

Public Document Pack



MEETING:	Audit and Governance Committee
DATE:	Wednesday 24 January 2024
TIME:	2.00 pm
VENUE:	Council Chamber, Barnsley Town Hall

SUPPLEMENTARY AGENDA

9. Auditor's Annual Report on 2022/23 VFM Arrangements (*Pages 3 - 44*)

To: Chair and Members of Audit and Governance Committee:-

Councillors Lofts (Chair), Barnard, Richardson and Wray; together with Independent Members Dr R Adams, Ms K Armitage, Mr G Bandy, Mr P Johnson and Mr S Wragg

Sarah Norman, Chief Executive

All Executive Directors

Wendy Popplewell, Executive Director Core Services

Neil Copley, Director of Finance (S151 Officer)

Sukdave Ghuman, Service Director Law and Governance Services (Monitoring Officer)

Michael Potter, Service Director Business Improvement, HR and Communications

Council Governance Unit – 3 copies

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17 January 2024

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Auditor's Annual Report on Barnsley Metropolitan Borough Council

2022-23 VFM arrangements

17 January 2024





We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Executive summary

Value for money arrangements and key recommendations

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022-23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We considered the Council's arrangements in respect of the following three themes:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness.

Our conclusions are summarised in the table below along with our findings from last year to show the direction of travel. In the previous two years we have reported a significant weakness in the Council's arrangements in SEND following the Ofsted/CQC Inspection report issued in November 2021. However, based on our review of the actions taken by the Council in response to the findings from the regulators, we are now satisfied that adequate arrangements are in place. As such the significant weakness and resulting key recommendation has now been downgraded.

Based on our review of the Council's arrangements across the three themes, we have not raised any areas of significant weaknesses. This is a good outcome for the Council. This is not to interpret our findings as the Council is not without risk, clearly the Council in common with most local authorities is facing a challenging landscape at present, however, based on current arrangements the Council is mitigating those significant risks.

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Criteria	Risk assessment	2022-23 Auditor Judgement	2021-22 Auditor Judgement
Financial sustainability	No risks of significant weakness identified.	No significant weaknesses in arrangements identified. Two improvement recommendations have been raised.	No significant weaknesses in arrangements identified. Two improvement recommendations were made.
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified. Two improvement recommendations have been raised.	No significant weaknesses in arrangements identified. Two improvement recommendations were made.
Improving economy, efficiency and effectiveness (3Es)	Potential significant weakness identified at the risk assessment stage, in relation to the Ofsted/CQC report on SEND, issued in November 2021. This was reported as a significant weakness in our 2020-21 and 2021-22 VFM work.	As a result of the Council's actions since April 2022 to date, we have concluded there is no longer a significant weakness in SEND arrangements as highlighted in Ofsted/CQC report in November 2021. As a result, we have lowered the key recommendation to an improvement recommendation – see further details at page 28. In addition, two improvement recommendations have been raised in the 3Es theme.	The ongoing significant weakness (from 2020-21) in arrangements as at 31 March 2022 regarding findings from Ofsted / CQC report on SEND arrangements, with an associated ongoing key recommendation action. In addition, one improvement recommendation was raised.

1. Executive summary

Overall Summary

Like most local authorities, the Council continues to face increasing demands on its services with the context of a challenging and uncertain financial environment. Our work indicates the Council continues to face these challenges with resilience.

Barnsley was named the 'Council of the Year' in June 2023 in the Local Government Chronicle (LGC) awards. In the same month, the Council followed this up by winning the Municipal Journal 's 'Council of the Year'. We believe this was a unique achievement, with the Council making history by becoming the first local authority to win these two prestigious awards in the same year.

According to the judges' comments, 'the Council demonstrated a comprehensive and impressive performance across all of its domains' with a special mention on the regeneration of the Barnsley Town Centre. It has to be noted, such accolades from independent organisations are a significant boost and recognition for the Council.

Financial sustainability

The final outturn for 2022-23 was a £10.5m more than the approved 2022-23 net budget of £211.4m. The Council achieved its full savings target of £2.1m in 2022-23. As reported and agreed with the Cabinet during 2022-23, this £10.5m additional spend was funded through general fund reserves, in order to ultimately achieve a breakeven performance.

The net budget approved by the Council for 2023-24 was £230.4m, with a savings target of £7.3m to achieve a break-even position. At the end of Month 6 (Sept 2023), the Council is predicting an operational overspend of £21.3m after delivering £6.6m (90% at month 6) of the savings target by September 2023. This overspend is significantly more than anticipated at 2023-24 budget setting time and predominantly relates to further additional pressures being experienced in Children's Services. It means, the additional costs in excess of budget in 2022-23 and projected overspend for 2023-24 combined are over £30m (£10.5m and £21.3m). Whilst the Council's reserves position is healthy compared to its metropolitan peers, a significant amount of these reserves are already committed and specific to earmarked services /projects. These level of overspends are not sustainable in the medium to long term and sustainable savings targets are required in the medium to longer

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n.
Increasing costs associated with Children's Services is a key current challenge for the Council. We understand the Council is in the process of finalising a financial recovery plan to sustainably control Children Services costs in the shorter to medium term. As reported to the Cabinet, these pressures of £21.3m will need to be addressed in year from the £7.4m reserve set aside as part of the 2023-24 budget setting process. The remainder (currently £13.9m) being funded from a re-prioritisation of existing earmarked, general fund reserves. The Council is fully aware that, reliance on its relatively stronger general fund reserves position is not a longer-term solution for sustainable financial management and currently working on a transformation programme that will be incorporated into its Medium-Term Financial Strategy.

Due to the Council's good record on financial sustainability over the years and relatively stronger general fund position (see page 16), it is better placed than many authorities to meet the challenges currently facing the local authority sector. As such, our work has not identified any significant weaknesses in arrangements to secure financial sustainability. However, regular overspends on key services such as Children's, as reported in the 2023-24 Q2 Finance Monitoring Report, would quickly start to impact on the Council's financial position and performance. Therefore, this should be closely monitored by Members.

We have raised two improvement recommendations to further strengthen the Council's current arrangements around financial sustainability. They cover the Children's Services financial recovery plan finalisation and enhancing the approved net budget figure reporting in the quarterly financial monitoring reports to the Cabinet. Further details can be seen on pages 11-20 of this report.



MJ Awards 2023

The Municipal
Journal

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MJ

1. Executive summary (continued)

Governance

Overall, the Council continues to have appropriate governance arrangements in place. The Council has risk management and monitoring arrangements in place that are regularly reviewed to detect, update and mitigate risks.

Our work has not identified any significant weaknesses in the governance arrangements at the Council. This is also supported by our detail review of Council's 2022-23 Annual Governance Statement and 2022-23 Head of Internal Audit Annual Report.

However, we have raised two improvement recommendations to further strengthen Council's governance arrangements. The first one is around presenting the latest and full Strategic Risk Register to the Audit and Governance Committee. The second recommendation is to separate out the key roles of Head of Internal Audit and Council's Data Protection Officer, to eliminate any potential conflicts of interest.

Further details can be seen on pages 21 to 26.

Improving economy, efficiency and effectiveness

The Council has demonstrated an appropriate understanding of its role in securing economy, efficiency and effectiveness in its use of resources.

Our 2022-23 work has not identified any significant weaknesses in relation to Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources

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the Committee is aware from our previous AARs, during our 2020-21 and 2021-22 VFM work, we reported a significant weakness and an associated key recommendation around the Ofsted/CQC report issued in November 2021, on implementing special educational needs and / or disabilities (SEND) reforms as set out in the Children's and the Families Act.

Our VFM work in 2022-23 indicated good progress has been made in terms of actioning the key recommendation. Due to the progress made and actions taken by the Council including proactively working with all stakeholders such as Department for Education, NHS England, South Yorkshire Integrated Care Board, we no longer consider there is a significant weakness in arrangements in relation to implementing SEND reforms in Barnsley. Therefore, we have lowered this key recommendation to an improvement recommendation, until a formal re-inspection takes place by Ofsted / CQC. Further detailed information to support our conclusions are included at page 28 of this report.

However, we have raised two improvement recommendations to further strengthen Council's Performance Management and Climate Change action plan arrangements. Further details can be seen on pages 27-33 of this report.



We issued an unqualified 'clean' audit opinion on the Council's financial statements on 13 December 2023.

Our findings are set out in further detail on Section 2.

2. Opinion on the financial statements

Audit opinion on the financial statements

We issued an unqualified 'clean' audit opinion on the Council's financial statements on 13 December 2023. This was a good outcome for the Council considering the levels of delays and backlog in local authority accounts and audit finalisation in recent years.

Other key findings

We have not identified any significant findings in relation to other information produced by the Council, including the Narrative Report and Annual Governance Statement.

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Audit Findings (ISA260) Report

summary there were material audit adjustments in relation to Council's share of South Yorkshire Pension Fund asset. This was a new issue for a number of 2022-23 local authority audits, including Barnsley Council. However, these adjustments and presentational changes did not have any impact on Council's usable or general fund reserves position as at 31 March 2023.

More detailed audit findings can be found in our ISA260 Report, which was reported to the Council's Audit and Governance Committee on 15 November 2023 and the final ISA260 Report dated and issued on 13 December 2023, coinciding with the date of our audit opinion on Council's financial statements.

Preparation of the accounts

We received the Council's draft 2022-23 accounts on 31 May 2023, in line with the statutory deadline for unaudited accounts. The Council was in a minority of c30% local authorities that managed to achieve the draft accounts deadline. This represented a good achievement by the Council, given all other competing pressures.

The Council's finance team demonstrated a good level of engagement in the 2022-23 audit process and throughout the year. This is something we have come to expect from the Barnsley finance team. This helped to ensure the audit process progressed as planned and to the agreed timescale.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office (NAO).

The WGA audit guidance for 2022-23 was issued and, as in the prior year, the Council was below the threshold for detailed audit procedures.

We completed the high-level assurance statement on the WGA consolidation pack in line with the national guidance and submitted it to the NAO on 19 December 2023.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation.



BARNSLEY
Metropolitan Borough Council

3. Use of auditor's powers

We bring the following matters to your attention of auditor's powers:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We have not issued any statutory recommendations at the Council.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We have not issued any Public Interest Report at the Council.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We have not applied to the Court for any purpose relating to the Council.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We have not issued any advisory notices to the Council.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We have not made an application to court for a judicial review.

4. Key and statutory recommendations



The NAO Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money, they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.

As reported at page 3, our 2022-23 work has not identified any significant weaknesses in arrangements to secure value for money.

We did identify a potential significant weakness at the planning stage of our audit, in relation to the Ofsted/CQC report on SEND, issued in November 2021. This was reported as a significant weakness in both our 2020-21 and 2021-22 AARs.

