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MEETING:	Full Council
DATE:	Thursday, 23 February 2017
TIME:	10.30 am
VENUE:	Council Chamber, Barnsley Town Hall

AGENDA

1. Declarations of Interests

To receive any declarations of interest of a pecuniary or non-pecuniary nature from Members in respect of the items on this agenda.

2. Suspension of Standing Orders

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

Cabinet Recommendations to Council

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

To consider the following recommendations of the Cabinet Meeting held on the 8th February, 2017. The Cabinet Spokesperson with the Portfolio for the services in question will respond to any comments or amendments concerning these minutes.

3. Service and Financial Planning 2017/18 - Revenue Budget, Capital Programme and Council Tax (Cab.8.2.2017/7) *(Pages 5 - 138)*

(A) **Budget Proposals 2017/18**

RECOMMENDED TO COUNCIL

(i) that the report of the Director of Finance, Assets and Information Services under Section 25 of the Local Government Act 2003 at Section 1 be noted and that the 2017/18 budget proposals be agreed on the basis that the Chief Executive and Senior Management Team (SMT), in consultation with Cabinet Spokespersons, submit for early consideration detailed proposals from the ongoing activity in order that the potential budget gaps in 2018/19 and the longer term be closed;

(ii) that the Overview of Financial Planning for 2020 report and forecast budget positions for 2017/18 to 2019/20 contained in Section 2 be noted and monitored as part of the arrangements for the delivery of the Future Council 2020;

(iii) that the budget proposals for all services for 2017/18 – 2019/20, as detailed in Sections 4 and 5 of the report submitted, be approved, subject to the submission of detailed implementation reports, as appropriate;

(iv) that the 2020 Directorate spending plans outlined in Section 6 be noted;

(v) that the proposed savings in 2018/19 and 2019/20 be agreed subject to further consideration in future budget processes taking account of any further Equality Impact Assessments;

(vi) that the total additional specific funded capital investment of £23.1m as outlined at Section 7 be included within the capital programme and released subject to further detailed reports on the proposals for its use;

(vii) that the future Council Investment requirements as outlined in Table 1 at Section 7 be agreed to progress to full business cases and be considered by Cabinet on a case by case basis. At this stage approval up to the resources currently available of £31.7m be considered;

(viii) that the fees and charges set out in Appendix 1 of Section 8 of the report be approved from 1st April, 2017 or later in 2017/18 as applicable;

(ix) that Section 10 (Position on Reserves, Provisions and Balances) be noted;

(x) that the Aggregated Equality Impact Assessment at Section 11 of the proposals be noted and the proposed mitigation actions in the report be approved;

(xi) that the cash limited budgets for each service with overall net expenditure for 2017/18 of £166.201m, as detailed at Section 4, be approved;

(xii) that the Chief Executive and SMT, in consultation with the Cabinet Spokespersons as appropriate, be required to submit reports into Cabinet as a matter of urgency, in relation to the detailed General Fund Revenue Budget for 2017/18 including recommendations on any action further to that set out above required to achieve an appropriately balanced budget for that financial year;

(xiii) that the Chief Executive and SMT be responsible for managing their respective budgets including ensuring the implementation of savings proposals;

(xiv) that the Chief Executive and SMT, in consultation with the appropriate Cabinet Spokesperson, be required to submit regular reports as necessary on the implementation of proposals into Cabinet as a matter of urgency to resolve any outstanding issues in relation to their budgets and deal with any consequential effects;

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

(xvi) that Cabinet be authorised to make any necessary technical adjustments to form the 2017/18 budget; and

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

(B) Council Tax 2017/18

RECOMMENDED TO COUNCIL

(i) that the contents of Section 9 of the report (2017/18 Council Tax calculation) of the Director of Finance, Assets and Information Services now submitted, be noted;

(ii) that the Council Tax Collection Fund net surplus as at 31st March 2016 relating to BMBC of £1.615M be used to reduce the 2017/18 Council Tax requirement, in line with statute;

(iii) that the 2017/18 Band D Council Tax increase for Barnsley MBC's services be set at 4.9% (1.9% for Barnsley MBC services and an additional 3% for the Chancellor's Adult Social Care levy);

(iv) that the Band D Council Tax for Barnsley MBC's areas be determined following confirmation of the South Yorkshire Police Authority and South Yorkshire Fire Authority precepts for 2017/18; and

(v) that the Band D Council Tax for areas of the Borough with Parish/Town Councils be determined following confirmation of individual parish precepts for 2017/18.

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

4. 2017/18 Treasury Management Policy and Strategy Statement (Cab.8.2.2017/8) *(Pages 139 - 196)*

RECOMMENDED TO FULL COUNCIL ON 23RD FEBRUARY, 2017:-

(i) that the main Treasury Management Policies, as outlined in the Treasury Policy Statement at Annex A of the report now submitted, be noted; and

(ii) that the Treasury Management Strategy Statement for 2017/18, as detailed at Annex B of the report, be approved, including:-

- The revised Minimum Revenue Position (MRP) Statement at Appendix E; and
- The Annual Investment Strategy for 2017/18 at Section 4 of the Treasury Management Strategy Statement.

5. Prudential Indicators 2017/18 (Cab.8.2.2017/9) *(Pages 197 - 210)*

RECOMMENDED TO FULL COUNCIL

(i) that the Prudential Indicators for the financial year 2017/18 to 2019/20, as set out at Appendix B of the report now submitted, be approved; and

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

6. Redundancy Compensation and Procedures 2017/18 (Cab.8.2.2017/10) *(Pages 211 - 214)*

RECOMMENDED TO FULL COUNCIL

(i) that for the purpose of the 2017/18 budget procedures, payments in accordance with the Discretionary Compensation Regulations 2006 be up to a maximum of 30 weeks actual pay based on the Statutory Redundancy Scheme; and

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

Diana Terris

Diana Terris
Chief Executive

Wednesday, 15 February 2017

MEETING:	Full Council
DATE:	Thursday, 23 February 2017

BARNSLEY
Metropolitan Borough Council

2017/18 – 2019/20 SERVICE AND FINANCIAL PLANNING

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2020 FUTURE COUNCIL

LOCAL GOVERNMENT ACT 2003, SECTION 25 REPORT ON THE 2017/2018 BUDGET PROPOSALS

1. **Purpose of the Report**

1.1 To provide, in accordance with the requirements of Section 25 of the Local Government Act 2003, advice from the Authority's Chief Finance Officer (CFO) on aspects of the 2017/18 Budget Proposals.

2. **Background**

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

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

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

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

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

3.1 This report is based on the Budget Recommendations as set out in **Section 3** of the 2017/18 Budget documentation.

Robustness of the Estimates

3.2 As Members are aware, the setting of the 2017/18 Revenue and Capital budgets is the first stage of the Financial Plan for 2020 that will form the framework for the budget for the next 3 years. As part of this process consideration has been given to various pressures and key priorities for inclusion within those budgets.

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

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

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

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

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

A provision for the pay award of 1% increase in 2017/18 and future years taking account of the Government's general position on public sector pay. Further consideration may need to be given to this provision if that position changes.

A provision has also been made in relation to the potential impact of the introduction of the living wage on external contracts. The full impact will need to be monitored and managed during the year.

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

A prudent view of interest rates has been taken in constructing estimates for interest charges in 2017/18 and future years. Whilst these estimates are considered to be adequate at this point in time, interest rates will inevitably rise at some future point and therefore Capital Financing operations will need to continue to be monitored closely throughout the year by the established Treasury Management Panel, to facilitate timely action designed to optimise the Authority's position.

(iii) ***Service Pressures***

The budget for 2017/18 and forecasts for future years contains some significant increases in expenditure that are a result of increasing demand on services, particularly around social care. Whilst some of these have been quantified as far as is possible, the nature of the services means that demand can be difficult to predict. I have no reason to believe that the current assumptions are not robust but it is vital that these areas are monitored closely during the year so that any action required can be taken in a timely manner.

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

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

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

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

Under the current Business Rate Retention scheme, Barnsley retains 50% of the total income collected. Clearly there is the potential for volatility around this income source, in relation to the overall level of businesses in the Borough and also in relation to any appeals that are already within the 'system' that will fall to the Council to fund. At this stage the expected income of £22.032m included within the budget is, I believe, based on prudent assumptions after taking account of the national revaluation position. However the position will need to be closely monitored during the course of the year.

Adequacy of Reserves

3.8 **Section 10** of the Budget papers sets out the position in relation to the current level of Provisions, Reserves and Balances available to the Authority.

3.9 As indicated in that paper, the current Minimum Working Balance held by the Authority remains at £15m as agreed last year. I consider that this level remains prudent.

3.10 The paper also indicates the current levels of all other earmarked Reserves and Provisions and a review of these has taken place during the year to ensure their continued validity and to make additional earmarking where appropriate. Against this backcloth I consider the current levels to be adequate. However, it is appropriate and necessary that ongoing monitoring should be applied to these levels in the light of any changing circumstances and a further review will be carried out as an integral part of the 2016/17 Accounts closure.

3.11 The current strategic reserves strategy also identifies additional resources that will be potentially available over the planning period of £63.1m of which £31.7m is currently 'banked'.

3.12 The Councils investment priorities over the period to 2020 have also been considered and it is recommended that £56m of our potential available resources be earmarked for identified schemes. It is however recommended that subject to individual business cases, only resources only up to the amount of £31.7m actually 'banked' is released during the year.

3.13 This would leave no additional resources for 2017/18, however at this stage I feel this is prudent given other earmarking's against potential risks. Clearly this position will need to be reviewed during the year if circumstances change.

Prudence and Affordability

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

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

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

Medium Term Financial Strategy and Budget Reduction Measures 2017/2020

3.17 A balanced 2017/18 budget can be delivered through the agreement of the proposals within the budget papers. However, this view is contingent upon the additional matters identified at 3.6 (iii) above and 3.18 below.

3.18 The draft budget for 2017/18 is again based upon a significant volume of budget reduction measures and there needs to be a strong and sustained focus on ensuring the timely and comprehensive implementation of these measures.

