Plans will be in strategic alignment. The spatial framework will need to be approved by unanimous vote of the members appointed by constituent councils of the Mayoral Combined Authority. This approach must not delay any Local Development Plans, and will build upon the local plans being developed.

b. Create supplementary planning documents, subject to approval processes in paragraph 21a.

c. Create Mayoral Development Corporations, which will support delivery on strategic sites in the Sheffield City Region. This power will be exercised with the consent of the Cabinet member in which the Development Corporation is to be used.

d. Be consulted on and/or call-in planning applications of strategic importance to the City Region.

22. Sheffield City Region and HMG will continue to discuss the devolution of housing loan funds to a Spending Review timetable. Sheffield City Region intends to develop

further a proposition on a Housing Investment Fund, for discussion and development with HM Government.

23. HMG will work with Sheffield City Region to support the operation of the Joint Assets Board, and support better coordination on asset sales. This will include ensuring the representation of senior HMG officials on the Joint Assets Board, using that Board to develop as far as possible and consistent with the government's overall public sector land target, a joint programme of asset disposal using a portfolio approach, and to explore whether a right of first refusal for 28 days on all central government land and assets due for disposal can be developed that accelerates the pace of disposal. Through the Joint Assets Board, SCR and HMG will explore increased opportunities for using the public estate to generate low carbon energy.

Transport

24. The directly elected Mayor of the Sheffield City Region Combined Authority will be responsible for a devolved and consolidated local transport budget for the area of the Combined Authority (i.e. the areas of the constituent councils), including all relevant devolved highways funding, with a multi-year settlement to be agreed at the Spending Review. Functions will be devolved to the Sheffield City Region Combined Authority accordingly, to be exercised by the Mayor.

25. The directly elected Mayor of the Sheffield City Region Combined Authority will by 2017 exercise functions, devolved to the Combined Authority, for the franchising of bus services in the area of the Combined Authority, subject to local consultation. This will be enabled through a specific Buses Bill, to be introduced during the first Parliamentary session, which will provide for the necessary functions to be devolved.

26. This will help to facilitate the delivery of integrated smart ticketing across all local modes of transport in the city region, working as part of Transport for the North on their plans for smart ticketing across the North. This includes the production of a regional implementation plan for smart ticketing which Transport for the North will put forward to government by Budget 2016.

27. Government remains committed to the development of Phase Two of the HS2 network and will announce the way forward on Phase Two later this year.

28. Government is committed to building a Northern Powerhouse and remains strongly committed to the work by Transport for the North to identify and present to government a prioritised list of scheme options for the TransNorth rail enhancement programme and options for strategic road investment, including options for a new TransPennine Road Tunnel, by Budget 2016.

29. Government, in consultation with Sheffield City Region, will continue to explore options to give Sheffield City Region Combined Authority more control over the planning and delivery of local transport schemes, particularly in preparation for HS2. This could include changes to the way that Transport and Works Act Orders are

granted, if practical proposals for improving and speeding up the process are identified.

30. The directly elected Mayor of the Sheffield City Region Combined Authority will take responsibility for an identified Key Route Network of local authority roads that will be collaboratively managed and maintained at a city region level by the Sheffield City Region Combined Authority across the areas of the constituent councils.

Trade and investment

31. HM Government commits to strengthening support available for both trade and investment in the Sheffield City Region.

32. On co-location, HM Government will review the Inward Investment resource location of regional (IST) staff across the three levels of: Partnership Managers; Business development and Key Account Management teams, currently in 8 locations nationally. HM Government will also look at options for co-location, under UKTI/IST management, without harming the overall efficiency of the working of the investment model.

33. On governance, HM Government will set up a joint governance structure (or join an existing one), with quarterly meetings attended by a Director level representative from both UKTI investment and Sheffield City Region Combined Authority. These will provide a forum to discuss progress on co-location, and on account management activity by both parties in the region. HM Government will wherever possible also use this structure to review key decisions and initiatives planned and/or implemented by both parties, including building a better shared understanding of the inward investment opportunities available in the region.

34. On international links, HM Government will provide a strengthened partnership between locally delivered services and embassy/consulate contacts through project Matchmaker.

35. On the Great campaign, HM Government will explore what options exist for using a portion of GREAT campaign budget for overseas based activity aligned to Sheffield City Region sector strengths with delivery managed by UKTI Marketing teams with input and influence from Sheffield City Region Combined Authority. This activity should be supported by sector based resource in overseas posts who have been specially briefed to have a strong understanding of Northern Powerhouse and Posts who are Matchmaker partners for Sheffield City Region sector strengths.

36. HM Government will also work with Sheffield City Region to build attractive regeneration/ investment propositions.

37. On trade: HM Government will ring-fence trade services resource within Sheffield City Region, develop an agreed export plan with a dual key approach to activities and reporting on outputs and outcomes to Sheffield City Region. Ring fenced resource remains subject to departmental budget changes.

38. An export plan will be agreed between SCR and UKTI HQ which will allow SCR flexibility, such as a specific local sectoral focus for Passport to Export and mid-sized business schemes or a different mix of products.

39. HMRC will work with the Sheffield City Region Combined Authority to provide relevant trade statistics data, within existing data protection assurance frameworks and policies, to assist with understanding the City Region's export market.

Innovation

40. The Advanced Manufacturing Innovation District, centred around the Advanced Manufacturing Park is a nationally important asset and already delivers growth through innovation, productivity and high value employment. The City Region has an ambition to make the District world-leading – attracting investment and major industry to the area.