However, as a result of continuing progress made by the Council since April 2022 to date, including proactively working with all stakeholders such as Department for Education, NHS England, South Yorkshire Integrated Care Board, we have concluded, there is no longer a significant weakness in SEND arrangements as highlighted in the Ofsted/CQC report in November 2021.

Therefore, we have lowered the key recommendation to an improvement recommendation during our 2022-23 VFM work. Further details are reported at page 28.

This is a positive outcome for the Council to have no significant weaknesses or resulting key recommendations arising from our 2022-23 VFM arrangements review.

Section 3 outlines the use of auditor's statutory powers. These powers include the use of written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Authority to discuss and respond publicly to the report.

As reported at Section 3, we have not made any statutory recommendations or had to discharge any other wider powers under the Local Audit and Accountability Act 2014, for the 2022-23 audit year.

The range of recommendations that external auditors can make is explained at Appendix B.



5. Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out at Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit and Governance Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 11 to 33.

6. The current LG landscape

National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on councils' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses, leading to an increase in demand for council services such as children with special education needs with associated transport costs, debt advice, housing needs, and mental health, as well as impacting on some areas of council income such as car parking and the collection rates of council tax, business rates and rents. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of Brexit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in a number of council service areas, as well creating supply chain fragility risks.

The local government finance settlement for 2023-24 was better than many in the sector anticipated demonstrating an understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association, in July 2023, estimated that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023-24 and by £900m in 2024-25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade many councils have sought to increase commercial activity as a way to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure there is appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog) and there has been an increase in the number of councils who have laid a Section 114 Notice, or are commenting on the likelihood of such an action, as well as continued Government intervention at a number of councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and council owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.

7. Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Identifying significant financial pressures and building them in to Council plans

The Council continues to use the Annual Budget and the Medium-Term Financial Strategy (MTFS) to capture the significant financial pressures. Once built into these plans they are closely and regularly monitored, scrutinised, reported and published. The Council's budgets and MTFS are presented, discussed and formally approved by full Council in February, prior to start of the new financial year in April.

It is clear from the budget report and MTFS, the funding settlements are appropriately captured, and financial challenges identified as reported in this section.

As required by section 25 of the Local Government Act 2003, the s151 officer clearly indicates the robustness of the estimates made and the adequacy of the proposed financial reserves in the budget report.

For example, the 2023-24 budget, the latest available at the time of this report, highlights Council Tax and Business Rates income assumptions. There is a 3.9% increase in Council Tax in 2023-24 which was approved by the Council with an expected 95% collection rate. This was based on recoveries during more challenging years of the pandemic (2020-21 and 2021-22). Therefore, the assumption of collection rate is considered prudent.

Similarly, due to the prevailing economic conditions, inflation and interest rates assumptions are also captured in the budget based on available information at the time of the budget reporting. There is no indication that assumptions are unrealistic or inadequate.

One of the key components of the Council's reserves strategy is to maximise balances and one-off resources. This is achieved through a range of actions and activities, including:

- The 2023-24 budget and transformation proposals include the development of a refreshed Asset Management Strategy & Delivery Plan to ensure value for money in the use of the Council's significant asset portfolio, an element of which will involve the use of disposal proceeds [capital receipts] to reduce the Council's debt financing costs
- Implementing other strategies (e.g., external funding, commercial, Digital Barnsley) to ensure the Council maximises and efficiently uses its available resources and in turn 'frees up' resource for one off investments.

The Council also continues to have a Minimum Working Balance of £20m as a contingency for unforeseen events / emergency situations.

Overall, from the s151 officer responsibilities in relation to section 25 of the Local Government Act 2023 have been clearly highlighted in the annual budget report and we have not observed any significant weaknesses on such arrangements. This is evident by the annual budget report, MTFS and regular budget monitoring activities that are reported to the Cabinet.

The two key financial pressures for the Council are Children's Services and Adult Social Care costs. This is consistent with our cumulative knowledge and experience of the Council and other local authorities. These pressures are clearly highlighted in the budget and MTFS alongside other service pressures.

For example, the 2023-24 budget report captures both Adult Social Care and Children's Services costs pressures and increased budgets allocated based on demand and inflationary estimates. These two key service areas cover nearly half (c46%) of the Council's net budget in total, the costs of which are clearly monitored through Corporate Finance Performance reports to the Cabinet with reasons to key variations as applicable.

There is no evidence from our review that financial risks are being managed in the short term only. For example, the Council is not seeking to make significant use of capital resources, such as asset sales, to relieve short-term revenue pressures. The budget and financial monitoring shows that short term revenue pressures are managed through revenue funding, efficiency programmes and, when necessary, use of general fund earmarked reserves, although not the utilisation of the £20m minimum working balance.

Financial sustainability

Plans to bridge funding gaps and identify achievable savings

Our previous value for money reviews have reported that the Council is good at delivering its overall savings plans.

As highlighted at page 10, the Local Government Association estimates that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023-24 and by £900m in 2024-25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, with demographic pressures increasing the demand for services such as social care and homelessness.

Therefore, identifying and delivering achievable recurrent savings targets are essential part of, not only bridging the funding gaps but also sustainable financial management. The Council is aware that setting achievable and realistic savings targets are part of prudent financial and general fund reserves management in the medium to longer term. If not, bridging the budget gaps through general fund reserves is not financially sustainable.

Savings/Transformational Programme:

As a response to continuing and increasing financial challenges in delivering public services in the local and national context, the Council's budget for 2023-24 introduced the first phase of the transformation programme. The aim of this programme is to fundamentally review how the Council would deliver outcomes differently and more efficiently in future.

Undertaking such a fundamental review at the same time as delivering day to day key services, is a major undertaking. The Council will need to ensure appropriate focus, Senior Management Team (SMT) capacity and willingness, governance arrangements and resourcing to ensure the required level of savings are delivered. This is not just to deliver a balanced budget for 2023-24 but deliver that consistently in the medium to longer term, whilst preventing the extinction of general fund reserves, over a longer period of time.

The underlying framework in each directorate is led by the Executive Director, continually identifying savings targets including how services can be effectively delivered with less money but with good quality and efficiently. This is a challenging task, not least to ensure the morale of the workforce is maintained.

It is likely that some of these service pressures (e.g. Children's Services) will continue over the medium term. Therefore, it remains important that the development and delivery of this transformation and efficiency plan to address the anticipated budget gaps cover the medium term and not just 2023-24.

The process involves, executive directors providing regular updates on actions to mitigate the rising costs, including an update on delivery of their respective service transformation reviews and future spending plans, ensuring that these are managed within agreed resource envelopes, now and in the future.

According to the latest 2023-24 quarter 2 (Sept 2023) performance report, the current MTFS position requires transformation and efficiencies to be delivered from all services across the Authority. The following core services will be reviewed with an implementation start date of 1 April 2024, so anticipated savings can be realised in 2024-25. They are:

- Customer Information & Digital – Service Design & Compliance
- Law & Governance - Business Support
- Law & Governance - Legal Services
- Law & Governance – Governance
- Internal Audit, Anti-Fraud & Assurance
- Strategic Procurement & Contract Management.

Overall, the Council has arrangements in place to bridge funding gaps and identify savings and transformational programme is playing a key role in that. We will continue to monitor the progress of this during 2023-24 and beyond, to ensure the transformation programme is delivering tangible savings and efficiencies as planned.

2022-23 financial outturn position:

The approved net budget for 2022-23 was £211.4m with a savings target of £2.1m to achieve a breakeven position. The actual outturn was £10.5m more than anticipated (after savings) with a net expenditure of £221.9m. As reported to the cabinet during 2022-23, this £10.5m was agreed to be funded through general fund reserves to achieve a breakeven performance.

The £2.1m savings target was fully delivered in line with the agreed budget Directorates as follows:

Directorate	2022/23 Efficiency £
Adults and Communities	100,000
Children's Services	-
Place	500,000
Public Health	-
Core	1,500,000
TOTAL	2,100,000

Financial sustainability

Plans to bridge funding gaps and identify achievable savings (continued)

2023-24 year to date position:

The net budget approved by the Council for 2023-24 was £230.4m, with a savings target of £7.3m (Figure 1) to achieve a break-even position. At the end of Month 6 (Sept 2023), the Council is predicting an operational overspend of £21.3m. This is significantly more than anticipated at the 2022-23 budget setting time and predominantly relates to further additional pressures being experienced in Children's Services. This is further covered at page 14.

As reported to the Cabinet, these pressures of £21.3m will need to be addressed in year from the £7.4m reserve set aside as part of the 2023-24 budget setting process. The remainder (currently £13.9m) being funded from a re-prioritisation of existing earmarked, general fund reserves. It means, the additional costs in excess of budget in 2022-23 and projected overspend for 2023-24 combined are over £30m (£10.5m and £21.3m). Whilst the Council's reserves position is healthy compared to its metropolitan peers, a significant amount of these reserves are already committed and specific to services / projects. These level of overspends are not sustainable in the medium to long term and sustainable savings targets are required in the medium to longer term.

The Council's current general fund reserves position is a relatively stronger position compared to many other local authorities. However, the Council is fully aware that using existing reserves to cover in-year overspends cannot continue indefinitely and needs a properly monitored and delivered transformation/savings programme in medium to longer term.

According to the month 6 financial monitoring report, c£6.6m of savings (c90%) have already been delivered (see Figure 1). This is a good outcome at month 6. The Council is projecting to deliver the full savings target by end of 31 March 2024.

We will continue to monitor the savings target achievement, cabinet reporting and discuss future savings programmes with the s151 officer during our regular liaison meetings. These will be part of our future VFM work.

The Council continues to have a good track record of setting achievable savings targets and proactive in exploring new efficiencies in service delivery. Such arrangements are evident from its current transformation programme which was part of 2023-24 budget and then reported regularly to the Cabinet through quarterly monitoring reports during 2023-24. The transformation programme will continue in the Council's MTFs and 2024-25 budget that will go to full Council in February 2024.

The Council continues to embed these arrangements for the medium-term financial planning. The SMT is aware that there are significant challenges in fully achieving savings targets in the future. This is due to increasing demand, lack of clarity on medium term central government funding and other economic constraints such as interest rates and energy prices.

Overall, there are adequate arrangements in place in terms of identification and delivery of savings targets and we have not identified any significant weaknesses in this area.