3.19 Whilst the Council has accepted the 4 year deal on funding from the Government to provide some certainty over the planning period, there still remain uncertainties around the overall level of resources which will be available to Local Authorities going forward particularly given the Governments ambition to move to full localisation of Business Rates and the potential for further cuts.

3.20 Although the medium term plan provides for known pressure over the planning period, any additional pressures that may be identified will need to be considered as part of future budget processes. Members therefore need to be mindful that if these pressures cannot be contained, then the gaps already identified within the current MTFF paper at **Section 2i** have the potential to increase.

4. <u>Budget Recommendations</u>

4.1 As indicated in the 3 year forecast at **Section 2i,** based on the Budget Recommendations a balanced budget would be set for 2017/18.

4.2 This would also see Minimum Working Balances maintained at £15.0M and an additional £56.0M of reserves available to be earmarked in support of future investment over the planning period.

4.3 The proposals identified within the budget papers also provide the framework around which Future Council 2020 can be delivered and balanced budgets achieved over the planning period based on the current assumptions.

4.4 It is however clear that these assumptions will change and therefore further action is likely to be needed to ensure that the plan remains on track in future years. However, as previously stated a strong focus must be given to ensuring the achievement of the service changes and associated savings agreed over the planning period and particularly for 2017/18.

4.5 **In summarising my advice, I would stress that the robustness of the estimates and adequacy of the reserves which the budget will provide are satisfactory. However, this is contingent upon the requirements outlined at paragraphs 3.17 and reiterated at paragraph 4.4 being delivered.**

F Foster CPFA
Director of Finance, Assets and IT

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2020 FUTURE COUNCIL

BUDGET OVERVIEW OF FINANCIAL PLANNING FOR 2020

1. Purpose of the Report

1.1 This paper provides an update on the Council's Financial Planning position for 2020 and its impact on the formulation of our Future Council budget for 2017/18.

2. Background/ Context

The Council's Funding Position

2.1 The Council's 2016/17 budget was approved on 25th February 2016 leaving a remaining budget gap of £28M to address by 2020.

2.2 As part of the process for addressing the gap, Cabinet approved the Medium Term Financial Strategy (MTFS) for 2020 in September 2016. This outlined how the Council would align its existing and future resources to the agreed priorities underpinning Future Council 2020 and set out clearly the financial challenges we would face in doing so. The MTFS also provided a further updated position and as a result of mitigations identified the budget gap was reduced from £28M to £17.8M for the period through to 2020.

2.3 The Government had previously made an offer to Local Government that would guarantee the level of RSG for the next 4 years that was published as part of the 2016/17 settlement. This guarantee was predicated on local authorities submitting and publishing an efficiency plan. The Council accepted this offer and our Efficiency Plan was published in October 2016.

2.4 The Cabinet also considered, in September 2016, the first phase of efficiency proposals for 2020, totalling £12.7M to help bridge the gaps identified in the MTFS. The Council's 2017-2020 position as at September 2016 is shown below:-

	2017/18 £M	2018/19 £M	2019/20 £M	Total £M
Potential Gap – September 2016	*4.550*	*6.359*	*6.890*	*17.799*
Phase 1 - Proposals	*-4.021*	*-3.701*	*-4.940*	*-12.662*
Revised Gap – September 2016	***0.529***	***2.658***	***1.950***	***5.137***

3. <u>Barnsley's Draft 2017/18 Local Government Settlement</u>

Business Rate Retention (BRR) Scheme

3.1 The provisional Local Government Finance Settlement was announced on 15th December. This outlined the funding resources for the Business Rates Retention (BRR) scheme that was implemented in April 2013 split between:-

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

3.2 To remind Members, the purpose of the BRR scheme is to allow local authorities to retain 50% of any income it raises locally on business rates (known as the 'local share') and pass the other 50% over to central Government.

3.3 The draft settlement confirms that Barnsley's RSG is in line with the 4 year offer and whilst the overall position for baseline funding is largely in line with the 4 year offer, the composition has changed. A national scheme for revaluating business rates was carried out during this financial year to take effect from 1 April 2017. The Government promised that revaluation would have a neutral impact on local authorities and as such top up grant has increased to compensate for business rates going down in the Barnsley area.

3.4 This revised settlement position is in line with the Authority's own expectations. It should be noted that what we actually collect locally may differ from the Government's expected share due to local circumstances. The Council has already taken a decision not to include any growth for local share in 2017/18 in order to reflect the disruption caused by the town centre redevelopment and is the main reason why our forecast position differs from the government's settlement position. There are a number of other changes to the composition of funding in the revised settlement however the overall impact on our forecast is neutral as shown below:-

	Original Forecast 2017/18 £M	**Revised Forecast 2017/18 £M**	**Diff £M**
Local Share of Business Rates	25.440	22.032	+3.408
Top Up Grant	27.179	30.342	-3.163
Revenue Support Grant (RSG)	25.260	25.260	-
Funding via BRR scheme	***77.879***	***77.634***	***+0.245***
S31 Grant - 2% capping & SBRR*	1.994	2.239	-0.245
Total Funding	**79.873**	**79.873**	**+0.000**

3.5 The revised settlement also included announcements on other funding streams that impact on the forecast and/or reserves strategy. These are set out below.

New Homes Bonus (NHB)

3.6 The Government confirmed the consultation proposals that it would seek to reduce NHB from a rolling 6 year position to 5 years in 2017/18 and 4 years in 2018/19. In addition the government also announced it would only pay grant to local authorities that achieve a 0.4% increase in growth. It currently pays NHB on any increase in growth. The impact on NHB allocations is shown in the table below:-

	2017/18 £M	**2018/19 * £M**	**2019/20 * £M**
NHB Allocation	5.2	4.0	3.9

* figures taken from the Government's spending power projections

3.7 The impact on the MTFS reserves strategy has marginally improved **(see Section 8)** for funding capital new starts as only £4M p.a. was prudently set aside from NHB over the next 3 years to reflect the consultation proposals. However it should be noted that future NHB funding does depend upon the actual number of homes built which may impact on the above estimates.

Improved Better Care Fund

3.8 Government re-affirmed the improved Better Care Fund allocations for Barnsley that were announced last year and included in the forecast. These are £1M in 2017/18, £5.9M in 2018/19 and £10.1M in 2019/20.

Adult Social Care Grant

3.9 The Secretary of State for DCLG also introduced a new Adult Social grant. This is a one year only grant worth £1.2M for Barnsley and included in the forecast. It should however be noted that this is not 'new' monies but was the result of top-slicing of the monies previously allocated from the NHB. In overall terms Barnsley lost slightly from this change in methodology.

Adult Social Care Council Tax Precept

3.10 The Chancellor had previously announced that local authorities could increase council tax by 2% per annum over the next 3 year period to support Adult Social Care pressures. The Government announced that local authorities could accelerate this increase to 3% in the next two years with a nil increase in 2019/20 ie the overall impact is neutral over the next 3 years.

3.11 This flexibility is offered in recognition of demographic changes which are leading to a growing demand for Adult Social Care, with consequential higher cost pressures on council budgets. See para 6.4 for the overall Council Tax position for the Council.

3.12 The Council Tax options for the Council are set out in Section 7, however at this time the assumption in this report is that we will take advantage of the 3% increase in 2017/18 to fund pressures and that this will add an additional £0.8M into our base.

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

Revenue

4.1 As outlined at section 3 the impact of the draft 2017/18 settlement has been broadly neutral for Barnsley. However there have been a number of other changes since the September position that have impacted the forecast. These are summarised below:-

	2017/18 £M	2018/19 £M	2019/20 £M	TOTAL £M
Revised Gap (Sept 2016)*	***+4.550***	***+6.359***	***+6.890***	***+17.799***
Additional Pressures				
Town Centre – Policy Decisions	+1.605	+0.137	-0.474	+1.268
Other Changes (Pensions/ ESG/NNDR)	+1.180	+0.220	-0.400	+1.000
Unavoidable Pressures - Demographics	+1.000	+1.000	+2.500	+4.500
Revised Gap (Dec 2016)*	***+8.335***	***+7.716***	***+8.516***	***+24.567***
Mitigations				
Use of BCF (net of investments)	-0.800	-3.900	-3.400	-8.100
Additional Mitigations (MRP reprofiling etc)	-1.046	-0.353	-0.230	-1.629
Council Tax increase @ 4.9% in 17/18	-0.807	-	-	-0.807
Adult Social Care grant	-1.244	+1.244	-	-
Revised Gap (Jan 2017)*	***+4.438***	***+4.707***	***+4.886***	***+14.031***
Phase 1 Proposals (adjusted)	-4.057	-3.512	-5.010	-12.579
Phase 2 Proposals	-0.381	-1.061	-0.923	-2.365
Revised Future Council 2020 Gap	***0.000***	***+0.134***	***-1.047***	***-0.913***

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

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

- Assuming permanent savings achieved to meet the previous years' deficit;

- Pay award in 2017/18 to reflect the final employer offer which is an average 1% increase;

- Assuming a 1% per annum pay increase (2018/19 onwards) and a provision for contract inflation;

- Council Tax based on a 4.9% increase in 2017/18 and 2.9% thereafter (see Section 7);

Capital

4.3 The Council's Reserves Strategy (as outlined in the Council's MTFS) projected out the level of funding available to fund capital new starts through to 2020. A list of prioritised schemes is provided in the indicative Capital Programme report at Section 6. A contingency amount of around £7.2M has been set aside to mitigate against adverse variances. See **Section 6** for further details.

5. Funding for Schools / Education services

5.1 Details of the Dedicated Schools Grant (DSG) were also announced on 20 December 2016 and included details of the DSG allocations and other schools / education related funding such as the Pupil Premium Grant (PPG), Education Services Grant (ESG), etc.