41. To support this HM Government will offer the Sheffield City Region expert advice and support to ensure they are able to put forward a City Region led proposal to undertake a Science and Innovation audit. This work will enable an evidence based approach to deepen the understanding of the City Region's Science and Innovation strengths and provide a new and powerful way to understand how to maximise the economic impact from the UK's research and innovation investment nationally. They will, for example, provide government with part of the evidence base on which to make decisions on catapults and could be used to explore how to further the Sheffield City Region's advantage in advanced manufacturing.

42. HM Government will also offer Sheffield City Region Combined Authority dedicated workshops with the Smart Specialisation Advisory Hub to help areas identify their innovation strengths.

43. Through utilisation of the additional resources in the single pot it is expected that Sheffield City Region Combined Authority will bring forward a set of ambitious proposals to enhance the Advanced Manufacturing Innovation District.

44. The Sheffield City Region will work with HM Government to achieve their ambitions for a National Institute for Infrastructure within Doncaster. The Sheffield City Region will take forward discussions with HM Government to explore the potential for alignment of the new National College for High Speed Rail (NCHSR) based in Doncaster with the new Institutes of Technology to help meet a wider set of national infrastructure challenges.

Business growth and support

45. HM Government agrees to continue to work with the Sheffield City Region to develop and implement proposals for a devolved approach to the delivery of national business support programmes from April 2017 onwards, subject to the

outcomes of the Spending Review, and in line with the Devolution Deal agreed in December 2014.

46. Government and the Sheffield City Region Combined Authority will agree a joint programme to create the right environment to drive the commercial rollout of ultrafast broadband. Government will also support the SCR Combined Authority to reinvest funds into creative solutions to supplying superfast broadband to the last 5%.

47. Building on the currently agreed Enterprise Zone geography, Sheffield City Region will receive additional Enterprise Zones and/or extension of existing zones, subject to the current bidding round for further Enterprise Zones.

48. The Sheffield City Region LEP has requested additional flexibility on the use of Enhanced Capital Allowances within its Enterprise Zones. The government is open to further discussion on this providing proposals are compliant with State Aid rules and are fiscally neutral.

Fiscal

49. HM Government is committed to working with the Sheffield City Region Combined Authority to achieve Intermediate Body status for ERDF and ESF for the Combined Authority. HM Government will work with Sheffield City Region Combined Authority to test whether it will be possible to implement and if so, HMG and SCR will work together to agree a timetable to put this in place.

50. HM Government agrees to allocate an additional £30m per annum of capital and revenue funding for 30 years, which will form part of and capitalise the Sheffield City Region Combined Authority single pot. This will fund key City Region priorities and will be composed of 60% capital and 40% revenue. The fund will be subject to 5-yearly gateway assessments to confirm the spend has contributed to national growth.

51. HM Government will work with the Sheffield City Region Combined Authority to agree specific funding flexibilities to a Spending Review timetable. The joint ambition will be to give Sheffield City Region Combined Authority a single pot to invest in its economic growth. This pot will comprise a flexible, multi-year settlement providing the freedom to deliver its growth priorities, including the ability to re-direct funding to reflect changing priorities, whilst upholding their statutory duties. This local freedom will be over a range of budgets to be determined by SCR and HMG in the run-up to and beyond the Spending Review, including as requested the Regional Growth Fund or its equivalent successor. HM Government expects to disburse this agreed settlement to the Sheffield City Region annually in advance.

52. The Cities and Local Government Devolution bill currently in parliament will establish the principles which will govern further prudential borrowing for combined authorities. Following Royal Assent, central government will consider how these powers could apply whilst ensuring no fiscal impact.

53. HM Government will pilot a scheme in Sheffield City Region Combined Authority which will enable the area to retain 100% of any additional business rate growth beyond expected forecasts. These pilots will begin in April 2016, subject to further detailed discussions between the Combined Authority and HM Government. HM Government will also discuss wider localisation of business rates with the Sheffield City Region Combined Authority.

<u>Under this geography:</u>

54. The Mayor for the Sheffield City Region will be elected by the local government electors for the areas of the constituent councils of the Sheffield City Region Combined Authority. The Mayor and Sheffield City Region Combined Authority will exercise the powers and responsibilities described in this document in relation to its area, i.e. the area of the constituent councils of the Sheffield City Region Combined Authority.
55. Funding that is allocated to the SCR LEP, now and in the future, will continue to be allocated on the basis of the existing overlap formula.
56. Additional funding or budgets that are devolved as a result of this agreement will go to the SCR Combined Authority.
57. The Sheffield City Region Combined Authority must exercise functions in relation to its geographical area. Accordingly, if any of the Combined Authority spend is on activities of projects outside of its area, those activities or projects must in some way relate to the area – for example, be for the benefit of the area; they may also relate to some other area. The Cities and Local Government Devolution Bill, subject to parliamentary approval, can enable combined authorities such as the Sheffield City Region Combined Authority to take on a broader set of functions than economic development, regeneration and transport, dependent on secondary legislation.
58. Under the Mayor model, it is not expected that the role of the LEP or private sector be lessened.