Figure 1

Directorate	Target £'000	Already Delivered £'000	To be Delivered £'000	Progress
CHILDRENS SERVICES				
Education, Early Start and Prevention	283,000	283,000	-	Fully delivered
Children's Social Care and Safeguarding	479,600	249,600	230,000	Savings attached to the new residential care home and student placements is yet to be delivered
Total Children's	762,600	532,600	230,000	
GROWTH & SUSTAINABILITY				
Regeneration & Culture	1,540,000	1,040,000	500,000	Savings attached to Gateway Plaza yet to be delivered
Highways & Engineering	200,000	200,000	-	
Total Growth & Sustainability	1,740,000	1,240,000	500,000	
PLACE HEALTH & ADULTS				
Adult Social Care	3,010,000	3,010,000	-	Fully delivered
Total Place Health & Adults	3,010,000	3,010,000		
PUBLIC HEALTH & COMMUNITIES				
Public Health	700,000	700,000	-	Fully delivered
Communities	360,000	360,000	-	Fully delivered
Total Public Health & Communities	1,060,000	1,060,000		
CORE				
Finance	190,000	190,000	-	Fully delivered
Business Improvement, HR & Comms	275,000	275,000	-	Fully delivered
Customer Information & Digital Services	299,000	299,000	-	Fully delivered
TOTAL	7,336,600	6,606,600	730,000	

Financial sustainability

Plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council's key financial planning document of any year is the annual budget which highlights how key services are to be funded and costed. The proposals identified within the budget provide the foundation for the Barnsley 2030 Plan and Council Plan to be delivered in a financially sustainable manner.

The annual budget captures the spending plans for each of the five service directorates which are

- Children's Services
- Growth and Sustainability
- Place Health & Adult Social Care
- Public Health & Communities
- Core Services.

The budget planning highlights an understanding of the cost of delivering core Council services to the local communities in Barnsley. The actual spend against these core services is monitored and reported through quarterly finance performance reports to the Cabinet. These reports include any key variations against the budget as applicable, alongside respective reasons for such variations whilst highlighting any mitigating actions.

These five, core services (see above) feed into Council's longer-term strategy through the Council Plan under four key themes, which are:

- Healthy Barnsley
- Growing Barnsley
- Learning Barnsley
- Sustainable Barnsley.

Therefore, there is a link between Council's core services prioritisation and longer-term strategy for Barnsley.

Increasing Children's Services costs:

A key area of challenge for the Council has been the continuing increase in its Children Services costs over the last 12 to 18 months.

This is summarised in figure two. These are based on data from the 2022-23 final outturn, and 2023-24 approved budget, with projected costs for 2023-24 coming from the latest financial monitoring report.

Figure 2

Children's Services	2022-23 £'000	2023-24 £'000
Budget	50,806	53,202
Actual Costs	57,782	68,776 (projected at Q2)
Increase	6,976	15,574
% Increase	13.7%	29.3%

This significant increase in Children's Services costs, a core statutory service, is considered a key challenge for the Council in the short to medium term. The estimated costs for 2023-24 are significantly above the budget and matters have worsened since the Q1 position. This situation gives rise to potential unplanned reliance on general fund reserves and increases the risks of balancing future budgets. Therefore, finding a sustainable solution within the budget envelope and to reduce this increase is key part of Council's current financial management priorities.

Our discussions with senior management has indicated that, the Executive Director of Childrens Services in conjunction with the Director of Finance (s151 officer), is currently compiling a financial recovery plan to help address the pressures within Childrens Services. We understand the recovery plan, which is currently in progress, is supported by a root cause analysis of identifying the reasons for this significant increase in costs. Once completed, this recovery plan should be approved, monitored and regularly reported to the Cabinet via budget monitoring reports whilst making arrangements to address the root causes of this increase. We have made an improvement recommendation to management on this.

Dedicated Schools Grant (DSG) deficit: As reported in our previous AARs, the Council is also in the process of addressing the DSG deficit position (of some £17.9m as at 31 March 2023). The key reason for the increase in DSG deficit was increasing demands on Special Educational Needs and Disabilities (SEND) budget over the last five years. As we noted in prior years, due to Council's co-operation with all stakeholders including the Department for Education (DfE), the Council was awarded Safety Valve Funding of £22.9m over a five-year period starting from 2022-23. The first instatement of £9.16m was received in March 2023. This funding is clear indication and recognition of arrangements in place to mitigate the DSG deficit at the Council.

Like many other local authorities in England, Barnsley has key challenges when providing core services in accordance with key priorities. This is due to increasing demands and stretched funding. However, our work indicates the Council identifies these challenges promptly and puts in place arrangements to address them.

Overall, the council has arrangements in place to support sustainable delivery of services in accordance with its strategic objectives.

Financial sustainability

Financial plans are consistent with other plans such as workforce, capital, investment and other operational planning

Capital Expenditure: As highlighted in our prior year report, the Council's annual budget report continues to have a detailed section on the Capital Investment Programme. The Capital Investment Programme is aligned to Barnsley 2030 - the key Council Strategy. Barnsley 2030 sets out Council's long-term vision and how the Council plans to achieve it.

The Capital Investment Programme is developed after giving consideration to three key strategies.

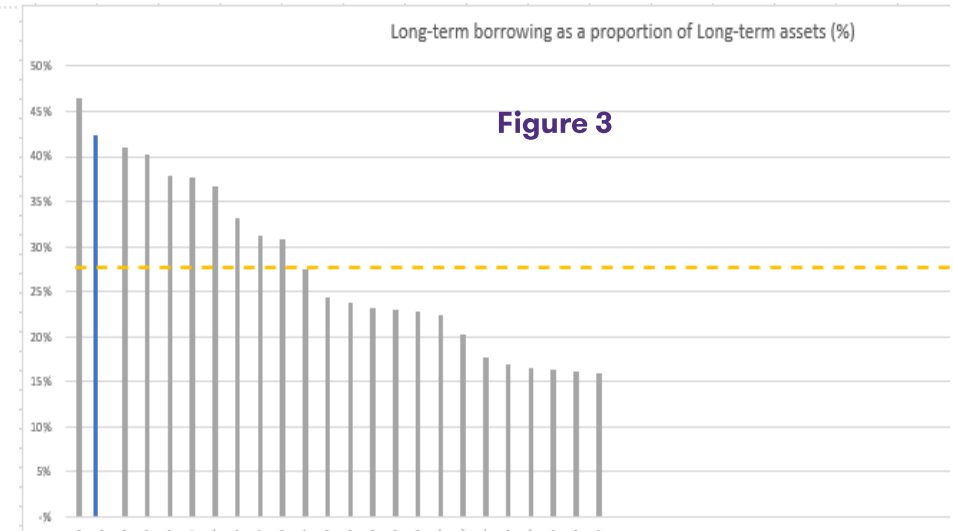
1. The Capital Investment Strategy: it sets out the overall framework for identifying and prioritising Council's capital expenditure priorities
2. External Funding Strategy: it sets out the framework to support funding requirements in support of capital expenditure
3. The Reserves Strategy: this keeps a check on the Council's reserve balances that could support the capital spend in line with strategic priorities.

These strategies are supported by Council's Treasury Management Strategy (TMS). The TMS and capital programme are monitored and reported to the Cabinet and the Audit and Governance Committee. The Council's capital expenditure plans are key drivers of its treasury management activities.

The Council's vision set out in Barnsley 2030, is ambitious in terms of capital infrastructure development in the Borough. According to the 2022-23 Capital Expenditure outturn report there was an underspend of £32.3m (26%) from a capital budget of £123.8m. The outturn report presented to the Cabinet in June 2023 was comprehensive and highlights all schemes line by line and associated underspends very clearly and the reasons for that. Reasons for the slippage include grant funding being delayed, and schemes are carried forward to the next year to be completed. This position is constantly reviewed by senior finance officers in conjunction with project leads to ensure schemes progress as planned and that there are no adverse implications in terms of funding, additional costs, or impacts on service delivery as a result of delays.

People: The Council has a People Strategy that is aligned to the four key strategies in the Council Plan as highlighted at page 14. The People Strategy has incorporated the key values that Council wants its workforce to embrace. They are, work as a team, be honest, achieve excellence in whatever the work people do and be proud of the contributions people make for the Council services. These are measured through annual performance reviews and overall Council performance, including external recognition. For example, we understand in the two key national awards won by the Council, staff satisfaction was a factor that was been considered in the assessment.

Borrowings: The annual TM report indicates that the Council continues to work within the borrowing limits specified by Chartered Institute of Public Finance and Accountancy (CIPFA) at the year ended 31 March 2023. However, as reported in previous AARs, the Council has relatively higher level of borrowings compared to similar metropolitan borough councils in England. This is demonstrated by figure 3 below which compares long term borrowings against long term assets (excluding Pension Asset which is not a cash related liquid asset and an unusable reserve) of similar entities. The information for this graph has been obtained from published accounts for 2022-23.



The % for Barnsley (blue vertical line) is 41.6% whereas the average is 28% (orange dotted line). It should be noted that long term and short term borrowings have reduced by £19m and £15m respectively at the Council (a total reduction of £34m) compared to 2021-22. Also, from the latest 2023-24 financial monitoring reports there have been no long-term borrowing drawdowns in the first two quarters of 2023-24.

Discussions with senior management also indicates that £56.6m (as at 31 March 2023) of Lender Option Borrower Option (LOBOs) were repaid in Q2 of 2022-24. LOBOs are potentially volatile to interest rates fluctuations, so repaying them has reduced the Council's exposure in this area.

We will continue to monitor Council's borrowing patterns, possible risks associated with that and arrangements in place to mitigate those risks as part of sustainable financial management and report to the A&G Committee in future VFM work. We have not identified any significant weaknesses in relation to the Council's treasury management arrangements.

Financial sustainability

Financial plans are consistent with other plans such as workforce, capital, investment and other operational planning (continued)

Our regular discussions with the s151 officer indicate that the Council would undertake prudent additional borrowing to effectively manage the Council's risk exposure if necessary. According to figures published from the Office for National Statistics, inflation has come down in the last quarter of 2023 and the risk of interest rates continually increasing has slightly reduced. This is also evident (from start of 2024) from major banks slowly starting to introduce lending products with slightly lower interest rates. In summary, it appears that interest rates are not anticipated to increase in 2024.

The Council continues to use Link Group (like many other Councils) as their TM advisors. However, it is aware that responsibilities and decision-making solely lie with the Council's senior management on borrowings and investment decisions, further to professional advice.

The quarterly financial monitoring and performance reports to the Cabinet have a section on the capital programme. It includes the agreed capital programme, how these are funded (e.g. through borrowings, grants, capital reserves and receipts etc), progress to date on capital expenditure, any slippages and how these slippages will be addressed. The capital programme is linked to the Council plan and budgets already reported to the Cabinet.

We have followed up our prior year recommendation on reporting aspects of the Capital Programme to the Cabinet at Section 10. There is no evidence of major capital investments being postponed or cancelled. The Council continues to make infrastructure and town centre regeneration a key part of its 2030 vision.

Identifies and manages risk to financial resilience

The key initial tool the Council uses to manage risk to financial resilience is the annual budget report. That is then followed by regular financial monitoring and reporting to the Cabinet via Corporate Finance Performance Reports.

The budget document is detailed, covering assumptions, risks, demographic and other cost pressures such as interest rates/inflation, savings targets and available reserves. As reported earlier, the Section 25 report from the s151 officer captures the commentary on the robustness of the estimates included in the budget and the adequacy of the reserves.