Dedicated Schools Grant (DSG)

5.2 The schools' revenue funding settlement for 2017/18 confirmed Barnsley's Dedicated Schools Grant funding allocations for schools. DSG funding continues to be based on the current 'spend-plus' methodology and is set out in three spending blocks (schools; early years and high needs blocks). It should be noted that the anticipated implementation of the new national funding formula (intended to address the current unfairness in funding) has now been deferred to 2018/19.

The following are the main highlights for Barnsley as announced in the settlement:

- The total DSG allocation for Barnsley for 2017-18 is £165.2m before adjusting for transfer of funding relating to academies (£159.2m in 2016/17). The increase of £6m is mainly attributable to increased funding for pupil numbers, funding transfers relating to ESG retained duties (previously allocated to the Council) and the extension to the early years 30 hours free entitlement for working parents (for 3 and 4 year olds). The DSG allocation for Barnsley is comprised of the following:

- schools block £137.4m
- early years block £ 14.1m
- high needs block £ 13.7m

- The **schools block** funding has been derived using the adjusted schools per pupil unit of funding for Barnsley of £4,491 (as notified by the DfE in July 2016 and is consistent with the amount for 2016/17). There is no real term uplift for inflation within the confirmed funding per pupil. The funding for academies although included in the total schools block allocation for Barnsley will be paid directly to academies by the Government;

- The school block funding for 2017/18 has risen by £3m due to an increase in pupil numbers (+707 when compared to 2016/17) and £0.5m additional funding transfer from the previous education services grant (for LA retained duties to maintained schools / academies);

- **Early years block** £14.1m is comprised of the following funding: 15-hour entitlement for 3 and 4 year olds (including the extension to 30 hours from Sept for working parents); participation funding for 2 year olds; early years' pupil premium and the newly introduced disability access fund. It should be noted that the early years block allocation includes an increase in funding (£0.8m) to Barnsley as a result of the implementation of the new **national early years funding formula** (which was consulted upon over the summer 2016). Under the new national formula, Barnsley's early years funding rate per hour (for 3-4 year olds) will increase from £3.92 to £4.30;

- Barnsley's **high needs block** allocation includes increased funding of £470k to reflect the additional resources (£130m) distributed by the Government to all local authorities (based on population uplift and growth). The allocation for Barnsley of £13.7m has been adjusted to reflect high needs places that are funded directly by the Education Funding Agency (EFA) e.g. special academies, FE colleges.

5.3 The Government is committed to introducing a new schools National Funding Formulae (for schools and high needs funding blocks) that would address the current unfairness and inequity allocation of funding. A stage 2 consultation has been launched, which sets out some key funding proposals as well as indicative DSG allocations under the new proposed national funding formula.

5.4 The new national formula is not expected to be in place until 2018/19. The indicative allocations showed an increase in schools / high needs funding of **£11.9m** for Barnsley if the new NFF is implemented fully**.** This represents a 7.7% increase against the current adjusted baseline funding. This puts Barnsley in the top quartile of authorities benefiting under the proposed new schools NFF (Barnsley has the highest gain in Yorkshire & Humber). However, the above gain has been mitigated by the transitional protection – under which gains have been limited to 2.4% **(£3.7m**) in 2018/19 (the first year of the new NFF).

Individual schools budgets 2017/18

5.5 The DSG settlement for schools is as expected and not significantly different from budget planning assumptions as reported to the Schools Forum in October 2016. Barnsley's 'Authority Proforma Tool' (funding model used to determine the budgets for individual schools) has been updated by the DfE using the October 2016 census data. No significant changes to the funding model are proposed to be implemented for 2017/18 and no major changes are envisaged on the level of funding to be centrally retained by the Council (with the exception of the ESG retained duties funding included within DSG which would need to be retained centrally). Therefore budgets for schools will be on a consistent basis as in 2016/17. Consultation on the 2017/18 schools budgets with the Schools Forum will take place on 12 January 2017, at which approval of the level of DSG budgets to be retained centrally will be sought.

5.6 To ensure stability in individual schools budgets, a minimum funding guarantee for schools will apply at the Government recommended level. This will ensure that no school will see a reduction of more than a 1.5% per pupil in their 2017-18 budgets compared to 2016-17.

Pupil Premium Grant (PPG)

5.7 The PPG is based on the number of eligible disadvantaged pupils (i.e. pupils on free school meals); number of Armed Forces' children and number of pupils that are looked after by the authority. From 2017/18, the PPG per pupil amount will remain the same as the current year i.e.

- Disadvantaged pupils (primary) £1,320
- Disadvantaged pupils (secondary) £935;
- Pupils looked after by the authority or adopted from care (pupil premium plus) £1,900;
- Service children £300.

5.8 Overall, the PPG allocation for Barnsley (including academies) for 2017/18 is currently estimated at £7.2m (based on 2016/17 pupil count). Final allocations for 2017/18 will not be confirmed until the summer of 2017 as it is based on the January 2017 pupil census count.

Other Schools grant funding

5.9 The Government has confirmed the continuation of the following schools grant funding into 2017/18: Universal Infant Free School Meals (UIFSM); Year 7 catch-up premium; and the primary PE and sport premium. Details of allocations will be confirmed in the new year.

5.10 In addition, the Department for Education wrote to local authorities on 20 December confirming Special Educational Needs and Disability (SEND) implementation grant funding of £40 million for 2017 to 2018. This is an increase of £4.2 million from 2016 to 2017. The funding is to continue to support the transition to the new system for SEND and to support local authorities to make effective plans for this important final year of the transition. The allocation for Barnsley is £166k.

Education Services Grant (ESG)

5.11 ESG funding was introduced in 2013 to cover the cost of education services provided by local authorities to maintained schools (general duties) and to all schools including academies (retained duties). ESG is currently applied by the Council to part fund services or functions such as school improvement; outdoor education; education welfare service; asset management; education strategic management; etc.

5.12 The funding settlement for schools confirmed the cessation of the ESG general duties element (£1.4m FYE) from Sept 2017 and the transfer of the retained duties element (£0.5m) into the Dedicated Schools Grant. However, transitional funding at a reduced per pupil rate (£536k) will be provided to fund ESG general duties for the 5 months April to August 2017. The cessation of the general duties ESG (from Sept) has been accounted for in the Council's MTFS, however the unanticipated reduction in the transitional funding would result in a £89k pressure.

5.13 A new annual **schools improvement funding** for local authorities is been introduced from Sept 2017 and will provide £30m to enable LAs maintain their statutory intervention functions and services, such as monitoring and commissioning school improvement support (which is currently funded from ESG).

6. Council Tax Options

6.1 Details of the current position on Council Tax can be found at **Section 7** which outlines the resources that could be generated at various levels of increase. In summary each 1% variation in the level of increase equates to approximately £0.8M of Council Tax Income.

6.2 The Government has once again confirmed that there will not be a Council Tax freeze grant in 2017/18 and also announced details of the referenda criteria for increasing Council Tax for General Services based on a 2% cap. The precepts levied by the Police and Fire Authorities will also impact upon the overall Council Tax levels for the Borough.

6.3 As mentioned at para 3.10 the Government also announced that local authorities with responsibilities for Adult Social Care will be given flexibility to increase council tax by an additional 3% in 2017/18 and 2018/19 or 6% for the remaining period of this Parliament (2017-2020). This is over and above the 2% referendum threshold for General Services.

6.4 This revised criteria allows local authorities to increase overall Council Tax levels to just below 5% in 2017/18 and 2018/19 but with a reduction to just below 2% in 2019/20. The updated forecast has provision for 4.9% in 2017/18 and 2.9% in 2018/19 and 2019/20. As such, there is scope to increase Council Tax levels by a further 1% over the planning period if Members were so minded. This would generate a further £0.8M in additional income.

7. Medium Term Budget Forecast

7.1 In taking decisions in relation to the 2020 budget, it is very important that Members are mindful of potential changes to this position over the Medium Term.

7.2 The broadly balanced position to 2020 is predicated on delivering £15M of KLOE savings and there remain a number of risks/ pressures (eg Social Care issues, retaining BCF at the levels assumed, the volatility of business rates, further government cuts etc) which if they materialise will affect the MTFS position.

7.3 Given these potential risks, ongoing work needs to concentrate on the implementation/ embedding of 'Future Council' over the next 3-5 years.

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

8. Options for Maintaining a Balanced Budget in 2018/19 and Beyond

8.1 In order to ensure balanced budgets are delivered in future years, the Council will need to build on the approaches identified to deliver our Future Council 2020 along with more 'traditional' methods of making savings in order to offset any future gaps/ new pressures. These will include:-

- ***Using technology to improve our services –*** continue to invest in channel shift and mobile technology that will maximise our impact and deliver efficiencies from the ways we will work more effectively.

- ***Facilitating and accelerating growth*** – continue to work holistically as a Council to attract further businesses into the region and drive up business rate income. This will clearly increase in importance as we move towards 100% retention in 2020;
- ***Marshalling our resources to support early help offers*** - we will need to redesign our approach so that making use of our community assets is the first port of call for public services so releasing resources for other priorities
- ***Making decisions on what we will stop, start and invest more in doing*****:** We will pull together our corporate priorities, our core offer and our outcomes and use this foundation to make our decisions about which of our current activities we will stop, as well as which new activities we will start and which of our existing activities we will further invest in.

- ***Income Generation*** **–** continue to review current levels of charges and investigate the potential for any new areas of income generation;
- ***Additional Funding*** – continue to seek to access / influence funding opportunities especially in relation to the Sheffield City Region;
- ***Asset Rationalisation*** – review the Authority's asset base and ensure its relevance to future service needs;
- ***Council Tax Levels*** **–** increased income could be generated by setting Council Tax levels higher than those assumed within the forecast (see para 6.4 for the potential scope) however this needs to be considered within the constraints of needing to go to a local referendum and the capacity of the local taxpayer to pay for higher bills.;
- ***Use of "One Off" resources*** **–** any such use must only be considered as part of a 'bridging' strategy whilst permanent reductions in expenditure are delivered.