<u>Sheffield City Region Combined Authority commitments</u>

59. The Sheffield City Region Combined Authority is accountable to local people for the successful implementation of the Devolution Deal; consequently, HM Government expects Sheffield City Region to monitor and evaluate their Deal in order to demonstrate and report on progress. The Cities and Local Growth Unit will work with the Sheffield City Region to agree a monitoring and evaluation framework that meets local needs and helps to support future learning.
60. Sheffield City Region Combined Authority will work with HM Government to develop a full implementation plan, covering each policy agreed in this Deal, to be completed ahead of implementation. This plan will include the timing and proposed

approach for monitoring and evaluation of each policy and should be approved by the DCLG Accounting Officer.

61. The Sheffield City Region Combined Authority will continue to set out their proposals to HM Government for how local resources and funding will be pooled across the city region.

62. The Sheffield City Region Combined Authority will agree overall borrowing limits with HM Government and have formal agreement to engage on forecasting. Sheffield City Region Combined Authority will also provide information, explanation and assistance to the Office for Budget Responsibility where such information would assist in meeting their duty to produce economic and fiscal forecasts for the UK economy.

63. The Sheffield City Region Combined Authority will agree a process to manage local financial risk relevant to these proposals and will jointly develop written agreements with HM Government on every devolved power or fund to agree accountability between local and national bodies on the basis of the principles set out in this document.

64. The Sheffield City Region Combined Authority will continue to progress programmes of transformation amongst authorities to streamline back office functions and share more services and data, including on assets and property.

65. The Sheffield City Region Combined Authority will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.

Appendix B – Summary of progress made since the proposed Deal was signed in October

Element of the Proposal	Proposal text	Summary of progress made
Overview– funding confirmation (para 3)	That all levels of funding are subject to the Spending Review (SR)	The £900m of additional funding committed by the Proposal was confirmed by the SR. The first year's payment of £30m will occur in April 2016, subject to the ratification of this proposal by the constituent local authorities. The allocations made to the SCR as part of the Growth Deal process (c£310m 2016-2021) were also indicatively confirmed through the SR.
Overview– legislation (para 3)	The agreement was subject to the enactment of the necessary legislation (The Cities and Local Government Devolution Bill and the Buses Bill), and to parliamentary approval of the secondary legislation implementing the provisions of this agreement.	The Cities and Local Government Devolution Bill has received Royal Assent. This includes 'amendment 31' that enables a district or county council to join an existing Combined Authority without the need for the agreement of the district or county council respectively. It is expected that the draft Buses Bill will be published in February.
Governance – mayoral model (paras 3-5)	Details set out in paragraphs 3-5 of the proposed Deal document on the Mayoral Combined Authority	Since the proposal was made, local leaders have been working with Government to agree a suitable Mayoral Combined Authority ("MCA") model, this includes working through the detail of: • the functions, powers and duties of the MCA; • the distribution of these functions between the CA and the mayor: the 'checks and balances' that would exist between the mayor and the CA; • the relationship between constituent and non-constituent councils;

Element of the Proposal	Proposal text	Summary of progress made
		• the role of the Local Enterprise Partnership (LEP) within these arrangements; and • other operational and constitutional details.
Governance – mayoral voting rights on the CA (para 4)	Proposals for decision by the Combined Authority may be put forward by the Mayor or any Cabinet Member. The Mayor will have one vote as will other voting members. Any questions that are to be decided by the Combined Authority are to be decided by a majority of the members present and voting, subject to that majority including the vote of the Mayor, unless otherwise set out in legislation, or specifically delegated through the Authority's Constitution.	One concern raised by local partners since the proposed Deal was signed was that the mayor could have a 'veto' over all CA functions. Following high-level discussions with ministers and senior civil servants, it has expressly been confirmed that this is not the case. The relationship between the CA and the mayor is a matter that can be dealt with through a refresh of the CA's constitution, and these arrangements would be owned locally by the MCA. In short, we believe that there is a way to accommodate both the requirements of the Proposal and the wishes of local Leaders and are working with CLG to this end.
Skills, employment and education – 19+ skills (para 11)	Greater understanding of the readiness conditions for devolution set out in paragraph 11.	Ongoing discussions with BIS and the SFA around what constitutes the readiness conditions for full devolution of the 19+ adult skills funding. Work on the Area Based Review has progressed and is due to be completed in April.
Skills, employment and education – employment support (paras 16-19)	Paragraphs 16-19 on the co-design and co-commissioning of future employment support.	Whilst there has been positive engagement with the DWP the Skills and Employment Executive Board consider that greater engagement is required from the DWP to be able to successfully implement the co-design and co-commissioning elements of the proposed Deal. SCR and

Element of the Proposal	Proposal text	Summary of progress made
		Government officials are working to ensure that this issue is clarified.
Skills, employment and education – hardest to help pilot	Sheffield City Region will develop a business case for an innovative pilot to support those who are hardest to help. The business case should set out the evidence to support the proposed pilot, cost and benefits and robust evaluation plans, to enable the proposal to be taken forward as part of the delivery of this agreement, subject to Ministerial approval.	SCR has developed an initial Business Case for this pilot, which was submitted to the Government in November. Based on initial feedback this Business Case is now being further developed to ensure that it makes the best evidenced case to enable the proposal to be taken forward.
Housing and Planning – housing investment fund (para 22)	Sheffield City Region and HMG will continue to discuss the devolution of housing loan funds to a Spending Review timetable. Sheffield City Region intends to develop further a proposition on a Housing Investment Fund, for discussion and development with HM Government.	The Spending Review made considerable changes to the Government's approach to supporting housing delivery. Within this context the Sheffield City Region will continue to discuss the potential for devolved funding or control over national housing resources. The SCR has continued to develop local proposals for a Housing Capital programme – and discussions with the Government will take place throughout February to continue to make the case for an SCR Housing Investment Fund.
Housing and planning – assets (para 23)	HMG will work with Sheffield City Region to support the operation of the Joint Assets Board, and support better coordination on asset sales.	HMG have a representative on the current Joint Assets Board. Since the proposed deal was signed on October 2nd the SCR has also been successful in a One Public Estate bid which has secured national funding to support improvement alignment of national and local assets.
Transport – devolved and consolidated transport	The directly elected Mayor of the Sheffield City Region Combined Authority will be responsible for a devolved	Based on the overarching budgets announced in the SR, allocations for areas with (proposed) Devolution Deals are currently