As reported in our previous AARs, the Council continues to have sufficient arrangements in relation to identifying and managing financial risks through the budget, strategic risk register (see governance section) and via regular monitoring and reporting.

Council's General Fund Reserves:

The Council continues to have a good 'buffer' of General Fund Reserves as highlighted at figure 4 (taken from the annual accounts). This continues to include a £20m minimum working balance for unforeseen events.

Year	Council's General Fund Reserves (£m)
2018-19	130,114
2019-20	133,875
2020-21	195,302
2021-22	217,132
2022-23	214,369

Figure 4

As previously reported in our AARs, Council's General Fund Reserves position, compared with net cost of services of similar councils is above average. According to Figure 5 below, the average for this ratio (general fund reserves over net cost of services) is 48% (orange dotted line) whereas the Council has a ratio of 86% (Blue line). This is a stronger position of General Fund reserves which the Council has the discretion and flexibility to use on priorities as and when needed.

The Council acknowledges that continuous reliance on General Fund Reserves to fill the budget gaps and achieve a balanced budget position is not sustainable financial management. Therefore, the Council continues to work on transformation programme with viable savings targets (see page 12) which are continually reviewed and reported to the Cabinet. We will continue to review these in our future VFM work.

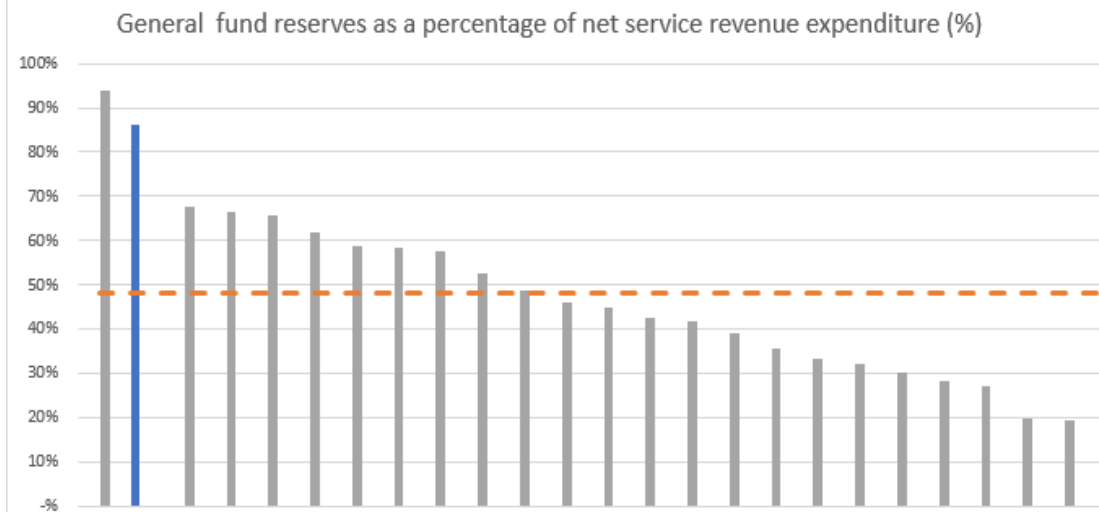


Figure 5

Financial sustainability

Identifies and manages risk to financial resilience

Glass Works Operational Phase - running costs:

Glass Works (GW) is the flagship Council project to regenerate and develop the town centre. The c£210m development project was completed in September 2021 providing new civic, leisure and retail facilities in the heart of Barnsley.

We raised a recommendation in our 2020-21 AAR that, due to its significance, income and expenditure associated with GW operations should be identified and reported to the Cabinet and Audit and Governance Committee. This is because members should have an awareness to its operational performance to provide 'check and challenges' as part of good governance arrangements and for informed decision making. It is also important to understand the associated income and expenditure for this flagship project, in order that financial risks are identified, scrutinised, and managed appropriately as part of providing overall financial resilience.

During 2023-24, the Council has further enhanced the identification of associated income and expenditure for the operational phase of GW. As reported before, this was a wider town centre regeneration project which was approved by the Council in 2018. Parts of the GW development are functioning as trading units, generating rental income.

There are infrastructure improvements in the wider town centre. For example, building the Market Gateway Bridge, Library, CCTV installations, public realm constructions connecting the town and road improvements in and around the borough. Out of c£210m development costs, the specific buildings totalled up to c£138m. The remaining c£72m was funded through grants and specific reserves (General fund and capital).

According to the enhanced cost and income analysis, the annual borrowing costs amounts to £2.7m specific to trading operations of the project. This is also bringing in additional income such as business rates income of c£836k. The projected income for year ended 31 March 2024 for trading activities are around c£5m. The most significant income streams other than business rates are rents receivable of £1.8m, service charges and markets income of c£1m respectively. The total costs for trading operations are around £4.9m of which £2.7m relates to debt financing costs as highlighted above. There are other operating costs around c£2.2m.

Overall, the Council is anticipating a small surplus of c£57k at the year-end 2023-24 from trading operations of GW. There appears to be no significant financial pressures arising from the operation of GW trading units, that would impact on the achievement of Council's 2023-24 budget. However, this needs to be closely monitored for any unplanned expenditure and loss of income that may arise.

There are other direct benefits associated with this regeneration project. Some of them are providing employment and improving wellbeing of the local people. According to reports to the Cabinet and A&G Committee, people now spend more time in Barnsley town centre rather than traveling to other key cities in South and West Yorkshire.

The reports indicate that footfall to the town centre has increased significantly since the GW was opened. As mentioned earlier in this report, the Council won two external awards in 2023 and according to the independent judges, a key part of this success story was the city regeneration project where trading elements of GW were at the heart of that regeneration.

We have not identified any significant weaknesses in arrangements in place regarding GW's operations during our 2022-23 VFM work. We will continue to review this flagship Council project and its continuing operations, impact on financial resilience and financial performances in our future VFM work.

We have followed up our 2020-21 recommendation at Section 10.



Financial sustainability

Identifies and manages risk to financial resilience (continued)

The Council continues to adopt a detailed budget setting process that captures risks, before arriving at the overall annual budget proposals. This is discussed and approved by the full Council. Executive and service directors take the lead in developing the budget as well as monitoring it during the year.

The Senior Management Team (SMT) meets weekly to discuss key Council matters, including strategic direction of travel. The Section 151 officer is part of the SMT. These meetings include budget monitoring discussions and any mitigating actions as necessary. These meetings and subsequent actions then feed into quarterly Corporate Finance Performance Reports that are presented to the Cabinet for check and challenge. These quarterly reports to the cabinet are comprehensive and include the following:

- Summary financial and capital performances for year to date, estimated outturn position at the year end
- Potential risks on achieving budget estimates and any relevant mitigating actions
- Reasons for any significant variations against the budget with associated mitigating actions. If there are slippages (e.g. capital programme), the reasons for those are indicated
- Achievement of savings targets, linked to the annual budget. Any reasons on slippages with a timeframe when those can be achieved, if possible
- Executive Director's Summary financial performance commentary for each of their respective directorates – e.g. Children's, Growth and Sustainability, Place Health and Adult Social Care etc. This demonstrates ownership of individual budgets by Executive Directors
- Treasury Management Performance for year to date including information on any new borrowings and if no drawdowns, that is clearly reported to the members. Any investment decisions are also included.

Our review indicated that these reports provided a comprehensive monitoring arrangements and management of financial risks against the agreed budget with associated mitigating actions, when relevant.

Our review also identified an improvement area regarding reporting financial performance on a quarterly basis to the Cabinet. The area is around consistency (see figure 6) and clearer understanding against the approved budget and quarterly reporting. For example, according to figure 6, net budget reported for 2023-24, Q2 is c£6m more than the approved budget in February 2023.

	Per Budget report	Per 23-24 Q1 Finance Monitoring Report	Per 23-24 Q2 Finance Monitoring Report
Agreed Budget 2023-24 (£'000)	230,422	234,844	236,471

Figure 6

Our discussions with senior finance colleagues indicated this inconsistency is due to the drawdown of specific earmarked general fund reserves in the relevant quarter of reporting. These have been allocated after 2023-24 budget was approved (February 2023) as a result of finalisation of the 2022-23 financial outturn position (June 2023). We do understand this is a timing issue.

At the time of 2023-24 budget approval, the financial year for 2022-23 was still in progress. Therefore, in February 2023, the Council cannot fully determine precisely the closing general fund reserves as at 31 March 2023. However, for the reader of these quarterly monitoring reports, it is unclear why these numbers are different without any narrative explanation in the reports. We have raised an improvement recommendation to further clarify these in the quarterly monitoring reports to the Cabinet, starting from the approved budget, in this case £230,422k for the 2023-24 year.

Other than the above improvement area, we have not identified any issues in the budget setting and monitoring at the Council.

Conclusion – financial sustainability :

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have not identified any risks of significant weaknesses. However, we have identified two improvement recommendations which are set out overleaf. In addition, we have followed up progress against our 2021-22 recommendations at Section 10 of this report.

Improvement recommendations

Recommendation 1	<p>Given the significance of the Children's Services directorate to the Council's overall budget, and the significant overspends recently experienced, we recommend the Council should:</p> <ul style="list-style-type: none"> Finalise and report the financial recovery plan for Children's Services expenditure to the Cabinet Understand the root causes of this significant increase in Children's Services costs, compared to budgeted numbers Address the root causes in the short to medium term, as far as within the Council's control, and report the progress of the recovery plan to the Cabinet
Improvement opportunity identified	<p>This would provide the opportunity and framework to understand and present the significant challenges in Children's Services to relevant stakeholders. Progress in this area is key to ensuring any reliance on reserves to fund Children Services expenditure is mitigated and reduced as much as possible.</p>
Summary findings	<p>This is a key financial challenge for the Council. There has been a significant increase in its Children Services costs over the last 12 to 18 months and they are still continuing to rise. In 2022-23, the Children's Services actual costs were c14% more than the budgeted and according the latest performance reports for 2023-24, the estimated costs are expected to be c30% in excess of budget.</p> <p>A sustainable recovery plan is required to understand the root causes of this increase and manage expenditure in the shorter to medium term. That would help to reduce any reliance on reserves of the Council to fund these expenditure gaps.</p>
Criteria Impacted	<p>Financial Sustainability</p>
Auditor Judgement	<p>Our work has enabled us to identify an opportunity for improvement in arrangements which we do not consider to be significant but have raised a recommendation to support management in making further improvements.</p>
Management Comments	<p><i>Agreed. The Children's Services Financial Recovery Plan is due at Cabinet in early February. The report highlights the key root causes of the cost pressures being experienced and introduces actions to address these pressures. The Enabler and Infrastructure Board which is chaired by the Director of Finance provides governance and challenge around the deliverability of agreed actions within the plan. A monthly update on progress will also be reported to Cabinet</i></p>

Improvement recommendations

Recommendation 2 *In order to provide enhanced clarity to readers of the Council's quarterly Corporate Finance Performance Reports, we recommend the net budget reported in these quarterly reports should be reconciled to the approved net budget figure at the time of setting the annual budget.*

Improvement opportunity identified Improved financial reporting to the Cabinet members by enhancing consistency between key Council documents such as the Budget Report and quarterly Corporate Finance Performance Reports

Summary findings We identified some inconsistencies between the approved budget figure per the actual budget report and quarterly Corporate Finance Performance Reports. This was potentially confusing for the reader of the reports, although there was a valid reason put forward by management. This inconsistency is due to the drawdown of specific earmarked general fund reserves in a relevant quarter.