8.2 Whilst the Council is facing significant cuts, it remains important to note that the Future Council 2020 will still spend around £161M (net) by 2019/20 on services for the residents of Barnsley. Moreover the implementation of the 2020 plan will continue to seek to build on the Future Council model and deliver further efficiencies and improvements in services.

2020 FUTURE COUNCIL
MEDIUM TERM FINANCIAL FORECAST

	FORECAST 2017/18 £m		FORECAST 2018/19 £m		FORECAST 2019/20 £m	
EXPENDITURE:						
1. Base Net Expenditure (Net of Schools)						
Revised Base Position		**168.276**		**166.201**		**164.038**
2. Fixed and Ongoing (already reported)						
Pay Award, National Insurance & Increments.	1.946		1.723		1.398	
Pension - Actuarial Assessment 2017-2020	1.022		0.200		0.330	
Pension - Interest Saving & Bernslai Homes Contribution	-0.750					
National Living Wage /Inflationary Increases	1.813		1.715			
Other Inflation (inc BSF)	0.722		0.965		1.157	
Business Rate Revaluation	0.200					
Financing Capital New Starts Programme (including FYE from Previous Years)	0.280		0.270		0.270	
Education Services Grant - Loss of Grant	0.580		0.620			
Housing Benefit admin subsidy grant reduction	0.200		0.300		0.300	
Public Health loss of grant	0.278		0.463		0.565	
Reduction in Base Spend	-3.000					
Improved Better Care Fund (BCF)	-1.000		-4.900		-4.200	
Reinvestment of Better Care Fund potentially required	0.200		1.000		0.800	
FYE impact of savings already agreed (2015-2017)	-0.450					
Change in Minimum Revenue Provision (MRP) policy	-9.676		-2.324		0.000	
		-7.635		0.032		0.620
3. Savings Proposals						
Phase 1 Proposals	-4.057		-3.512		-5.010	
Phase 2 Proposals	-0.381		-1.061		-0.923	
		-4.438		-4.573		-5.933
4. Investment & Other Policy Issues						
Jobs & Growth Plan - salaries	0.448					
Other Place Pressures	0.450					
Communities Pressures	0.163					
Other Public Health pressures inc Substance Misuse	1.411					
Legal - additional requirement	0.073					
Electoral - additional requirement	0.110					
Adults Social Care (Demographics and other pressures)	3.082		-0.003			
Adult Social Care grant 2017/18	-1.244		1.244			
Children's Social Care (Demographics/base issues)	2.900					
Town Centre Issues (Market Rents and Loss of Income)	1.337		0.137		-0.474	
Town Centre Policing	0.268					
Provision for unavoidable Pressures	1.000		1.000		2.500	
		9.998		2.378		2.026
TOTAL EXPENDITURE		**166.201**		**164.038**		**160.751**

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2020 FUTURE COUNCIL
MEDIUM TERM FINANCIAL FORECAST

	FORECAST 2017/18 £m		FORECAST 2018/19 £m		FORECAST 2019/20 £m	
RESOURCES:						
8. Core Resources						
Council Tax						
Council Tax Income inc Base	78.012		84.712		87.353	
Council Tax Collection Fund Surplus	1.615		1.615		1.615	
		79.627		86.327		88.968
Business Rates Retention (BRR) scheme						
Local Share - Business Rates (net 50% share)	21.913		21.913		22.413	
Business Rate Collection Fund Surplus	0.119		0.119		0.119	
Local Share - Top Up Grant	29.735		30.342		31.144	
S31 Grant for 2% Capping - Top Up	0.384		0.384		0.384	
Revenue Support Grant (RSG)	34.560		25.260		19.021	
		86.711		78.018		73.081
S31 Grant Per NNDR1 form (Business Rates)						
S31 Grant for Small Business Rate Relief	1.855		1.855		1.855	
		1.855		1.855		1.855
Core Resources b/f		***168.193***		***166.200***		***163.904***
9. Change in Resources						
Council Tax						
Council Tax increase in tax base and use of collection fund surplus	2.744		0.500		0.500	
Council Tax increase (@ 4.9% in 17/18 & 2.9% thereafter including Adult Social Care below)	3.956		2.141		2.141	
		6.700		2.641		2.641
Business Rates Retention (BRR) scheme						
Local Share - Business Rates (net 50% share)	0.000		0.500		0.500	
Top Up Grant @ 2% in 17/18 and 3% beyond	0.607		0.802		0.895	
Revenue Support Grant	-9.299		-6.239		-6.276	
		-8.692		-4.937		-4.881
TOTAL RESOURCES		**166.201**		**163.904**		**161.664**
NET SHORTFALL		**0.000**		**0.344**		**-0.703**
SHORTFALL IF PERMANENT SAVINGS ANNUALLY		**0.000**		**0.344**		**-1.047**

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2020 FUTURE COUNCIL

2017/18 – 2019/20 BUDGET RECOMMENDATIONS

1. 2017/18 Revenue Budget, Capital Programme and Council Tax

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

RECOMMENDED:-

i) that Cabinet are recommended:-

a) that the report of the Director of Finance, Assets and IT under **section 25 of the Local Government Act 2003 at Section 1** be noted and that the 2017/18 budget proposals be agreed on the basis that the Chief Executive and Senior Management Team (SMT), in consultation with Cabinet Spokespersons, submits for early consideration detailed proposals from the ongoing activity in order that the potential budget gaps in 2018/19 and the longer term be closed;

b) that the Overview of Financial Planning for 2020 report and forecast budget positions for 2017/18 to 2019/20 contained in **Section 2** be noted and monitored as part of the arrangements for the delivery of the Future Council 2020;

c) to consider the budget for all services and approve, for submission to Council, the 2017/18 – 2019/20 budget proposals as separately presented in **Sections 4 and 5**, subject to the submission of detailed implementation reports, as appropriate;

d) that the 2020 Directorate spending plans outlined in **Section 6** be noted;

e) that the proposed savings in 2018/19 and 2019/20 be agreed subject to further consideration in future budget processes taking account of any further Equality Impact Assessments;

f) that the total additional specific funded capital investment of £23.1m as outlined at **Section 7** be included within the capital programme and released subject to further detailed reports on the proposals for its use;

g) that the future Council Investment requirements as outlined in Table 1 **Section 7** be agreed to progress to full business cases and be considered by Cabinet on a case by case basis. At this stage approval up to the resources currently available of £31.7m be considered.

h) that the detailed proposals for increases in fees and charges as set out in **Section 8** be agreed;

i) that **Section 10** (Position on Reserves, Provisions and Balances) be noted;

j) that the Aggregated Equality Impact Assessment (**Section 11**) of the proposals be noted and the proposed mitigation actions in the report be approved;

k) that the Council be recommended to approve cash limited budgets for each service with overall net expenditure for 2017/18 of £166.201M (see **Section 4**);

l) that the Chief Executive and SMT, in consultation with the Cabinet Spokespersons as appropriate, be required to submit reports into Cabinet, as a matter of urgency, in relation to the detailed General Fund Revenue Budget for 2017/18 including recommendations on any action further to that set out above required to achieve an appropriately balanced budget for that financial year;

m) that the Chief Executive and SMT be responsible for managing their respective budgets including ensuring the implementation of savings proposals;

n) that the Chief Executive and SMT, in consultation with the appropriate Cabinet Spokesperson, be required to submit regular reports as necessary on the implementation of proposals into Cabinet as a matter of urgency to resolve any outstanding issues in relation to their budgets and deal with any consequential effects;

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

p) that the Cabinet be authorised to make any necessary technical adjustments to form the 2017/18 budget;

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

r) that the budget papers be submitted for the consideration of the full Council.

2. Council Tax 2017/18

RECOMMENDED:-

that Cabinet note the contents of **Section 9** (2017/18 Council Tax calculation) and that:-

a) the Council Tax Collection Fund net surplus as at 31 March 2016 relating to BMBC of £1.615M be used to reduce the 2017/18 Council Tax requirement, in line with statute;

b) the 2017/18 Band D Council Tax increase for Barnsley MBC's services be set at 4.9% (1.9% for Barnsley MBC services and an additional 3% for the Chancellor's Adult Social Care levy);

c) the Band D Council Tax for Barnsley MBC's areas be determined following confirmation of the South Yorkshire Police Authority and South Yorkshire Fire Authority precepts for 2017/18;

d) the Band D Council Tax for areas of the Borough with Parish / Town Councils be determined following confirmation of individual parish precepts for 2017/18.

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2020 FUTURE COUNCIL
DRAFT NET GENERAL FUND BUDGET 2017/18

Line	DIRECTORATE:	Revised 2016/17 Net Direct Expenditure (controllable) £	Fixed and Ongoing Items £	Future Council Efficiencies £	Investment & Other Decisions £	Revised 2017/18 Net Direct Expenditure (controllable) £
1	PEOPLE	**60,052,656**	3,213,520	(1,609,500)	4,738,000	**66,394,676**
2	PLACE	**30,720,435**	509,011	(722,000)	1,235,000	**31,742,446**
3	COMMUNITIES	**17,196,853**	648,365	(343,713)	1,842,000	**19,343,505**
4	PUBLIC HEALTH	**1,414,940**	297,167	(379,000)	-	**1,333,107**
5	CORE SERVICES	**16,313,163**	1,051,094	(1,173,891)	1,183,000	**17,373,366**
6	***TOTAL SERVICE EXPENDITURE***	**125,698,047**	**5,719,157**	**(4,228,104)**	**8,998,000**	**136,187,100**
7	LEVIES	**1,098,529**				**1,098,529**
8	CORPORATE & DEMOCRATIC CORE	**458,335**				**458,335**
9	NON DISTRIBUTED COSTS	**307,315**				**307,315**
10	CAPITAL FINANCING	**25,157,540**	(9,606,000)			**15,551,540**
11	CORPORATE ITEMS / PROVISIONS	**15,556,033**	(3,958,000)		1,000,000	**12,598,033**
12	RESERVES & BALANCES	**-**				**-**
13	***SUB-TOTAL NON SERVICE EXPENDITURE***	**42,577,752**	**(13,564,000)**	**-**	**1,000,000**	**30,013,752**
14	**TOTAL NET EXPENDITURE**	**168,275,799**	**(7,844,843)**	**(4,228,104)**	**9,998,000**	**166,200,852**