Element of the Proposal	Proposal text	Summary of progress made
budget (para 24)	and consolidated local transport budget for the area of the Combined Authority (i.e. the areas of the constituent councils), including all relevant devolved highways funding, with a multi-year settlement to be agreed at the Spending Review.	being calculated. The SCR expects more information on this in February.
Trade and investment – governance (para 33)	On governance, HM Government will set up a joint governance structure (or join an existing one), with quarterly meetings attended by a Director level representative from both UKTI investment and Sheffield City Region Combined Authority.	It is expected that the Regional Director of UKTI will attend quarterly meetings with the Business Growth Executive Board to address this issue. Officer level working relationships are in place.
Innovation – Science and Innovation Audit (para 41)	HM Government will offer the Sheffield City Region expert advice and support to ensure they are able to put forward a City Region led proposal to undertake a Science and Innovation audit.	The SCR submitted a Science and Innovation Audit expression of interest on the 29th January. Support and advice from BIS was received throughout that process.
Innovation – smart specialisation (para 42)	HM Government will also offer Sheffield City Region Combined Authority dedicated workshops with the Smart Specialisation Advisory Hub to help areas identify their innovation strengths.	Dedicated workshops on this issue will be organised with the City Region through the Science and Innovation Audit work.
Fiscal – ESIF (para 49)	HM Government is committed to working with the Sheffield City Region Combined Authority to achieve Intermediate Body (IB) status for ERDF and ESF for the Combined Authority.	Work has progressed and it is expected that the SCR will be able to make a decision in March as to whether to become an Intermediate Body for the selection of ESIF Projects.
Fiscal – single pot	HM Government will work with the Sheffield City Region	Positive discussions held with HM Government on this joint ambition.

Element of the Proposal	Proposal text	Summary of progress made
(para 51)	Combined Authority to agree specific funding flexibilities to a Spending Review timetable. The joint ambition will be to give Sheffield City Region Combined Authority a single pot to invest in its economic growth.	SCR to provide greater details of the funding flexibilities it is seeking as part of the construction of its single pot. Joint work also to take place on the development of a set of outcomes for the single pot as well as an appropriate set of accountability arrangements.-
Fiscal – business rates (para 53)	HM Government will pilot a scheme in Sheffield City Region Combined Authority which will enable the area to retain 100% of any additional business rate growth beyond expected forecasts.	SCR is currently working with HM Government to agree the baseline against which additional growth will be calculated. This pilot is expected to commence in April 2016 enabling the City Region to have some additional resources to invest in growing the local economy over the next four years. An approach is being developed, which will ensure that through local retention of Business Rate growth, all SCR districts can benefit financially.

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SCR Devolution Consultation: results summary

APPENDIX C

Summary

This paper provides a summary of the results from the online consultation which enabled people, businesses and community organisations in Sheffield City Region (SCR) to have their say on the proposed SCR Devolution Agreement.

The survey included a number of open questions about the proposed Agreement, enabling respondents to offer written (ie. free text) comments, questions and thoughts without the limitations of tick box responses. The survey was also designed to be non-linear, ensuring that people could answer the questions that most interested them and ignore the ones that did not.

The online consultation ran from 2nd December 2015 to 15th January 2016 and attracted 245 responses from across SCR.

This report summarises the perspectives of respondents to each question in the survey. Whilst it is not possible to provide a statistically robust quantitative assessment of the results because of the qualitative design, the report offers a sense of how respondents from SCR feel about key elements of the proposed Agreement.

Key trends and perspectives from the responses:

- Positive support throughout for principle of stronger local control of decision-making
- Recognition of the impact that specific policy areas could have on SCR and the local economy
- Negative perceptions of the need for an elected mayor – mainly due to creation of additional bureaucracy; complexity with existing arrangements; outcome of 2012 city mayor referenda
- Real need for clarity about the geographical scope of the mayoral arrangement and powers, particularly for East Midlands districts
- Positive about potential for more devolution, particularly once the current set of proposals have been implemented. Suggestions are ambitious and radical including tax raising powers, all skills, public transport, education and health.

Purpose

1. This report provides a summary of the results from the local consultation activity which sought the views of people, groups and businesses in Sheffield City Region (SCR) on the proposed SCR Devolution Agreement.
2. The report is predominantly based on the online survey as the main route for comments and contributions to the discussion but also builds in views from the wider consultation activity under the themes.

Having your say on devolution: background and methodology

Background

3. The proposed Devolution Agreement for Sheffield City Region stated that the policy and funding proposals in the Agreement were subject to the 2015 Spending Review, and to Sheffield City Region "consulting on the proposals and ratification from the local authorities"[1].