Criteria Impacted Financial Sustainability

Auditor Judgement Our work has enabled us to identify an opportunity for improvement in arrangements which we do not consider to be significant but have raised a recommendation to support management in making further improvements.

Management Comments *Agreed. We recognise that it is not necessarily clear for the readers of the quarterly financial performance report to understand the on year movement on the budget as a result of the draw down of specific earmarked reserves. As such the report has been updated to provide such a reconciliation from Quarter 3 2023/24*

8. Governance

We considered how the Council:

- monitors and assesses risks and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance / Audit Committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests)

Assessing risks, monitoring and effective operation of internal control

The Council continues to have processes in place to assess and monitor risks as well as gain assurances over effective operation of internal controls including arrangements to prevent and detect fraud.

The key such processes include:

- The Strategic Risk Register (SRR)
- Internal Audit Function and progress reports to Audit and Governance Committee on effective operation of internal controls
- Annual Governance Statement (AGS) and Head of Internal Audit Annual Report.

The Strategic Risk Register (SRR)

The SRR continues to be operated on Microsoft Power BI platform and is aligned to the Council's objectives and priorities. This platform gives the opportunity to access and update the SRR efficiently for changing risk profiles. This is considered as a good practice at the Council. The SRR process is owned, reviewed and updated by the Senior Management Team (SMT) on a regular basis. It is maintained together with individual service specific registers for key priorities, such as children's services, financial sustainability and adult safeguarding.

The Audit and Governance Committee receives regular updates including presentations on selected strategic risks, for example, two strategic risks per Committee from the relevant Executive Directors. This provides assurances on the operation of the SRR and how 'live' it is for the Council's day to day affairs and medium to longer term risks. This also gives the opportunity for the Committee members to check and challenge the Executive Directors as the risk owners. Through our attendance at the Committee, we have seen this in practice and consider this as a good process adopted by the Council.

As indicated, this only covers selected strategic risks from the SRR. For example, the November 2023 Committee covered Special Educational Needs and Disabilities (SEND) and Safeguarding in Children's Services risks by Executive Director of Children's Services, who is the risk owner. However, the SRR has more than two risks, with around 12-15 key strategic risks at any point of time.

In the recent past, we have observed that the full SRR has not been presented to the Audit and Governance Committee for a period of time. A&G Committee members have key responsibilities around risk management and effective operation of internal controls at the Council. In our view, the full SRR should also be presented alongside highlighting selected risks at each A&G Committee meeting. By doing this, the Council could provide the opportunity to members to check and challenge on all current risks in the SRR and question whether an issue has potentially been omitted from the register. We have raised an improvement recommendation on this.

Internal Audit:

The Council has an established Internal Audit Function. The annual Head of Internal Audit (HoIA) report continues to provide assurances on anti-fraud work during the year. For 2022-23, a reasonable (positive) assurance opinion was provided, which included pro-active and re-active work on fraud prevention at the Council. The Annual Governance Statement also reports on work done on fraud matters carried out during 2022-23 and the outcome.

Each A&G Committee is provided with Internal Audit Progress updates against the Annual Internal Audit Plan. A Red, Amber, Green (RAG) rated system is employed to highlight the importance of the recommendations to the Council's internal control environment. These reports include, work completed since the previous Committee, recommendations including any outstanding recommendations. Any red rated recommendations are clearly highlighted in these progress reports. We have observed constructive challenges by Members of these reports through our A&G Committee attendance. This helps to promote good governance.

Overall, there are arrangements in place within the Internal Audit Plan to capture the required work on effective operation of internal controls at the Council.

Annual Governance Statement (AGS):

The Council continues to produce an AGS which complies with required guidance. It captures and summarises the overall governance framework at the Council, assurances obtained, action plans on matters that need to be followed up, together with timescales for those actions.

The AGS is supported by Council's Local Corporate Governance Code. The Local Code is the overall statement of the Council's corporate governance principles and commitments. This is based on CIPFA publication "*Delivering Good Governance in Local Government: Framework*" (2016) – which sets out the standards for local authority governance in the UK.

Governance

Assessing risks, monitoring and effective operation of internal control (continued)

Our prior year improvement recommendation regarding the AGS is followed up at Section 10.

The Council has a Data Protection Officer (DPO). The DPO is responsible for overseeing Council's data protection activities and ensuring compliance with data protection regulations, such as the relevant Data Protection Act and General Data Protection Regulation (GDPR).

Our work notes that the DPO is the same individual as the HoIA at the Council. The DPO is expected to act independently and impartially and needs to report to the highest level of management in the Council. That person should have the freedom to perform their duties objectively.

On the other hand, the HoIA is responsible for providing independent and objective assurance to the Council's senior management and key Committees, such as A&G Committee on the effectiveness of the Council's governance, risk management, and internal control processes.

Page 24 the same person is appointed as both the DPO and the HoIA, there may be a risk that officer's independence and impartiality could be compromised. The HoIA may find it challenging to report on the effectiveness of data protection activities, if the same officer who is HoIA is responsible for the Data Protection activities of the Council. This could create a potential conflict of interest, although we have not specifically noted this as an issue at the Council. We note that the HoIA is expected to retire in the Summer after a long career with the Council. This would appear to be a good opportunity for the Council to revisit this situation.

We have raised an improvement recommendation for the Council to consider separate officers to lead these two key functions, to avoid any potential conflict of interest. We believe these would further enhance overall governance arrangements at the Council.

Overall, the Council has sufficient arrangements to assess and monitor risks, gain assurances over the effective operation of controls, including arrangements to prevent and detect fraud.

Budget setting process and budgetary controls

Council's budget setting process, budgetary controls and regular monitoring are covered under financial sustainability section and not repeated under this section. From our cumulative knowledge and experience as reported in previous AARs, the Council has sufficient governance arrangements in place regarding budget setting, monitoring and reporting.

Making properly informed decisions, supported by appropriate evidence

The Council continues to have a Committee Structure comprising:

- Full Council
- The Executive (the Cabinet)
- Nine Regulatory Committees, including the Audit and Governance Committee
- Two scrutiny committees, including the Overview and Scrutiny Committee
- Six area councils which focus on developing each area of the borough.

Minutes of these meetings are published on the Council website. These minutes indicate that relevant information continues to be provided to decision makers before major decisions are made, alongside the impact of these decisions on key Council priorities.

The S151 Officer is a key member of the Council's Senior Management Team (SMT) and all key decisions are subject to legal approval by the Monitoring Officer. The SMT meets on a weekly basis to discuss key decisions. These are then progressed to formal approval as necessary via the Council and the Cabinet.

Our observations from attending the Audit and Governance Committee meetings are that sufficient evidence is provided to Members to support proposed recommendations or seek approval of the Committee papers.

The Audit and Governance Committee is made up of four elected councillors and five independent members, who are not elected councillors. Therefore, more than half (55%) of the Committee members are independent. This is very unusual in the current local government sector, although is a direction of travel that CIPFA wishes to move towards nationally.

We consider the high proportion of independent members as a good governance practice adopted by the Council. This provides an environment of increased independent challenge and scrutiny on the Council's governance, risk management and assessing effective operation of internal controls.

Overall, our work indicates that there are arrangements in place at the Council to make properly informed decisions, supported by appropriate evidence.

Governance

Update on Glass Works (GW)

We have provided detailed reporting on the GW governance structure in previous AARs. Whilst we have not repeated in this report, it is important to provide an update summary of this flagship development project of the Council for 2022-23.

The key element of the operational governance overseeing the GW continues to be the Project Management Board, which meets monthly and mainly consists of Council officers. There is a monthly management report that goes to this Board. The report covers:

- Budgeted and actual income /expenditure to date for the reporting year and forecast estimate for the year end
- Rent arrears and actions taken
- Footfall
- Service charges receivable and void units
- Site management operational update
- Health and Safety matters.

Increasing footfall into the town centre continues to be a positive aspect for the Council. Footfall for 2023 is 4,983,958 to the end of September, a 28% increase compared to the same period in 2022.

Understand many social events have been conducted by the Glass Works Management team during Quarter 2 and 3 of 2022-23 continuing to attract people to the town. Recent site visits have included the Chief Executive Officer of NHS England, Sheffield City Council, Ipswich Council and DLUHC senior delegations have also visited GW during second half of 2023. The idea is to promote the town for collaborative work and help the local population in Barnsley. For example, a new NHS diagnosis centre, that brings high-tech healthcare directly to the heart of Barnsley was opened in the second half of 2023. This is an example of integrating social and healthcare, working with key partners such as NHS England and Barnsley NHS Foundation Trust.

The success of Glassworks as a town centre regeneration project was specially mentioned during June 2023, when the Council won two awards: the Municipal Journal's Local Authority of the Year, and the Council of the Year award sponsored by the Local Government Chronical. Both awards are independently assessed and presented by sector stakeholders. According to the judges of LGC awards:

"... This council demonstrated a comprehensive and impressive performance across all of its domains. They have delivered an extremely impressive regeneration of the town centre funded by the council's own money, that is clearly bringing huge benefits to its communities. This council was a clear winner..."

The Council is aware that the continuing success of GW is closely linked to appropriate financial governance during the operating phase. In our view, regular financial monitoring and reporting is required for informed decision making for this to be a continuing success. We will continue to monitor glassworks governance as well as financial management in our future value for money work.



Governance

Maintaining and monitoring appropriate standards

The Council continues to have various means to monitor and ensure that appropriate standards are followed and reported to key committees. Some of these include:

- The Constitution
- Local Code of Corporate Governance
- Annual Governance Statement
- Health and Safety arrangements and compliance with legal obligations as a Council
- Customer Complaints and Compliments reporting to Cabinet
- Register of Members interest and code of conduct for Members and all employees
- Head of Internal Audit work through the Internal Audit Plan
- Local Government and Social Care Ombudsman (LGSCO) reports
- Strategic Risk Register, identifying and monitoring key risks which include ensuring appropriate standards are monitored and reduce the risk of those adversely impacting the Council's objectives.