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2020 FUTURE COUNCIL
DRAFT NET GENERAL FUND BUDGET 2018/19

Line	DIRECTORATE:	Revised 2017/18 Net Direct Expenditure (controllable) £	Fixed and Ongoing Items £	Future Council Efficiencies £	Investment & Other Decisions £	Revised 2018/19 Net Direct Expenditure (controllable) £
1	PEOPLE	**66,394,676**	2,335,000	(2,187,000)	1,241,000	**67,783,676**
2	PLACE	**31,742,446**	-	(1,385,000)	137,000	**30,494,446**
3	COMMUNITIES	**19,343,505**	-	(241,406)		**19,102,099**
4	PUBLIC HEALTH	**1,333,107**	463,000	(255,000)		**1,541,107**
5	CORE SERVICES	**17,373,366**	300,800	(504,980)		**17,169,186**
6	***TOTAL SERVICE EXPENDITURE***	**136,187,100**	**3,098,800**	**(4,573,386)**	**1,378,000**	**136,090,514**
7	LEVIES	**1,098,529**	-	-	-	**1,098,529**
8	CORPORATE & DEMOCRATIC CORE	**458,335**	-	-	-	**458,335**
9	NON DISTRIBUTED COSTS	**307,315**	-	-	-	**307,315**
10	CAPITAL FINANCING	**15,551,540**	(1,844,000)	-		**13,707,540**
11	CORPORATE ITEMS / PROVISIONS	**12,598,033**	(1,012,000)	-	1,000,000	**12,586,033**
12	RESERVES & BALANCES	**-**				**-**
13	***SUB-TOTAL NON SERVICE EXPENDITURE***	**30,013,752**	**(2,856,000)**	**-**	**1,000,000**	**28,157,752**
14	**TOTAL NET EXPENDITURE**	**166,200,852**	**242,800**	**(4,573,386)**	**2,378,000**	**164,248,266**

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2020 FUTURE COUNCIL
DRAFT NET GENERAL FUND BUDGET 2019/20

Line	DIRECTORATE:	Revised 2018/19 Net Direct Expenditure (controllable) £	Fixed and Ongoing Items £	Future Council Efficiencies £	Investment & Other Decisions £	Revised 2019/20 Net Direct Expenditure (controllable) £
1	PEOPLE	**67,783,676**		(1,812,000)		**65,971,676**
2	PLACE	**30,494,446**		(2,070,000)	(474,000)	**27,950,446**
3	COMMUNITIES	**19,102,099**		(1,646,118)		**17,455,981**
4	PUBLIC HEALTH	**1,541,107**	565,000	(96,000)		**2,010,107**
5	CORE SERVICES	**17,169,186**	300,000	(309,000)		**17,160,186**
6	***TOTAL SERVICE EXPENDITURE***	**136,090,514**	**865,000**	**(5,933,118)**	**(474,000)**	**130,548,396**
7	LEVIES	**1,098,529**				**1,098,529**
8	CORPORATE & DEMOCRATIC CORE	**458,335**				**458,335**
9	NON DISTRIBUTED COSTS	**307,315**				**307,315**
10	CAPITAL FINANCING	**13,707,540**	270,000			**13,977,540**
11	CORPORATE ITEMS / PROVISIONS	**12,586,033**	(515,000)		2,500,000	**14,571,033**
12	RESERVES & BALANCES	**-**				**-**
13	***SUB-TOTAL NON SERVICE EXPENDITURE***	**28,157,752**	**(245,000)**	**-**	**2,500,000**	**30,412,752**
14	**TOTAL NET EXPENDITURE**	**164,248,266**	**620,000**	**(5,933,118)**	**2,026,000**	**160,961,148**

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FUTURE COUNCIL 2020 PLAN

Summary of Efficiency Proposals

PHASE 1 SAVINGS

DIRECTORATE	2017/18 £	2018/19 £	2019/20 £	FYE £
COMMUNITIES	272,474	220,167	1,237,826	1,730,467
PLACE	672,000	1,210,000	1,555,000	3,437,000
PEOPLE	1,609,500	1,322,000	1,812,000	4,743,500
PUBLIC HEALTH	379,000	255,000	96,000	730,000
CORE SERVICES	913,891	504,980	309,000	1,727,871
TOTAL	3,846,865	3,512,147	5,009,826	12,368,838

PHASE 2 SAVINGS

DIRECTORATE	2017/18 £	2018/19 £	2019/20 £	FYE £
COMMUNITIES	71,239	21,239	408,292	500,770
PLACE	50,000	175,000	515,000	740,000
PEOPLE	0	865,000	0	865,000
CORE SERVICES	260,000	0	0	260,000
TOTAL	381,239	1,061,239	923,292	2,365,770

TOTAL SAVINGS

	2017/18 £	2018/19 £	2019/20 £	FYE £
TOTAL ALL PHASES	4,228,104	4,573,386	5,933,118	14,734,608

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PHASE 1 PROPOSALS INDEX

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2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
COMMUNITIES									
Customer Services									
BU7 E1	Re-Modelling of Customer Services Project:	In response to delivery of the Customer Services Strategy to achieve 70% take up on online transactions we anticipate a new model of customer service face to face contact through the public library service. In addition we will remodel the statutory public library service within a revised financial envelope. The outcome of the public engagement programme with libraries will influence the realisation of savings.	-	-	165,675	**165,675**	-	-	2,766,847
BU7 E2	Telephony Channel	In response to the delivery of the Customer Service Strategy to achieve 70% take up of online transactions we anticipate a reduced requirement for telephony support through the contact centre.	-	-	144,000	**144,000**	-	-	773,107
BU7 E4	Reduce resources in Customer Feedback and Improvement Team	The implementation of a new management information system for the Customer Feedback and Improvement function is proposed for Q3/4 2016/17. This will enable the removal of a support role from 2017/18 with a further expected reduction in resources from 2019/20.	20,164	-	31,486	**51,650**	1.00	1.00	344,066
BU7 E5	Combine two head of service roles into one.	Management restructure	-	-	67,000	**67,000**	-	1.00	67,000
BU7 E6	Reduce service development resources	Reduce service development resources once support for redesign and remodelling is completed. To be achieved through a restructure.	-	-	205,595	**205,595**	-	-	296,607
BU7 E7	Supported Living service - review of internal support function	Deletion of support post	17,547	-	-	**17,547**	1.00	1.00	19,795
BU7 E8	Disabled Facilities Grant & Service Management Team:	Recharge 50% of management costs back to Disabled Facilities Grant. A new policy on DFG is due to come into Cabinet for consideration in December 2016. It is important to note that there is no detriment for users of the grant for this proposal, it will benefit customers by ensuring effective management of the process.	24,000	-	-	**24,000**	-	-	197,381

2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
COMMUNITIES									
BU7 E9	Electronic Kitchen Management System:	Reduction of post following implementation of School Electronic Kitchen Management System and associated savings from transition to paperless systems.	27,833	49,167	-	**77,000**	-	-	3,818,290
BU7 E10	Day Opportunities and Enablement Teams	Deletion of current vacancies and continue the day opportunities review.	155,930	-	84,070	**240,000**	3.60	3.60	2,400,000
BU7 E11	Review Org structure of School Catering Management Team	Take into account Electronic Kitchen Management System impact and also to further improve customer service to schools. Widen scope to improve healthier life choices to schools who buy back.	3,000	6,000	-	**9,000**	-	-	3,818,290
Sub - Total Customer Services			**248,474**	**55,167**	**697,826**	**1,001,467**	**5.60**	**6.60**	
Safer, Stronger & Healthier Communities									
BU8 E1	Selective licensing	Requires political support and a policy decision. To mitigate this it would appear that the government (through the Housing and Planning Bill) will mandate licenses for all Houses in Multiple Occupation (HMOs). We will need to be clear on our definition of HMOs and thoroughly review the fee structure in line with other areas but the numbers of HMOs are probably in the region of 400 to 500 for Barnsley. Achievement in 2017/18 being subject to Council & DCLG approvals being granted by December 2017.	40,000	105,000	-	**145,000**	-	-	New Income Generation Proposal - No Current Budget
BU8 E3	Healthier Lifestyle Services	Increase the efficiencies against healthier lifestyle services	-	-	250,000	**250,000**	-	-	1,000,000
BU8 E4	Welfare Rights redesign	Implement phase 2 of the Welfare Review.	-		70,000	**70,000**	-	-	196,324
BU8 E5	Contract efficiencies	Contract efficiencies through new tender and contract awards for domestic abuse, substance misuse and multiple needs. Assumes cashable savings by providers of 10% in year 3.	-	-	220,000	**220,000**	-	-	5,545,340
BU8 E6	Volunteering & engagement	Linked to Voluntary and Commuity Sector review considering reducing team of 3 Volunteering & Engagement Officers to 2, assuming funding advice function can transfer to Voluntary and Community Sector.	30,000	-	-	**30,000**	1.00	1.00	93,200

2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
COMMUNITIES									
BU8 E9	Reconfigure of staff teams across safer and healthier	Restructure following the findings the Community Safety Review and the Welfare Rights Review.	20,000	60,000	-	**80,000**	1.80	1.80	3,209,000
BU8 E10	Management Restructure	Combine 2 heads of service into 1.	50,000	-	-	**50,000**	1.00	1.00	192,618
BU8 E11	Cost pressures emerging from additional demands for the co-ordination of asylum and migration'	Funding required to support the continuation of the Asylum and Migration Officer post (30hrs @ Grade) throughout 2017/18	- 32,000	-	-	**- 32,000**	-	-	New Budget
Sub - Total Safer, Stronger & Healthier			**108,000**	**165,000**	**540,000**	**813,000**	**3.80**	**3.80**	
Information Technology									
BU12 E1	Additional IT Resource	Delivery of a number of the efficiency proposals put forward by individual business units are predicated on investment in Technology. In order to ensure the smooth implementation of this it Is proposed to re-invest in Information Technology Services to reflect ongoing service pressures as a result of the move to a 2020 Future Council.	-84,000	0	0.00	**-84,000**	0.00	0.00	7,774,666
Sub - Total Information Technology			**- 84,000**	**-**	**-**	**-84,000**	**0.00**	**0.00**	
TOTAL COMMUNITIES EFFICIENCIES			**272,474**	**220,167**	**1,237,826**	**1,730,467**	**9.40**	**10.40**	