4. Following the announcement, SCR developed a programme of consultation to enable local residents, businesses and community organisations across the SCR area to have their say on the proposals.

5. This programme of consultation has generated a range of activities and contributions including from:

- **Local residents** - large scale online survey for the public, businesses and representative organisations
- **Business** - engagement with businesses including through the SCR Local Enterprise Partnership (SCRLEP); a Business Insider event with the Chambers of Commerce; and local business advisory panels
- **Local democratic bodies** – including Overview and Scrutiny Committees; locality assemblies; a dedicated meeting of the SCR Scrutiny Board; and the SCR Combined Authority
- **Partners and community organisations** – including detailed submissions from community organisations and the University of Sheffield's Crick Centre 'Citizens' Assembly' project[2]
- **Direct correspondence** – in some instances, we have also received direct letters and emails from some residents and community organisations, including Sheffield Citizens Advice, Age UK, Cavendish Cancer Care, Sheffield Mencap, and Voluntary Action Sheffield.

Online survey

6. The online survey was the main, large-scale form of consultation on the proposed Devolution Agreement. The survey was launched on the 2nd December 2015 and ran until the 15th January 2016.

7. The survey was supported by a dedicated [SCR microsite] which provided respondents with a range of information, explanations, FAQs and videos explaining both the concept of devolution and what the proposed Agreement could mean for SCR. The site also included a link to the full devolution document and testimonials from leading SCR politicians, business leaders and academics.

Fig 1: SCR Devolution Survey

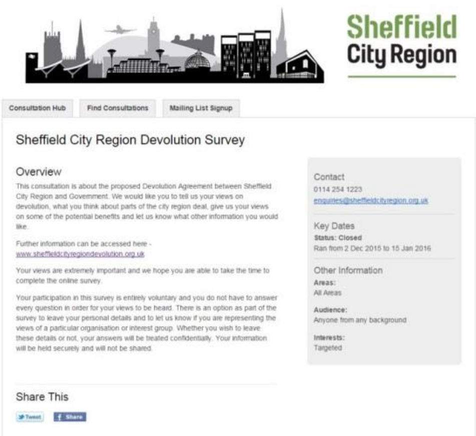


Fig 2: SCR Devolution microsite

[1] HMG (2015) *Sheffield City Region Devolution Agreement*, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/466616/Sheffield_devolution_deal_October_2015_with_signatures.pdf
[2] University of Sheffield's Crick Centre (2016) *Citizens' Assembly North*, http://citizensassembly.co.uk/home-page/sheffield/

8. The survey was widely publicised across the City Region, including activities by all nine local authorities and coverage in the local (eg. local papers), regional (eg. Yorkshire Post; BBC Look North) and national media (eg. BBC News website). The survey link and microsite was also regularly promoted through social media channels by councils, SCR Combined Authority and partner organisations.

9. The main purpose for the survey was to enable people and organisations across SCR to give their unrestricted views on the SCR devolution proposals and not limit people's responses with structured quantitative questions (ie. tick box). Therefore, the survey was purposefully designed to be:

   - **Open-ended** – the survey questions enabled people to give qualitative (ie. written word/free text) answers rather than ticking boxes
   - **Non-linear** – which means that people could answer the questions that interested them and ignore the questions that didn't interest them

10. The survey asked people about their views on devolution proposals for SCR as a whole and therefore it was decided not ask respondents which part of the City Region they lived in. The survey did, however, ask respondents what they thought the impact of the devolution proposals would be on their life and where they lived.

Who responded?

11. In total, there were **245 responses** from across Sheffield City Region. As **Fig 3** shows, respondents are broadly representative of the working age population of the City Region with some over-representation of people aged 40+. However, very few people aged under 25 responded to the survey.

12. **Fig 4** demonstrates that the majority of responses were from local residents (82%) with a further 10% from businesses and 6% on behalf of community and interest groups in the City Region.

13. Respondents were overwhelmingly male with 170 (73%) men responding to the survey compared to 62 (27%) women.

14. Respondents were predominantly (95%) from a White British ethnic heritage and that group were slightly over-represented compared to the 16+ population of SCR. Similarly, respondents from a Black and Minority Ethnic (BME) background were under-represented compared to the local population and indeed, very few people from BME backgrounds actually responded to the survey.