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The Monitoring Officer (one of the three key statutory positions) continues to be responsible for ensuring that key standards are followed and complied with at the Council, including:

- promoting and maintaining high standards of financial conduct
- ensuring that procedures for recording and reporting key decisions are operating effectively
- advising full Council, the Executive or the Executive Spokesperson about any actual or potential vices, maladministration, financial impropriety, probity and as to whether a decision is likely to be considered contrary to the law or contrary to or not wholly in accordance with the policy framework or budget.

The Council has a Members Code of Conduct and Code of Conduct for all employees.

The Register of Interests for members is updated annually and published in the Council website. Members also have to declare gifts and hospitality (over £25) received from a third party other than the Council, within 28 days of receipt. We followed up our 2020-21 improvement recommendation on this during our 2021-22 AAR and progress was made in this regard. Further follow up has been carried out again in this report Section 10.

The Council continues to review the Local Government and Social Care Ombudsman (LGSCO) annual report and takes appropriate actions where required. This is normally issued in July each year for the past accounting period. This report covers the annual summary of complaint statistics for English Local Councils.

We raised a recommendation last year relating to satisfactory remedies provided by the Council for LGSCO upheld cases. See Section 10 for the follow up of the recommendation. We are pleased to note this has improved compared to 2021-22 statistics according to the latest LGSCO report issued in July 2023, for the year ended 31 March 2023.

The Council's position has now improved to above average at 14% (Prior Year: 0%) satisfactory solutions compared to a national average of 10% (Prior Year: 11%). However, the Council is aware this is a continuing improvement journey. We have not made any further recommendations due to year-on-year improvements, other than following up last year recommendation at Section 10.

Overall, the Council continues to have arrangements in place to monitor appropriate standards that promotes good governance.

Conclusion – Governance

Overall, we are satisfied the Council has appropriate governance arrangements in place and we have not identified any significant weaknesses in the Council's arrangements.

Our work identified two improvement recommendations which are set out overleaf. We have also followed up the Council's progress against our 2021-22 governance recommendations at Section 10.

Improvement recommendations

Recommendation 1 *In order to enhance the reporting of key risks, we recommend the Council presents the full Strategic Risk Register (SRR) to the Audit and Governance Committee in order to inform Members and to generate challenge and debate.*

Improvement opportunity identified Provide regular opportunity to Audit and Governance Committee Members to check and challenge the Council's full SRR.

Summary findings As reported earlier, in the recent past we have observed that the full SRR has not been presented to the Audit and Governance Committee. Audit and Governance Committee Members have key responsibilities in risk management and the effective operation of internal controls at the Council. We believe the full SRR should also be presented alongside selected risks that are already presented by the risk owner. We believe that is a good practice specially for A&G Committee members, due to their governance responsibilities around the risk register as a whole.

Criteria Impacted Governance

Auditor Judgement Our work has enabled us to identify an opportunity for improvement in arrangements which we do not consider to be significant but have raised a recommendation to support management in making further improvements.

Management Comments *Agreed. A report will be presented to A&G committee in January 24 to provide an update on all 13 strategic risks and at subsequent meetings as necessary throughout the year. At every A&G meeting 2 strategic risks will continue to be covered in detail.*

Improvement recommendations

Recommendation 2 *In order to strengthen the perception and independence of officer leads, the Council should consider appointing two separate senior officers for the posts of Head of Internal Audit (HoIA) and Data Protection officer (DPO) respectively, to reduce any potential conflict of interest.*

Improvement opportunity identified Increase independence whilst reducing any potential conflict of interest in performing two key governance functions at the Council.

Summary findings We note that the DPO is the same individual as the HoIA at the Council. The DPO is expected to act independently and impartially, and to report to the highest level of management. In addition, the HoIA is responsible for providing independent and objective assurance to the Council's senior management and key committees, such as A&G Committee on the effectiveness of the Council's governance, risk management, and internal control processes. If the same person is appointed as both the DPO and the HoIA, there may be a risk that officer's independence and impartiality could be compromised. The HoIA may find it challenging to report on the effectiveness of data protection activities. This could create a potential conflict of interest.

Criteria Impacted Governance

Auditor Judgement Our work has enabled us to identify an opportunity for improvement in arrangements which we do not consider to be significant but have raised a recommendation to support management in making further improvements.

Management Comments *Agreed. A transformational review of the Internal Audit, Anti Fraud and Assurance has culminated in the creation of a new Corporate Assurance team. The Head of Corporate Assurance was appointed to in January 24 and this post holder has the statutory duty of the Head of Internal Audit. The Data Protections Officer remains the outgoing Head of Internal Audit and Antifraud and Assurance with a replacement to be appointed during the year.*

9. Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Performance Management and monitoring

As reported in our previous AARs, the Council continues to have an established performance management framework in place. There have not been any significant changes to this process during 2022-23 and to date in 2023-24. Performance is reported through the quarterly Corporate Performance Report and is structured around the Council's Plan 2021 - 2024 priorities and presented to Cabinet. These performance monitoring reports are publicly available through the Council website which is considered open and transparent. We consider this as a good practice by the Council.

The Council Plan for 2021 - 2024 sets out what the Council aims to achieve over three years. It gives the direction of travel of the Council. The Plan focuses on how the Council collectively delivers the services to best support residents, communities, partners and businesses.

The Council Plan has been developed alongside the work that has taken place for the Barnsley 2030 vision, a series of activities with residents, businesses, and other key stakeholders across the borough. We covered this vision, how it links with performance management system during our 2021-22 VFM work and have not repeated in our 2022-23 report, as there are no changes.

The final yearly performance report covering the four quarters of the year is also presented to the Cabinet during June or July after the 31 March year end.

We have reviewed the final performance report for 2022-23 and there are no performance issues that would indicate any significant weaknesses at the Council. This is in line with our cumulative knowledge of the Council that is supported by information gathered through our meetings with senior management and review of key meeting minutes such as Cabinet and the full Council.

From quarterly cabinet reporting which is also publicly available, there is sufficient evidence to conclude the Council has arrangements in place for performance monitoring to achieve its corporate objectives. Further, the communication and reporting of the Council's performance is open for check and challenge.

Our only improvement recommendation is that the Council should consider reporting this at least once a year to the Audit and Governance Committee during the year.

According to the Council's Constitution, one area of responsibility of the A&G Committee is to "provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment".

When it comes to non-financial performance, we would consider informing performance management system and monitoring arrangements to the A&G Committee would further enhance the risk management, governance and overall internal control environment of the Council. This would also provide the opportunity for A&G Committee members to understand and if necessary, scrutinise Council's performance management and monitoring arrangements within A&G Committee's responsibilities.

Overall, our work indicates that the Council has arrangements in place to manage performances in a constructive way to identify areas for improvement.

Improving economy, efficiency and effectiveness

Evaluates the services it provides to assess performance and identify areas for improvement

In addition to Council's own performance management and monitoring arrangements as reported at page 27, the Council also uses other means of evaluation of services, such as (not limited to):

- External inspections and reports
- Local Government and Social Care Ombudsman (LGSCO) annual report (see page 24)
- Internal Audit reports in relation to the internal control environment linked to Council services – for example, Collection Fund internal audit may highlight control environment improvement areas such as control reconciliations and debt collection. Actioning these will further improve services related to revenue tax collections.

External inspections and reports:

Ofsted/CQC Report:

In September 2021, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Barnsley. This was to assess the effectiveness of the borough in implementing the special educational needs and/or disabilities (SEND) reforms as set out in the Children and Families Act 2014.

The inspection was led by Ofsted, supported by a team of inspectors from the CQC. The report was issued in November 2021. As a result of the findings and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty's Chief Inspector (HMCI) determined that a Written Statement of Action (WSOA) was required because of significant areas of weakness in the borough's practices and arrangements.

As a result of these findings from Ofsted and CQC, our view was there was a significant weakness in the Council's arrangements for 2020-21 and 2021-22 in relation to improving economy, efficiency and effectiveness in Barnsley, in implementing SEND reforms as set out in the Children's and the Families Act. As such, we raised a key recommendation on this issue in both our 2020-21 and 2021-22 VFM reports.

The key recommendation was:

- have a clear "Written Statement of Action (WSOA) in response to Ofsted and CQC report on joint area SEND inspection, which identified significant areas of weaknesses in implementing SEND reforms as set out in the Children and Families Act 2014
- a clear action plan to implement this WSOA, working with all stakeholders including parents, carers, the CCG officers, Ofsted and the CQC
- The action plan should be subject to formal monitoring and challenge by the Cabinet. Action should be taken against any elements of the action plan not implemented within the agreed timescales.

Our work in this area in 2022-23 indicates that good progress has been made in actioning Ofsted/CQC report recommendations. Some of those actions taken by the Council include:

- submitting a detailed WSOA in late Feb 2022. This WSOA was confirmed as fit for purpose by DfE/CQC in a letter dated 7 April 2022
- developing a SEND Strategy 2022-25
- developing a SEND Improvement Programme that underpins the SEND Strategy
- working with all key stakeholders to action the WSOA. This includes, DfE, CQC, NHS England, and School Forum
- monitoring the progress against the WSOA during regular meetings attended by all stakeholders including representatives from DfE, CQC, NHSE, the CCG/ICB and senior officers from the Council
- reporting to the Cabinet, including producing a new Children's Strategy which is part of implementing the WSOA.

We have reviewed the meeting minutes prepared by the SEND and disability program adviser from the SEND and Alternative Provision division of DfE. Our minutes review has highlighted that:

- Barnsley Local Area continues to make sound progress with respect to their WSOA actions
- The Local Area is already reporting on impact measures where this is appropriate, and this is evidenced in the written submissions
- The Local Area is now able to demonstrate how the SEND school audits and reviews increase the engagement and participation of parents in relation to SEND in schools
- The participation of head teachers in SEND conferences, as well as schools staff exemplifies the commitment of head teachers in Barnsley to support SEND improvement initiatives in schools
- Primary and Secondary Schools, and FE colleges have prioritised SEND and have a systematic and sustainable improvement programme that is based on a Schools' SEND audit
- Barnsley Council is on-track for the last formal Support and Challenge Meeting, where the vast majority of actions have been implemented. Barnsley Local Area is well on the way to collating impact measures in order to demonstrate improvements to SEND are tangible, and are experienced by children, young people and their families.

Further to our review of this evidence and discussions with Grant Thornton's public sector VFM consistency panel, we no longer consider there is a significant weakness in arrangements in relation to implementing SEND reforms in Barnsley. Therefore, we have now lowered this key recommendation to an improvement recommendation to be monitored, until a formal visit and reinspection report is performed by DfE. See section 10.