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2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
PLACE									
Economic Regeneration									
BU4 -E1	(ED) Property Investment Fund Income -	Estimated income levels to be obtained from the leasing of PIF units. The saving assumes that 100% of the floor space will be occupied. The 4 units are built following the successful launch of the property investment fund to stimulate investment at Junction 36. Joint proposal with asset management.	10,000	20,000	-	**30,000**	-	-	**no current budget - new income proposal**
BU4 -E2	(PLN) Planning Fee Increases	National review of planning fees is currently ongoing. It is expected that this will result in a 6% in the level of fees that can be levied. The last review took place in 2012.	-	50,000	-	**50,000**	-	-	**-843,852**
BU4 - E3	(ED) Business Centre Income	Occupancy rates are on the rise at our Managed Workspace (Mount Osborne, Oakwell and the DMC). In addition, rents are expected to increase following a rent review currently being conducted by Asset Management. There is therefore a potential for a further look at how we can commercialise the offer further. (Investment in improved IT to help with the business offer offset by future rent income growth).	-	30,000	-	**30,000**	-	-	**-378,000**
BU4 - E4	(PLN) Community Infrastructure Levy Adoption	A one off £65,000 investment is required to fund the adoption of the Community Infrastructure Levy. The investment will be utilised to fund the procurement of a supporting IT system and to fund Examination In Public Adoption of CIL is projected to result in the Council securing an estimated £475,000 annual contribution in CIL (Capital) receipts. This figure is based on an assumption of 500 new qualifying housing permissions each year. Level of contributions will either increase or decrease dependent on permissions actually granted. CIL receipts will be received in a form of capital monies not revenue. However, CIL receipts can potentially be used as a contribution to the delivery of infrastructure priorities identified by the Council or as match funding therefore reducing the call on core Council capital Following the adoption of CIL, the Council has the ability to retain up to 5% of CIL receipts to cover operational costs of the Levy. Monies could potentially be utilised to offset existing revenue cost of 1 grade 3 role and cover maintenance cost of supporting IT system. Estimated realisation date would 01/04/2019 assuming adoption 2017.	-	-	28,000	**28,000**	-	-	**no current budget - new proposal**
BU4 - E5	(CROSS CUTTING) - IT Consolidation	Potential consolidation of the Planning & Regulatory Services IT Systems. Total combined maintenance cost of both packages is £44k. Assume a 25% saving equates to £11k efficiency. Significant change estimated realisation 01/04/19.	-	-	11,000	**11,000**	-	-	**44,000**

2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
PLACE									
BU4 - E6	Cessation of service provision in specific Community Buildings	Centres no longer have Employment & Skills provision and / or staff attached to them as they were part of the Phase 1 reduction in community assets. Jump Children's Centre is now a Family Centre. Employment & Skills is working with 2 community organisations to explore a community asset transfer this year for Worsborough Common ICT Centre and Blackerhill ICT Centre. If successful associated building costs will cease as these will be taken over by a 3rd party dependent on an approved business plan. If not the buildings will close and all associated costs will cease.	20,000	-	-	**20,000**	-	-	**20,000**
Sub -Total Economic Regeneration			**30,000**	**100,000**	**39,000**	**169,000**	**-**	**-**	
Culture, Housing & Regulatory Services									
BU5-E1	Various Income Generation Proposals	Proposals include:	50,000	50,000	50,000	**150,000**	-	-	
		- Project management fees for Housing Developments. Proposal is to capitalise current revenue funded project management costs on specific housing developments to be proposed over the next few years.							**-117,243**
		- Burial & Cremation Fees - Inflationary increase in the fees currently charged for the burial and cremation service by approx. 2% p.a. This is in line with increases in recent years and is not expected to be detrimental to the market.							**-2,150,352**
		- A review of the car parking provision at Elsecar Heritage Centre initially around the holding of Events at the Centre with a full business case being included as part of the wider Elsecar Masterplan							
BU5 -E2	External Contributions	Review and re-negotiate contributions made to Barnsley Premier Leisure and the Barnsley Civic Partnership							
		- Barnsley Premier Leisure	50,000	75,000	100,000	**225,000**	-	-	**531,932**
		- Barnsley Civic Partnership	7,000	15,000	28,000	**50,000**	-	-	**233,260**
BU5 -E3	Various Efficiencies Regulatory Services	A full review is to be undertaken within regulatory services looking at efficiencies and charging. This review will include increasing the licencing fees chargeable as well as reviewing charges for theory tests and safeguarding training. Other potential fee increases would include Animal Boarding Establishments, Food Hygiene Training, Land Search fees, Scrap Metal Licence Fees. Reviewing and streamlining the level of technical support including closing the Licencing Duty Office, on the basis of establishing an on-line licence application/renewal system. Also a general review of overhead resources and engaging in a partnership with the National Market Traders Federation to provide advice and support which will be chargeable along similar lines to the current partnership with the National Butchers Federation.	10,000	-	43,000	**53,000**	-	-	**1,706,103**
Sub - Total Culture, Housing & Regulatory Services			**117,000**	**140,000**	**221,000**	**478,000**	**-**	**-**	

2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
PLACE									
Environment & Transport									
BU6 -E1	Various Income generation	Areas to be reviewed will include: - undertaking an annual review of fees and charges with a general increase in rates to reflect inflation / service improvements e.g. a 1% increase in prices (excluding car parking) could generate upwards of £25k additional income per year - Developing a sustainable parking strategy for Barnsley to maximise opportunity in parking revenue and to support economic growth in the town and local centres. AECOM have been commissioned as part of the town centre regeneration to review the car parking usage and strategy for the future. Proposals to include a change to the current Saturday Parking arrangements e.g. only allowing free parking at certain times, introduction of zone parking with different charges in different zones - e.g. market gate/courthouse car parks to be premium charges, introduction of evening car parking charges, improved payment facilities. It is estimated that an additional £75k increase in income can be generated from these changes per annum Yorkshire permit scheme. There is an opportunity to review the roads included within the scheme beyond the primary routes. Some authorities are applying the permit scheme across all roads - opportunity to review this. Review of cost recovery model. Additional income could be in the region of £25K per annum New highways constructed as part of commercial and residential and subsequently adopted. A review of s38 charges to ensure costs are fully recovered from developers. Currently developers are only charged for first inspection - proposal therefore is to introduce charges for subsequent inspections - Additional income of £30k to be generated Commercial Services - Review of services provided via commercial arm e.g. commercial waste, signs etc. This includes better promotion of services together with introduction of new products and services. In addition looking to improve council wide procurement for banners/signage. Estimated to generate additional £20k income per annum		175,000	200,000	**375,000**	-	-	**-6,271,177**

2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
PLACE									
BU6 -E2	Cross Business Unit Restructure	Succession planning and business continuity: 'In recognition of the ageing demographics profile of the service as staff leave, the services will be redesigned with new posts to better reflect the needs of the service. This is about succession planning and building in opportunities for development, apprenticeships and recruitment of more vulnerable groups. Efficiencies will be created through effective workforce development. Approximately 10% of the workforce will be affected. An initial review of service delivery has identified that there are up to 111 roles where a further review to redesign and restructure can be undertaken. At this stage of the planning process it is reasonable to estimate that we will only achieve approximatley 50% reduction. Further work will be undertaken during 2017/18 with a proposal to be presented to Cabinet towards the end of the year. - Revised working patterns - Revised working patterns to reduce the reliance on overtime to deliver services thus saving resources set aside for overtime costs. - Restructuring in line with the HR principles co-terminus with the release of benefits through new ways of working.	-	570,000	720,000	**1,290,000**	-	50.82	**14,182,993**
BU6 -E3	Service Delivery Re-design	Linked to the wider re-structure a review of existing service delivery is also being undertaken. Key proposals currently being considered include: Waste & Recycling - Ongoing Service Review to determine the best service model for waste collection. This includes a revision of the existing process for collecting missed bins where the non-collection is as a result of the resident. The current practice of returning for missed bins removes daily working capacity from the service and incurs additional cost. Options for change to be explored include issuing residents with identifiable sacks which can be put out on the next scheduled collection. (NB this does not affect the service agreement to return to properties, streets or areas that have not received a collection due to a failure of the service to complete it’s daily scheduled work) - Better use of Transfer Station. Currently numerous trips per day are made to the waste transfer station. Better route planning should reduce the number of trips made and result in cost savings		75,000	75,000	**150,000**	-	-	**3,419,491**
BU6 -E4	BU functions/Interfaces	Review of service delivery functions to determine aggregation / improved cross business unit and cross directorate alignment opportunities: This proposal should create efficiencies. Key areas to be reviewed - Neighbourhood Services - Park Services - Enforcement Services - Planning services / Development Control / SUD's		-	50,000	**50,000**	-	-	**-2,165,603**