Fig 3: Consultation respondents by age

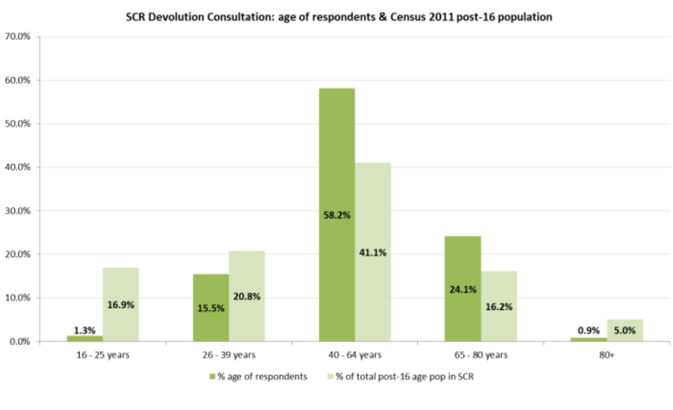


Fig 4: Consultation respondents by type

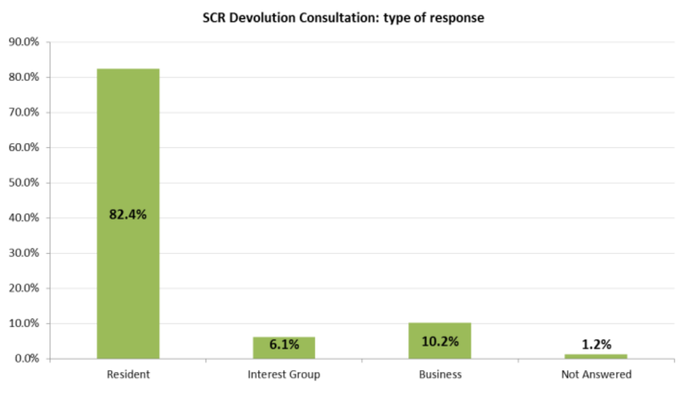
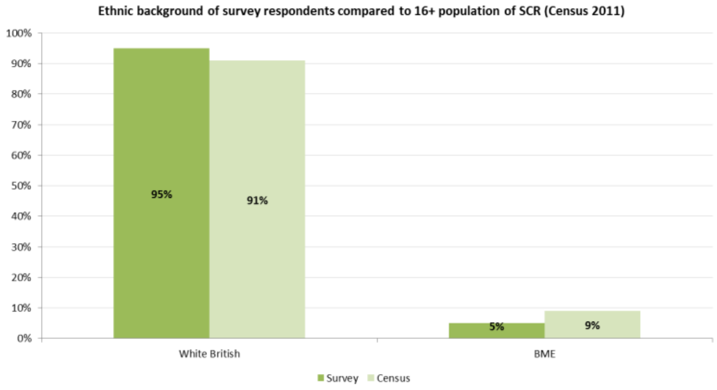


Fig 5: Consultation respondents by ethnic heritage



[3]

Survey results

15. This section provides an overview of the views offered by respondents in SCR about the proposed Devolution Agreement. As suggested elsewhere, the survey was not designed to produce numerical or quantifiable results but rather to give people, businesses and community organisations the opportunity to comment and have their say on the devolution proposals.

16. Therefore, responses were written in free text and this report aims to provide a summary of the key themes and issues raised by respondents by question based on the key words and comments made. Where possible or appropriate, the report also attempts to offer a perspective as to whether the tone of the responses received to a particular question were positive, negative or mixed. This is not intended to be statistically robust but is a relatively simple way of summarising a large number of written responses.

Do respondents want more information about the Devolution Agreement?

"The Sheffield City Region Devolution website provides lots of information about the powers, resources and implications for local areas of the in-principle devolution deal. Is there anything else you would like to know?"

17. This question enabled people to comment on the information that was provided to respondents on the SCR devolution microsite and areas about which they would like to receive more information.

18. The areas which respondents would like more information on from the 79 responses to the question predominantly relate to four main themes:

- **Accountability and decision making** – respondents clearly would like to understand more about the proposed new democratic arrangements in SCR. In particular, respondents want more information about the democratic process for the proposed directly elected mayor (eg. who can vote?); how decisions will be made under the new structures; the transparency of those decisions; and how the public can get involved and engaged in future decision making.

- **Powers and money available** – respondents clearly know more about what the devolved powers will mean for the City Region and for the specific areas within SCR. This includes more information about the amount of new money SCR will receive; whether there are guarantees to and specific requests for more information about the impact of the Devolution Agreement on specific policy areas (predominantly transport/infrastructure; planning).

- **Geography** – there were specific references to places within SCR with requests for more information about what the proposed Devolution Agreement means for that area; whether there are different arrangements for the non-SCR districts; and implications for the wider local geography (eg. the county councils and Yorkshire).

[3] Population comparison data from Census 2011, ONS.

- **Transition** – there were also comments about process of moving to the proposed mayoral combined authority arrangements, particularly the potential costs of such a move and whether such a move could be reversed.

"I'd like to know more about how exactly the mayor, will be voted for. Specifically in terms of the voting system used and (if applicable) any boundaries / zones used as part of this".

"How do communities become directly involved in these opportunities? Economic development will need to be accompanied by meaningful community development to support our poorest communities".

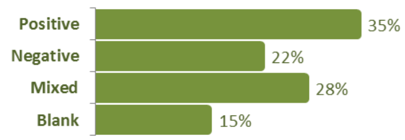
"How much of the money will actually trickle down to benefit directly Chesterfield residents lives"?

Perspectives on the concept of devolution to city regions

"Do you have any views on whether local areas like the Sheffield City Region should be given more powers and resources from national government to run local transport systems, create more businesses and generate more jobs?"

19. This question asked respondents about their views on devolution and whether powers should be devolved down to local areas from central government to deliver locally-focused outcomes.

20. Analysis of the responses received show that respondents' perspectives on devolution are reasonably split with around a third of comments being positive and a fifth being more negative. The main reasons given for these firm perspectives were:



- **Positive** – strong support for the principle of greater local control over decision making, particularly in order to improve transport, public services and bring decision making closer to local voters
- **Negative** – a lower number of responses were strongly negative but the main concerns were about the proposed elected mayor; the geographical scale of the proposed model (preference for Yorkshire) and public engagement and transparency in relation to the proposed Devolution Agreement.