Improving economy, efficiency and effectiveness

During 2022-23, there have been two further regulatory visits which we have considered as part of our VFM review for 2022-23. They were as follows:

(1) Joint Target Area Inspection of Barnsley (JTAI), regarding Barnsley Safeguarding Children's Partnership. This was performed in May 2022. This inspection was carried out by inspectors from Ofsted, the Care Quality Commission (CQC) and Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The report was addressed to Barnsley Council, South Yorkshire Police, NHS Barnsley Clinical Commissioning Group (now South Yorkshire ICB).

The headline message in the report was *"Most children in Barnsley receive the right support at the right time to identify risk and meet their needs across the 'front door' services. The recently formed Barnsley Safeguarding Children Partnership (BSCP) demonstrates ambition and commitment to improve outcomes for children and their families. However, it is too early to evidence consistent progress to improve services for all children"*.

Overall, there were no signs of any significant weaknesses as result of this joint inspection and the report does not indicate any significant weaknesses in arrangements.

(2) Ofsted focused inspection on Children's Services at Barnsley Council. This was performed in January 2023. The inspectors looked at the local authority's arrangements for Care Leavers.

The headline messages were that the service keeps in touch with care leavers, senior leadership has a good awareness of the issues and secured significant investment and launched a comprehensive programme of development across the council's children's services. There were positive comments around the Council and its partners being ambitious about improving opportunities for care leavers. In addition, the report highlights the following areas can be improved:

- Earlier opportunities for care leavers to build supportive relationships with consistent personal advisers
- Workload capacity and management oversight of support for care leavers
- Needs assessments and pathway plans, including regular review when young people's circumstances change
- The integrity of performance data used across children's services
- The regularity and impact of quality assurance activity.

All of these are improvement areas that the Council will continue to action, liaising with relevant stakeholders. None of these indicates a significant weakness in arrangements around Care Leavers. The report does not indicate of any significant weaknesses in arrangements either. We will review the progress made by the Council against these improvement areas during our 2023-24 VFM work. We do not consider any improvement recommendations are necessary in this report, as the Council is already aware of those and in the process of actioning the improvement recommendations.

Partnership working

Barnsley 2030 continues to be a key demonstration of how the Council works with various partners to achieve its vision to improve services to its local residents and make Barnsley, *'the place of possibilities'*. The Board meetings for Barnsley 2030 are held quarterly. The agenda items indicate how the Council is working together in partnership with various individuals, organisations and stakeholders.

The Council also works in partnership with the following key people, organisations and government departments to move forward its agenda. For example, working with:

- Rotherham and Doncaster Councils which together run a Waste Partnership called BDR Partnership. This continues to manage waste recycling across the three boroughs
- The South Yorkshire Mayor and South Yorkshire Mayoral Combined Authority senior executives to develop the borough infrastructure and access to required funding such as Gainshare.
- Government departments such as Department for Levelling Up, Housing and Communities (DLUHC), Department for Work and Pensions, Department for Education (DfE). Good examples of demonstrating the collaborative partnership working with government departments are the Council's successful access to Safety Valve Funding in March 2023 amounting £22.9m over 5-year period started in March 2023 (page 14) and working with DfE regarding SEND reforms in Barnsley (page 28)
- South Yorkshire Integrated Care Board in respect of the response to the Written Statement of Action (WSOA) as a result of Ofsted/CQC report on SEND
- South Yorkshire Police and Fire and Rescue Services regarding Safeguarding Children as reported on this page.

Overall, the Council has arrangements in place for partnership working and continually demonstrates a good level of collaborative working with local and national partners.

Improving economy, efficiency and effectiveness

Procurement

The Council has a procurement strategy (Contract Procedure Rules, CPR) which has been updated in previous years as a result of internal audit reviews and other changes to the operational and legal environment. The latest update was presented to the Audit and Governance Committee in November 2023 which captured comments made by the Audit and Governance Committee members in January 2023. The updated CPR was also presented to the A&G Committee in July 2023 before finalising in November 2023. This is a clear demonstration of opportunity provided to Members for check and challenge.

A Project Team including senior officers from procurement, purchasing, contract management, finance, governance, audit and legal have progressed this latest review which was also reported to the Cabinet in November 2023.

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The key revisions are :

- £0 - £50k – For contracts valued up to and including £50k an Executive Director shall proceed in a manner which ensures value for money and the efficient management of the service. Where possible this process shall prioritise the placing of orders with local businesses.
- £50k - £70k – For contracts above £50k and up to and including £70k the Executive Director must seek to achieve competition and for that purpose invite at least three quotations via YORtender (procurement system used by local authorities in the region). Where appropriate at least two of the companies invited to quote should be local businesses
- £70k+ - All procurement above £70k in total contract value must be undertaken by the Strategic Procurement Team. For procurements above £70k for goods and services, an open tender procedure must be followed

Our 2021-22 VFM work also looked at the Council's procurement arrangements and we have followed up our 2021-22 recommendation at Section 10.

Our review indicates that there are adequate procurement arrangements that are regularly refreshed upon continually changing legal and operational environment with no evidence of any significant weaknesses.

Climate Change

As reported in our 2021-22 AAR, to support Barnsley to reduce its carbon emissions, the Council has two programmes:

- Programme one is, for the Council to become net carbon zero by 2040. Zero 40 will focus on improvements in the Council's environmental performance. This will be measured by reducing carbon emissions against agreed milestones.
- Programme two is, Zero 45 where the borough as a whole aims to become net carbon zero by 2045. Zero 45 is a programme where the Council would help the whole of Barnsley including its residents, communities, partners and businesses to support Barnsley's changeover to be net carbon zero by 2045. The Council has approved its first Sustainable Energy Action Plan (SEAP) in October 2020 which guides Barnsley's carbon reduction work through to 2025.

As highlighted in previous AAR in detail, there are various strategies to achieve these targets within the Council, such as:

- Energy Efficiency and procurement of energy
- Resource Efficiency
- Sustainable Transport
- Renewables
- Decentralised Heating.

According to the Council's latest strategic risk register (Dec 2023), it continues to include a red risk, showing the importance and the urgency of the Council to become net carbon zero by 2040 and the borough aiming to achieve this by 2045. It includes the current actions being taken (see page 31 overleaf) and the latest updates on those actions. The action ratings against specific milestones are green and amber (e.g. actions taken by the Council to date and continuing are in line with plans (green) or slightly behind in terms of current progress (amber)).



Improving economy, efficiency and effectiveness

Climate Change (continued)

According to the SRR, there are eight key actions that the Council is currently monitoring and reporting in the SRR. They are as follows:

- Develop the Positive Climate Partnership (PCP), complemented by a range of Networks and Forums, to take shared ownership of the carbon reduction agenda at a borough wide level, strengthening relationships with partnership members and links into Barnsley 2030
- Convene Carbon Management Group within the Council to develop a coherent action plan across all Council operations to deliver net zero for the Council by 2040
- Maximise all opportunities to secure Government & SYMCA funding to deliver a range of programmes to support both the Council's and the borough's net zero ambitions
- Ensure biodiversity net gain is at the heart of all our planning policies and work with developers to ensure our natural capital and resources are conserved and protected or replaced where necessary.
- Work with Berneslai Homes (the fully owned subsidiary of the Council providing social housing services) to develop a strategy for future investment in social housing. Review 30-year Housing Revenue Account (HRA) business plan and explore funding opportunities. Introduce a retrofit pilot through the HRA capital programme for 2023-25.
- Ensure that sustainability and low carbon remains a key principle in the Council's procurement strategies and social value requirements for key contracts and construction activities.
- Undertake and assurance review of Council Services
- Introduce Climate Adaption into business planning. Work with Yorkshire and Humber Climate Change Group programme.

One of the key actions listed on the left, which is currently rated 'amber' is around setting up the Carbon Management Group within the Council to develop a coherent action plan across all Council operations to deliver net zero for the Council by 2040.

We believe this is a key action to understand what needs to be planned, actioned and monitored in order to achieve net zero by 2040. Once developed and finalised, there should be a clear timelines to monitor the progress of these actions. We understand that the relevant Group was set up in the earlier part of 2023. However, the December 2023 update indicates an assurance review has highlighted that whilst commitment from directorates is there, the appropriate actions needed to develop carbon reduction plans and matters pertaining to other environmental legislation need to be articulated. The Council then needs to translate those actions through to future service delivery planning.

We do recognise this is a significant task given the competing financial and other operational pressures currently impacting on the Council. However, achieving net 2040 is a key strategic objective for the Council under its vision of a sustainable Barnsley. Agreeing timely action plans and monitoring against the targets are an essential part of the delivering this objective. We have raised an improvement recommendation on this.

Conclusion – Improving economy, efficiency and effectiveness:

Overall, we are satisfied the Council has appropriate arrangements in place in relation to improving economy, efficiency and effectiveness.

As highlighted at page 28, there is a positive direction of travel in terms of the key recommendation we have previously raised in relation to arrangements in implementing special educational needs and / or disabilities (SEND) reforms. Due to the progress made and actions taken by the Council, we no longer consider this as a significant weakness in arrangements in place at the Council. Therefore, we have lowered this key recommendation to an improvement recommendation to be monitored until there is a reinspection by DfE. This improvement recommendation is followed up at Section 10.

We have also raised two improvement recommendations which are set out overleaf.

Improvement recommendations

Recommendation 1 *We recommend the Council presents the Corporate Performance Monitoring Report to the Audit and Governance Committee, at least on an annual basis. This could be done at the July meeting of the Committee where the report could summarise the Council's performance to 31 March.*

Improvement opportunity identified In order to further enhance the Audit and Governance Committee's assurance on risk management by reviewing non-financial performance indicators. This may not only enhance risk management and governance arrangements in relation to Corporate Performance but also provides opportunity for members to challenge and gain assurance over a wider set of performance information.

Summary findings As reported at page 27, according to the Council's Constitution, one area of responsibility of the A&G Committee is to "provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment".

When it comes to non-financial performances, we would consider reporting the performance management system and monitoring arrangements to A&G Committee members would further enhance the risk management, governance and overall internal control environment of the Council.

Criteria Impacted Improving economy, efficiency and effectiveness

Auditor Judgement Our work has enabled us to identify an opportunity for improvement in arrangements which we do not consider to be significant but have raised a recommendation to support management in making further improvements.

Management Comments *Agreed. The annual Corporate Performance Report for 2023/24 will be scheduled to be presented to A & G Committee later in the year (July)*

Improvement recommendations

Recommendation 2 We recommend the Council completes the development of a coherent action plan with realistic timescales across key Council operations, in order to deliver net zero for the Council by 2040.

Improvement opportunity identified This action will play a key role in supported the Council's key objective of achieving net zero for the Council by 2040.

Summary findings According to Council's latest SRR, there is an amber rated action relating to setting up a Carbon Management Group within the Council to develop a coherent action plan across all Council operations to deliver net zero for the Council by 2040. We understand that the relevant Group was set up in the earlier part of 2023. However, the December 2023 SRR update indicates that whilst commitment from directorates is there, there remains appropriate actions needed to develop carbon reduction plans and matters pertaining to other environmental legislation. It needs to be articulated clearly and translated into the Council's key service delivery planning.