2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
PLACE									
BU6 -E5	Review of alternative delivery models	Service reviews: To determine appropriate future service delivery models. This will consider the future viability of the service, the demand. - Private Sector Models - Consider and review the possible implementation of private sector / blended models for the following service areas: -Waste Services -Fleet Services -Stores Function -Street Inspection -Street Lighting -Gritting -Car parking enforcement - Highways Shared Services: LGA Collaborative Agreements - Discussions are already ongoing with the LGA in terms of cross south Yorkshire working. A road map is currently in the process of being developed to consider the following services across -Street Inspection -Development Control -Street Works -Safer Roads -Structures -Street Lighting -Design Services - Waste Shared Service Opportunities: Third Party consultants undertaking a strategic review of South Yorkshire Waste and recycling services to determine collaborative and shared service strategies. Outcome as with LGA work will be a strategic road map of opportunities for each of the four authorities to adopt and generate savings.		-	100,000	**100,000**	-	see BU6 E2	**51,887,635**
BU6 -E7	PTE 3-5 Year strategic plan - Needs determining - with the SYPTE	Reduction in the levy through efficiencies in SYPTE.	525,000	150,000	150,000	**825,000**	-	-	**10,536,996**
Sub - Total Environment & Transport			**525,000**	**970,000**	**1,295,000**	**2,790,000**	**0.00**	**50.82**	
TOTAL PLACE EFFICIENCES			**672,000**	**1,210,000**	**1,555,000**	**3,437,000**	**0.00**	**50.82**	

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2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
PEOPLE									
Education, Early Start & Prevention									
BU1 E1	Co-location of the Targeted Youth Support Service	Proposal to relocate the early intervention and prevention team and the YOT team at 18 Regent street with a customer facing building at 20 Regent street. This will result in a reduction in rent at McClintocks and vacation of the Wombwell site as a staffing base. Services for young peole will continue to be delivered from Wombwell.	-	-	102,000	**102,000**	-	-	2,422,675
BU1 E2	Increase income generation for services to the private, voluntary, maintained and independent sector providers of early years and education	Review current traded activities and fee charging policy with the view of increasing opportunities / capacity for income generation - both locally and across the region or across networks.	-	-	65,000	**65,000**	-	-	-1,398,651
BU1 E3	Review current use of buildings in communities	Undertake a review of building use that supports an early help offer across early start and families including family centres, targeted youth support, public services hub and targeted information advice and guidance in conjunction with external partners including the police and health.	-	30,000	30,000	**60,000**	-	-	budget sat in premises FM budgets
BU1 E4	Review current contracts and commissioned services	Identify the potential for cost savings or efficiencies on contracts across the range of services within the Business Unit including early years / childhood services; Align YPSM services with Adolescent Support. Greater personalisation of Short Breaks / SEND – reduce 'block' contract provision	10,000	10,000	50,000	**70,000**	-	-	872,700
BU1 E5	Review of staffing structures in Early start, prevention and sufficiency service (including Family Centres, TYS, Early Start, Schools admissions & org)	A service redesign to be undertaken resulting in further restructuring of the early start and families service, family centres 0-19 service (inclTYS) and school admissions / organisation service. The redesign will include options for further integration of services within and beyond BU1 targetted at vulnerable children, young people and families.	21,000	-	427,000	**448,000**	1.00	16.00	11,506,557
BU1 E6	Improved contracting with SEN Placement providers (schools, DSG)	Reduce spot purchasing of placements through improved contracts and framework arrangements and the use of DSG to support statutory SEN services to schools provided by the Council	50,000	80,000	80,000	**210,000**	-	-	2,562,600
BU1 E7	Review of education/schools support services funded through the Education Services Grant	The cessation of external government funding and changes in the role of local authorities in education and support to schools (as per the education white paper / the acadamisation agenda) offers the opportunity to review existing support functions to schools. Savings proposals £270k have been put forward following the review of the ESG funded services within BU1 - based on anticipated statutory guidance and the role of the LA going forward. The proposed savings are in the school improvement/school procurement & commissioning service areas. It is expected that the balance will be delivered by other business units outside People Directorate.	-	-	500,000	**500,000**	-	5.00	-1,500,000
BU1 E10	Staff Turnover	Introduce staff turnover target.	75,000			**75,000**	-	-	4,802,331
BU1 E11	Two Year Entitlement Administration	Fund the Administration of the Two Year Entitlement from DSG rather than base budget.	75,000			**75,000**	-	-	646,932
Sub - Total	**Education, Early Start & Prevention**		**231,000**	**120,000**	**1,254,000**	**1,605,000**	**1.00**	**21.00**	

2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
PEOPLE									
Adult Social Care & Health									
BU2 E1	Targeted reviews - direct payments and high cost residential placements, particularly OP/MH (high cost LD placements already part of transformation project)	Creation of a dedicated reviewing team within Adult Social Care and Health to identify and review cases where we can safely step down or cease care provision and make efficiency savings. Review and introduce progression through robust reviews. (1) Review existing placements that are above a certain amount; and (2) Embed Care Funding Calculator approach in determining fees for all new placements over cost – analyse how many new high costs cases per year are expected. Consider procurement approach, draft policy, deliver training to front line staff, market engagement, monitor results	400,000	200,000	150,000	**750,000**	-	-	22,885,400
BU2 E2	Reducing double-handed care	OT assessments to review cases to reduce double-handed care. There are currently 161 service users that receive care from two carers. Based on a previous pilot project in Barnsley and benchmarking with other local authorities there is potential to reduce packages of care for approximately 40% of service users.	300,000	352,000	-	**652,000**	-	-	9,036,980
BU2 E3	Reducing spend on respite care	Review of respite care cases and revised policy to better target and reduce spend.	46,500	-	-	**46,500**	-	-	625,500
BU2 E4	Maximising income	(1) Remove ceiling and increasing charging to 100% of cost. Review charging fees (including respite charges). (2) advice to service users to maximise benefits entitlement e.g. DLA and attendance allowances with a view of increasing client contributions towards care provision cost (3) review charging policy, particularly around application of disregard rules e.g. night time element and explore opportunities under the Care Act	-	400,000	-	**400,000**	-	-	-4,938,000
BU2 E5	Social Care Contracts	Review of all contracts to identify potential savings.	-	50,000	-	**50,000**	-	-	1,200,000
BU2 E6	Direct payment surplus draw-back and monitoring	Short, medium and long-term approach to reduce surpluses and monitor more closely.	150,000	150,000	150,000	**450,000**	-	-	16,981,500
BU2 E7	Extra care as alternative to residential care	Business case for extra care development to save money / reduce admissions.	-	50,000	50,000	**100,000**	-	-	22,885,400
BU2 E8	Health contribution towards Continuing Health Care cases / work	Stopping case / care management of Continuing Health Care (CHC) cases or charging full cost recovery to health. Approx. 170 cases in receipt of CHC funding. In addition to involvement of the social worker in the eligibility assessment currently, social care undertake all the case management including recording and provisioning on ERICA, invoice payment to providers and subsequent billing to recover costs and the carrying out of annual reviews.	100,000	-	-	**100,000**	-	-	-2,178,800
BU2 E10	Shared Lives	The full cost for shared lives placements is fully borne by the council, unlike other models of support where service users are expected to contribute to their care and support e.g. Residential care. The proposal is to 1) change the way the costs of support are funded. This involves the service user claiming housing benefit and thereafter a contribution for board payment would be made by the service users directly to the carer. (Board payment of £50 per week and a housing benefit claim of the maximum currently allowed £51.50 per week). This would result in a reduction of around £100 per week to the payment made under the shared lives scheme to service users (around 41 long terms users). 2) That this new approach be applied to all existing service users who have long term placements with shared lives carers and any new referrals.	200,000	-	-	**200,000**	-	-	1,500,000
Sub - Total	**Adult Social Care & Health**		**1,196,500**	**1,202,000**	**350,000**	**2,748,500**	**-**	**-**	

2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
PEOPLE									
Children's Social Care & Safeguarding									
BU3 E1	Children social care & safeguarding management structure review	Remove service manager posts from the structure (X5) and increase capacity of the team managers (x2) to provide service direction, support and development directly under the line management of the head of service.	-	-	208,000	**208,000**	-	5.00	10,047,100
BU3 E2	Charging for Newsome Ave respite unit	Increase income generated from sale of short term respite places to other local authorities – increase sales activity underpinned by effective marketing / pricing of the provision	64,000	-	-	**64,000**	-	-	-379,200
BU3 E3	Re-locate children disability team at Barnsley Academy	We currently pay rental to the academy (through facilities management) for the workspace for the children disability team. The proposal is to re-locate the team within existing council owned accommodation.	32,000	-	-	**32,000**	-	-	1,383,692
BU3 E4	Deletion of Children and Adolescent Mental Health Service (CAMHS) Social Worker post	Delete the Social Worker CAMHS post within children in care team - promotes the joint working of the services around specific cases covering children in care (CiC). Post has been based within CAMHS but has been a key point of contact between CiC and CAMHS.	50,000	-	-	**50,000**	1.00	1.00	485,441
BU3 E5	Review of printing and catering requirements	Review of requirements and spend on printing and refreshments across the business unit, with a view of achieving efficiency.	36,000	-	-	**36,000**	-	-	227,420
Sub - Total Children's Social Care & Safeguarding			**182,000**	**-**	**208,000**	**390,000**	**1.00**	**6.00**	
TOTAL PEOPLE			**1,609,500**	**1,322,000**	**1,812,000**	**4,743,500**	**2.00**	**27.00**	

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2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
PUBLIC HEALTH									
PH E1	Health behaviour of school aged children (£0 remaining in budget)	Cease commissioned activity. BU10 will undertake a project to map existing data sources and information, identify gaps and propose cost neutral options.	60,000	-	-	**60,000**	-	-	60,000
PH E2	Review of Contracts & Commissioning	Efficiency Savings. The bulk of these savings will be frontloaded to 2017/18 by taking £289,000 out of the Health Checks contracts with primary care and will be achieved by paying GPs a lower (benchmarked) rate per health check. Subsequent savings in 2018/19 and 2019/20 will be achieved through reviews of public health services including any services that are due to be re-procured such as sexual health and healthchecks.	289,000	163,000	96,000	**548,000**	-	-	7,578,448
PH E3	Media and Comms (£5k remaining in budget)	Public health media and comms will focus on priorities in PH Strategy and more specifically the creation of a smokefree generation.	-	20,000	-	**20,000**	-	-	25,000
PH E4	Dental Epidemiology (£10k remaining in budget)	Regional commissioning approach will result in budget saving.	-	10,000	-	**10,000**	-	-	20,000
PH E5	Dental Health promotion (to be incorporated into 0-19 services)	To be incorporated into 0-19 service specification.	-	62,000	-	**62,000**	-	-	62,000
PH E6	BU10 staffing review in line with Future Council 2020 HR process	As part of the Future Council 2020 HR process, BU10 have identified potential efficiencies which can be applied to the BU10 staff structure.	30,000			**30,000**	2.00	2.00	594,040
TOTAL PUBLIC HEALTH EFFICIENCIES			**379,000**	**255,000**	**96,000**	**730,000**	**2.00**	**2.00**	