21. In some ways, the summary statistics to this question are unhelpful because they mask the large number of comments made which are generally supportive of the principle of devolution but that support is caveated by a number of concerns about devolution to SCR (hence 'mixed' views). These reservations predominantly fall under a small number of common themes:

- **Governance and geography** – concerns about the potential for new layers of 'bureaucracy'; preference for a wider Yorkshire geography; whether the public and the private sector will be fully involved in decision making; and questions about how much real autonomy SCR will have
- **Local decision making capacity** – concerns about the track record and ability of places in SCR to work together and make the decisions to maximise the benefits for the whole of SCR
- **Government's motivations** – some respondents questioned whether Government would really devolve power and whether devolution would just lead to more cuts
- **More powers** – suggestions that the proposed agreement could go further, particularly involving more funding.

"The Chamber is strongly in favour of devolving power from the centre to regions and localities".

"Transport should be left to local government and look to bring in manufacturing businesses, take over adult education for skills in the work place, create more work especially for young adults as well as those who are older and have been made redundant"

"I think the region should get more resources as historically such deals have tended to benefit London to the detriment of the Northern regions in particular.
My concern about devolved power is that it is fine and funded in the early years but then cut back severely through efficiency savings after introduction becoming a tool for central government to further cut local expenditure.

Reflections on the specific policy themes within the proposed Devolution Agreement

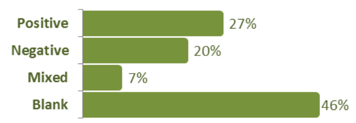
22. The online survey included a section of questions which enabled respondents to offer their views on the specific policy themes contained within the proposed Devolution Agreement for SCR. As the survey was non-linear, people could choose to respond to all these areas or just the ones that interested them.

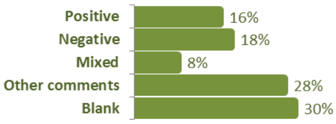
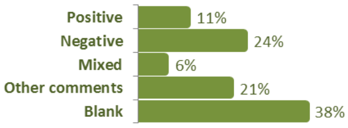
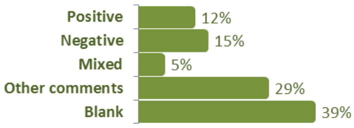
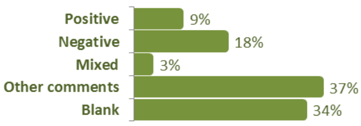
23. Respondents were encouraged and directed to read the content of the proposed Devolution Agreement and the SCR microsite before answering these questions.

24. The table below (**Fig 6**) provides a summary of the main comments by policy theme. While responses to each questions largely related to the respective policy theme, several common areas were present across all themes which are worth reflecting on and may need to be addressed if the proposed Agreement is finalised. These themes were:

- **Recognition of the opportunity** – across all the policy themes involved, a number of respondents made comments and statements which recognised what the a particular power might bring to the SCR economy
- **Awareness and understanding** – building on the question earlier in the survey, the policy theme questions demonstrate that SCR need to improve awareness and understanding of how any new powers will work; what the ultimate aim/outcome is intended to be; and how decisions will be made to deploy the new power.
- **Local capacity to deliver** – possibly related to the challenges around awareness and understanding, there is a consistent challenge from respondents about whether SCR can manage the proposed new powers in a way that supports the SCR economic strategy and all the districts within SCR.
- **Geography** – as elsewhere, a number of people raise questions relating to geography both in terms of whether all places in SCR will receive the benefits of any devolution arrangement and whether a larger geography (ie. Yorkshire) might be more appropriate.

Fig 6: policy theme questions – summary of responses

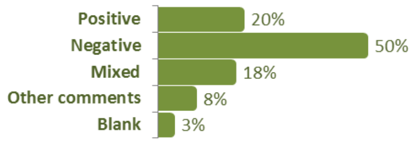
Theme	Summary of responses
Employment, skills and education  	• Respondents were largely positive about focusing on skills for employment • The main concern was around the lack of control over apprenticeships and 16-18 education • Some concern over whether skills and jobs will be available across the SCR areas or whether the big urban areas will dominate, particularly at the expense of rural areas. • There is also a feeling that a focus on manufacturing jobs would be beneficial • Importance of progression through training system (ie. to ensure people continue to develop) • Some concerns about quality of existing provision in SCR and whether devolved

	control will improve this
Transport 	• A similar proportion of respondents made positive and negative comments in this area, but the majority either made no comments or didn't indicate a whether they agreed with the current plans or not. • Improved links with the wider area, including Yorkshire and Trans-Pennine • Some support for bus franchising and 'TfL powers' • A lot of concern for rural public transport and need for public transport to be affordable • Comments expressing that the HS2 issue in SCR needs to be resolved • A number of positive comments about the prospect of smart-ticketing • A feeling that public transport needs to be much more integrated (ie. with other modes of transport in SCR) and with wider planning (housing, infrastructure)
Financial 	• As with transport, more than half of respondents were not clear whether they feel positively or negatively about the proposals in this area. Almost a quarter of respondents made negative comments, with only one in ten making comments that were supportive of the proposals. • Some recognition of the need to be able to invest for the long term • A consistently emerging theme is scepticism about ability to manage these decisions locally. • Concern that £30m over 30 years is not enough annually and will not replace the money that has been lost through budget cuts • Concerns about how the money will be managed and whether all areas will benefit (eg. SY or all SCR districts; urban v rural)
Business growth 	• Fewer numbers of respondents provided answers to this question, possibly reflecting that the great majority of respondents were individual residents of SCR who may not use business support services. • Supportive comments focused predominantly on the opportunity to support smaller businesses in SCR, the attraction more businesses/investment, and closer alignment with national programmes (eg. UKTI). • There were some contrasting views about the focus for business report, including whether there should or should not be a focus on key locations (eg. M1 corridor; AMRC etc) • Commonality with other questions about the ability of SCR councils to manage business support effectively.
Housing and planning 	• Of those who made comments, more respondents gave negative views than positive. • The main area of positivity was around the prospect of better regional planning, particularly linked to plans for wider infrastructure. • The lack of new social/affordable housing was a common area of challenge from respondents • Clear concerns about where development occurs. A number of respondents argue for protection of the Green Belt in SCR and the focus should be on brownfield land.