We do recognise this is a significant task given the competing financial and other operational pressures currently impacting on the Council. However, achieving net 2040 is a key strategic objective for the Council under its vision of a sustainable Barnsley. Agreeing timely action plans and monitoring against the targets are an essential part of the delivering this objective. We have raised an improvement recommendation on this.

Criteria Impacted Improving economy, efficiency and effectiveness

Auditor Judgement Our work has enabled us to identify an opportunity for improvement in arrangements which we do not consider to be significant but have raised a recommendation to support management in making further improvements.

Management Comments *Agreed. The Sustainable Construction and Climate Change Team has carried out an assurance review that recommends a new way of working and a main list of priorities that the council can influence and control, to facilitate an organisational transition to Net Zero by 2040. The review acknowledges that accountability needs to sit with all service areas and cannot be assigned to one particular team.*

Consultation on the review is expected to finish in January 2024 and, subject to funding and other resources, the team aims to move towards the implementation of a new delivery model that involves a systems approach to achieving best value through the commissioning and roll-out of integrated reporting systems, alongside investment in suitable software that will support creation of individual service area action plans and associated greenhouse gas reporting data / outcomes.

This systemic way of working will ensure that action plans pertaining to sustainability as set out in the corporate B2030 plan will have a positive impact on economic, environmental and societal outcomes which will be translated into service delivery plans right the way through to individual PDRs.

10. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date from management:	Addressed?	Further action?
1	<p>Financial Sustainability: Reporting on Savings</p> <p>In order to enhance the Council's identification, monitoring and reporting of its savings, the Council should: Clearly summarise and report the savings delivery in the Corporate Finance Performance and the annual outturn reports, linking to the relevant budget report savings previously identified and approved by the Council Make clear that all proposed savings and savings delivered are recurrent (ie the Council does not deem any savings non-recurrent).</p>	Improvement	April 2023	<p>To clarify the delivery of all savings proposals are always monitored closely.</p> <p>This is now actioned. 2023-24 quarterly monitoring reports on finance performance now clearly include the savings target and what has been delivered/not delivered with a commentary. The 2022-23 outturn report also reported the savings target and achievements clearly. These arrangements on reporting will continue in the future.</p> <p>To note, savings put forward in any budget proposals are all recurrent savings – no non recurrent savings are considered.</p>	Yes	No
2	<p>Financial Sustainability: Reporting on Capital Programme</p> <p>We recommend the Council's approved capital programme for the year should be consistently and clearly reported in the quarterly corporate finance performance reports and in an annual outturn report.</p>	Improvement	April 2023	<p>The approved capital programme for the year is now reported in quarterly corporate finance performance reports and in an annual outturn reports.</p>	Yes	.No

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date from management:	Addressed?	Further action?
3	<p>Governance: AGS reporting on Subsidiaries governance arrangements</p> <p>The Council reports a group accounts structure, which in addition to the Council, also includes two wholly owned subsidiaries, which are Berneslai Homes Limited and Penistone Grammar Trust. The AGS which accompanies the group accounts, should summarise the key governance arrangements and any governance issues arising for the group as a whole. We recommend the Council should include any key governance arrangements, assurances and any issues arising of all the group entities within AGS.</p>	Improvement	April 2023	A new section has been included in the final and published AGS for 2022/23 (section 10) covering Berneslai Homes and Penistone Grammar School Foundation, a charitable trust.	Yes	No
4	<p>Governance: Improving arrangements in relation to providing a satisfactory remedy to the complainant before raising an issue with the LGSCO.</p> <p>We recommend the Council further enhances their arrangements in relation to providing satisfactory remedies to complainants before matters are raised and escalated to the Local Government and Social Care Ombudsman (LGSCO).</p>	Improvement	April 2023	These measures are now in place and established. Also, as a result of actions and reported in this AAR (page 24), the Council's position has now improved according to published 2022-23 LGSCO letter.	Yes	No

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date from management:	Addressed?	Further action?
5	<p>Governance: Glass Works</p> <p>At this early operational stage of the Glassworks, to further enhance transparency, accountability and also assist in informed decision making, we recommend management continue to share relevant financial performance reports (income and associated expenditure) to the Cabinet and Audit and Governance Committee</p>	Improvement	March 2022	<p>March 2023: Monthly updates have been provided to the Council's GW Management Board. Audit and Governance Committee has also received verbal updates on a regular basis during the construction and initial operational phase.</p> <p>Detailed operational and financial performance reports will be submitted to SMT/Cabinet/Audit and Governance committee moving forwards</p> <p>January 2024: A detailed quarterly performance report is now reported to Cabinet. The first report covering Q2 of 23/24 went to Cabinet in November 23 with regular reports to follow in future quarters. To note, we will reconsider the regularity of reporting as and when the Glassworks becomes fully let with little change from one quarter to another</p>	<p>Yes in relation to Cabinet reporting. This is now addressed.</p> <p>Not yet reported to A&G Committee.</p>	We would also recommend that this should be presented to the A&G Committee in the future, as per our original recommendation.
6	<p>Improving economy, efficiency, effectiveness: Enhancements in relation to procurement activities</p> <p>Given the levels of significant activities requiring procurement input at the Council, and the developing legislative environment impacting on procurement, the Council should consider:</p> <ul style="list-style-type: none"> • reviewing capacity levels, expertise and experience within the procurement function to ensure it is ready and 'match fit' to meet these future challenges • seeking an independent, external professional review of the Council's procurement activities, gaining a level of assurance in terms of how well the Council is placed to face the future demands on the procurement function. 	Improvement	April 2023	<p>A new operating structure and revised processes for the Council's procurement and contract management function have been implemented (as of 1st Jan 24) These new operating model will be carefully monitored to ensure it is meeting requirements.</p>	<p>Partially. progress is noted and key will be to embed the new arrangements in 2024-25.</p>	We will monitor the progress of arrangements introduced on 1 January during our 2023-24 VFM work

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date from management:	Addressed?	Further action?
7	<p>Improving economy, efficiency, effectiveness: Ofsted/CQC report on SEND - November 2021:</p> <p>Following the Ofsted and CQC SEND inspection, the Council should:</p> <ul style="list-style-type: none"> have a clear “Written Statement of Action (WSOA) in response to Ofsted and CQC report on joint area SEND inspection, which identified significant areas of weaknesses in implementing SEND reforms as set out in the Children and Families Act 2014 a clear action plan to implement this WSOA, working with all stakeholders including parents, carers, the CCG officers, Ofsted and the CQC The action plan should be subject to formal monitoring and challenge by the Cabinet. Action should be taken against any elements of the action plan not implemented within the agreed timescales. 	Key	March 2022 and April 2023	<p>The DfE continue to oversee and acknowledge the progress in the local areas outlined in the Written Statement of Action and whilst the date has yet to be established for the last formal monitoring meeting this is forecast to be early in 2024.</p> <p>The Local Area has established a Local Area partnership Board to oversee the improvement journey and provide governance and assurance that actions are being tracked and progressed. This has replaced the SEND Oversight Board. The Local Area Partnership is ensuring we are working in line with the new SEND Inspection Framework and is preparing for inspection.</p> <p>We have refreshed the Self Evaluation Framework (SEF) for the Local Area and have shared this with some representative groups from the parent carer consortium.</p> <p>Work has continued at pace regarding securing the voice of parents and carers. This was scheduled to be completed by October 2023, but it has been a complex piece of work and has needed to be co-designed and co-produced with groups which has taken time. A draft Terms of Reference has been co-produced (December 2023) with a number of parent/carer groups in Barnsley to establish a consortium, whereby representatives of groups come together as a collective rather than a single Parent Carer Forum. This latest version is for final comments by the end of January 2024. From this consortium, groups will identify how they will ensure involvement and representation at a strategic level and working on specific priorities. This will take time to develop and embed as a practice model and we remain committed to securing effective parental and carer engagement.</p> <p>The SEND Improvement team in partnership with schools and health are continue to work hard to strengthen inclusion in schools, through whole school audits and action plans, targeted interventions and workforce development. This will lead to earlier identification of need and support for children and young people. Impact can be seen in the percentage of children identified as being in receipt of SEN support in schools continues to increase and is now closer to that reported nationally.</p>	Yes – sufficient progress can be demonstrated by the Council in order to reduce this matter from a key recommendation. See page 28	We will maintain a watching brief on this issue as part of our 2023-24 VFM work to ensure the progress is maintained. We will consider any reinspection of SEND services by Ofsted/CQC and any resulting findings in due course.

Appendices

Appendix A – Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the Council’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No statutory recommendations have been raised in 2022-23.	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	No key recommendations have been raised in 2022-23. Our previous key recommendation on SEND issues following the CQC/Ofsted Report has now been downgraded.	See commentary on pages 3, 5, 28 and 31, in respect of the downgrading of the previous key recommendation.
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes. There are six improvement recommendations that have been raised in this report. Two on financial sustainability, two on governance and two on improving economy efficiency and effectiveness.	Financial sustainability: pages 19, 20 Governance: pages 25, 26 3Es: pages 32, 33

Appendix C – Key sources of evidence

In undertaking our work, we have considered a range of key sources of evidence and obtained information from or met with various Council Officers, including the following:



Key Staff involved

- Chief Executive
- Section 151 Officer
- Monitoring Officer
- Head of Internal Audit
- Core Services – Executive Director
- Head of Corporate Finance and Deputy s151 Officer



Key Documents Reviewed

- Annual Budgets 2021-22, 2022-23, 2023-24
- Quarterly Finance Performance Reports for 2022-23 and 2023-24
- Outturn report for 2022-23
- Treasury Management (TM) Strategy and TM reports to the Cabinet and A&G Committee
- Glassworks Monthly Management Reports and Performance reports to the Cabinet 2023-24
- Glassworks Board meeting minutes and Quarterly Performance reports to the Cabinet
- Strategic Risk Register
- Council Constitution
- Council Plan and Strategy
- Barnsley 2030 Plan
- Quarterly Corporate Performance Reports for 2022-23 and 2023-24 to date
- Annual Governance Statement 2022-23
- Head of Internal Audit Annual Report 2022-23
- Local Government and Social Care Ombudsman (LGSCO) website and 2022-23 LGSCO Annual Letter to Barnsley Council
- Updated Contract Procedural Rules
- Ofsted / CQC report on SEND - issued in November 2021 and various evidence on progress made during 2022-23 to date including evidence from Ofsted/CQC
- Sustainable Energy Action Plan (SEAP)



Key Meetings Observed

- Attendance of Audit and Governance Committee meetings by the Key Audit Partner and Senior Audit Manager during 2022-23 and 2023-24
- Attendance of the Council Meeting by Key Audit Partner in November 2023
- Minutes review of the Cabinet and Council 2022-23



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