Views on the proposed directly elected mayor

"The Government has made it clear that in return for more powers and resources to be devolved to the Sheffield City Region the Sheffield City Region Combined Authority will have to agree to the creation of directly-elected Mayor who will work in partnership with local politicians and the private sector. What are your views on this?"

25. The development of the directly elected city region mayor model by Government through the most recent Devolution Agreements has generated headlines and therefore increased public awareness. While respondents could choose which questions to answer, only around 10% failed to actually address this question, possibly reflecting the importance of the issue to local people.



26. Respondents are predominantly more negative of the proposal for an elected mayor in SCR than they are elsewhere about devolution or the specific policy themes. Reasons given for concerns about the mayoral model are wide-ranging but areas which attract greatest concern are:

- Concern about the perceived financial cost and an increase in bureaucracy with an additional tier of governance
- Sense that Sheffield voted not to have an elected (city) mayor in the referendum of 2012 and potential confusion with the existing Mayor of Doncaster
- Concern about the executive power that any elected mayor may have over the City Region, with particular reference to the mayoral 'veto' over policy decisions
- The threat to the City Region of having a poor quality candidate (*and conversely, the importance of getting high calibre candidates*). Many people suggested that the mayoral role should not be a party political one
- Concerns about the electoral geography, with some respondents suggesting that the mayor should cover the whole SCR; some fearing the implications for areas in SCR that do not vote for the mayor; and others not wanting to be part of the mayoral geography
- A number of references to the imposition of the mayoral model by Government

27. As suggested by the statistics above, there were positive views expressed about the potential for mayoral leadership in the SCR, with respondents particularly focusing on the potential for a single figurehead for decision-making in SCR as long as the right powers are available.

Benefits of the proposed Devolution Agreement

"What do you think the main benefits of the devolution deal are for you/your area?"

28. Over half of respondents made positive statements about the potential benefits of the proposed Devolution Agreement for them or their local area. Around a third of respondents felt there were unlikely to be any benefits.

29. The main areas that respondents cited as being benefits were:

    - The ability to make faster, locally-focused decisions is seen as positive, with the ability to be more flexible and deliver change more quickly.
    - Stronger local accountability and local influence over decisions to focus resources to the places that need it in SCR
    - Business growth and jobs are seen as potential benefits
    - Improvement to public transport, bus regulation and the introduction of smart-ticketing.

30. The negative comments were either due to scepticism about the whole devolution process or a lack of clarity about what the benefits are, something which needs to be considered if the Devolution Agreement moves forward. Further, this area raised questions about what the benefits will be for places within SCR, particularly the districts in the North Midlands and whether the Devolution Agreement will create confusion over who provides services in the area.

> **"Clearly there a number of benefits around skills, infrastructure, business support etc. that will support economic growth and that are very welcome… It is what the LEP / region does with the deal that will excite business rather than the paperwork. Additionally, the LEP / region must remain challenging to government as - in the grand scheme things - SCR and the North is still short changed by Government and the Northern Powerhouse remains a nice brand with little substantive policy behind it."**

> **"More control over local transport, communications and business development"**

> **"None at present as local identity will be confused. There could be benefits from Yorkshire wide strategic services like police, education and health etc".**

Further devolution to SCR

31. The final questions looked at firstly whether SCR's Leaders should look to receive more devolved powers from Government and if so, what powers they should seek.

"Do you have any views on whether Sheffield City Region Leaders should try to secure more powers and devolution in the future?"

32. Approximately 40% of respondents felt that SCR should try to secure more powers and devolution in the future; 20% felt they should not. Respondents were notably keen for the current and proposed devolution proposal to bed-in before further powers are devolved to SCR.

33. The majority of the comments against further devolution were either fairly blunt (ie. "*no*") this this question in particular led a number of respondents to suggest devolution as part of a wider geography (eg. Greater Yorkshire; English Parliament).

"The region's leaders should tell Central Government to stop fiddling and keep their noses out".

"They should unite with the rest of Yorkshire under an elected assembly and take powers over education, transport, energy and industrial policy."

"Earn the confidence of citizens, business and Central government and then yes of course seek to improve other things not within the current remit"

"What further powers and resources to achieve our vision for growth, if any, should be devolved to the City Region?"

34. Where respondents chose to respond to this question, there were a broad range of suggestions for what additional powers SCR may seek from Government. Suggestions included:

- **Education**
- **Under-19s skills ("all skills")**
- **Housing**
- **Police and emergency services**
- **Dedicated investment**
- **Arts and culture**
- **Public transport based on the TfL model**
- **Railways**
- **Tax setting and tax raising powers**
- **Air quality / clean air zones**
- **'Manchester model'**
- **'Scottish model'**

35. There were a number of additional comments from respondents who commented that additional powers should be devolved but to a Yorkshire or Greater Yorkshire geography.