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2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
CORE SERVICES									
BU11 E1	Corporate mail and printing re-design	Increasing use of technology, challenging custom & practice, reducing photocopying volumes etc.	68,000	14,000	0	**82,000**	3.50	3.50	1,566,449
BU11 E2	Facilities Management re-design	Re-design of Town Centre Team. Transfer of porters and caretaker/drivers to Barnsley Norse.	35,000	0	0	**35,000**	0.85	0.85	1,048,000
BU11 E4	Asset management re-design	Reduction of asset data and mapping technicians by increasing use of GIS. Reduction in surveyors.	0	0	70,000	**70,000**	0.00	2.50	3,917,735
BU13 E1	Finance Business Unit - major restructure	Finance Business Unit - major restructure (financial services £500k and benefits & income £503k) based on investment in further enabling technologies, bolder channel shift implementation, additional income generation and transfer of specific housing benefit function to the DWP (as part of UC). Restructure to be undertaken partly in 2017/18 (Internal Audit £70k) and partly in 2018/19 . NB: a further restructuring may be required in 2019/20 depending on the timing of the full roll out of Universal Credit [by Central Government].	560,000	374,000	239,000	**1,173,000**	14.00	45.00	8,635,404
		The Business Unit is also investing further resources (£276k) in its Strategic Procurement & Commissioning Support Function to enhance the support available to front line Business Units.	-276,000	-	-	**-276,000**	-6.00	-6.00	Budget included above
BU14 E1	Human Resources & Business Support Restructure.	Incremental downsizing via restructures. Lower graded posts subject to IT delivering on planned improvements. Implementation of Phase 2 Business Support Review.	295,724	73,702	-	**369,426**	7.50	10.30	3,972,162
BU15 E1	Organisation & Workforce Improvement.	Merging of Research & Intelligence & Performance Improvement services as well as the merging of Organisation Development & Workforce Development services in order to create flexible resource pools and one point of contact.	179,773	-	-	**179,773**	7.81	7.81	3,331,347
BU16 E1	Communications & Marketing	Investment in a Campaigns Manager, Communications & Marketing and creation of an additional post to provide high level strategic support and planning for key corporate and cross cutting campaigns will result in a reduction in other staffing. These posts will report to the Service Director for Organisation & Workforce Improvement and the service will be moved to BU15 therefore removing BU16.	5,094	-	-	**5,094**	0.19	0.19	568,557
BU17 E1	Re-structure of Legal Services	Numerous service improvements including: - Increased leadership and management capacity, through the implementation of a team leader structure, - Child protection team free-standing - Improve recruitment and retention to key posts	25,000	0	0.00	**25000**	0.00	0.00	1191039.00

2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals - Phase 1

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
		- Increased resilience through reduced reliance on locums.							
BU18 E1	Lord-Lieutenant of South Yorkshire	Reduction in costs by providing support from the Mayoral & Civic Support Unit.	5,000	-	-	**5000**	1.00	1.00	169340.00
BU18 E2	Reduction in supplies and services for Elected Members	Removal of: provision for advertising the Members' surgeries telephone line; provision for Members' Rooms newspapers; provision for Members' home broadband connections.	16,300	-	-	**16,300**	-	-	138,937
BU18 E5	Restructure of Mayoral & Civic Support Unit	Possible merger of some duties of the posts of Mayoral & Civic Support Assistant and Mayor's Chauffeur / Relief Attendant. Need to retain some capacity to provide pool drivers.		15,000	-	**15,000**	-	1.00	87,645
BU18 E6	Deletion of Outreach Officer post	This would be a reduction in the level of service as there would be no bespoke capacity to follow up some of the more complicated cases where households or individuals within them have failed to register following the initial exercise carried out by the canvassers. This would diminish capacity to increase the number of registered electors. Electoral registration levels are presently at around 94%. The post also makes a significant contribution to the work of the core team in delivering elections outside of the canvass period where there is a lesser focus on increasing the number of people on the register given the service is in receipt of increased applications to register anyway.	-	28,278	-	**28,278**	-	1.00	1,368,403
TOTAL CORE SERVICES			**913,891**	**504,980**	**309,000**	**1,727,871**	**29**	**67**	**25,995,018**

PHASE 2 PROPOSALS INDEX

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2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals -Phase 2

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
COMMUNITIES									
Customer Services									
BU7 E12	Efficiency - Digital Development	Reduction of the workforce to be achieved via restructure in the context of the whole redesign of customer service operations and development.	-	-	169,096	**169,096**		4.00	286,631
BU7 E13	CS Development	Further reduction in workforce to be achieved via restructure in context of the whole redesign of customers service operations and development	-	-	89,196	**89,196**		2.00	300,567
BU7 E14	Efficiency - Day Ops/Employment &Volunteering and Free to Go Travel/Disabled Facilities Grant	Service Restructure	21,239	21,239		**42,478**	1.00	1.00	107,821
Sub - Total Customer Services			**21,239**	**21,239**	**258,292**	**300,770**	**1.00**	**7.00**	
Safer, Stronger & Healthier Communities									
BU8 E12	Healthier Lifestyle Services	Increase the efficiencies against the healthier lifestyle services	-	-	150,000	**150,000**			1,000,000
BU18 E13	Contract efficiencies	Increase the efficiencies against contracts delivered through Healthier Communities.	50,000	-	-	**50,000**			5,545,340
Sub - Total Safer, Stronger & Healthier			**50,000**	**-**	**150,000**	**200,000**			
TOTAL COMMUNITIES			**71,239**	**21,239**	**408,292**	**500,770**	**1.00**	**7.00**	

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2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals -Phase 2

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	Gross Expenditure
PLACE									
Economic Regeneration									
BU4 - E7	Capitalise the cost of the project managers working on specific capital projects e.g Town Centre PH2, PIF PH2	As part of the Council's principle objective of Growing the Economy funding has been set aside to invest in major capital development projects. In addition to this the Council continues to source external funding including specifically funding through the Combined Authority. There will inevitably be a requirement to ensure that these projects are effectively managed, something which currently is undertaken by the Economic Regeneration Team.			300,000	**300,000**			**400,000**
BU4 -E8	Review and Realignment of the Employment and Skills Division	A full review of the Employment and Skills division is due to commence in 2017/18 to link in with the review of external funding currently being received by the division. It is expected that this review will generate savings.		50,000		**50,000**			**2,266,961**
BU4 -E9	Restructure of S106 Team	Minor restructure of S106 Team linked to introduction of Community Infrastructure Levy. Linked to BU4 E4		10,000		**10,000**			**296,030**
BU4 - E10	Private Sector Sponsorship of Town Centre Events	Following the regeneration of the Town Centre and the attraction of new retailers discussions will be held with the Barnsley Economic Partnership with regards sponsorship of the Town Centre Events to encourage footfall			75,000	**75,000**			**155,700**
Sub -Total Economic Regeneration			**-**	**60,000**	**375,000**	**435,000**			
Culture, Housing & Regulatory Services									
BU5 -E4	Review of Charging within Regulation Services	Review of the current charges for Taxi Licensing in particular the current theory test together with the potential introduction of a charge for repeat food hygiene inspections. Overall review of processes within Regulatory services			50,000	**50,000**			**-171,100**
BU5 -E5	External Contributions	Further Reduction of contribution paid to BPL - Already agreed by BPL - Linked to BU-E2.	50,000	25,000		**75,000**			**531,932**
Sub - Total Culture, Housing & Regulatory Services			**50,000**	**25,000**	**50,000**	**125,000**			
PLACE									
Environment & Transport									
BU6 -E10	Further reduction in PTE Levy	Further reduction in PTE levy paid to SYPTE		90,000	90,000	**180,000**			**10,536,996**
Sub - Total Environment & Transport			**-**	**90,000**	**90,000**	**180,000**			
TOTAL PLACE			**50,000**	**175,000**	**515,000**	**740,000**			

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2020 SERVICE & FINANCIAL PLANNING
Efficiency Proposals -Phase 2

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE £
PEOPLE									
Education, Early Start & Prevention									
BU1 E12	Two Year Entitlement Administration	Fund the Administration of the Free 15 hours Education Entitlement (2, 3 and 4 year old) from DSG rather than base budget (linked to proposal BU1 E11)	-	75,000	-	**75,000**			646,932
BU1 E13	Review current contracts and commissioned services	Further scope for cost savings or efficiencies on contracts across the range of Children Services commissioned contracts, particularly examining the continued funding of health related functions (e.g. occupational therapists and physiotherapists) through the complex care short breaks contracts (linked to proposal BU1 E4)	-	40,000	-	**40,000**			872,700
BU1 E14	Council's contribution to schools delegated budget	The council currently supplements the schools delegated budget, through a recurrent £1m base budget contribution. This contribution was agreed at the time of setting up the primary schools PFI contract - to bridge the affordability gap and relieve the burden / impact on the schools budget at that time. The £1m contribution represents 0.7% of the total funding delegated to schools / academies through the funding formula (£133m). In light of the impending implementation of the national funding formula (which is expected to increase the funding to schools) and the increasing academisation of schools (funded directly by the EFA), consideration needs to be given to reducing or removing this contribution. The Council need to ensure this would not be a breach of the schools finance regulations, also the impact on individual schools budget would need to be assessed - although it is expected that the minimum funding guarantee should offer some protection to schools (on a per pupil basis).		1,000,000		**1,000,000**			97,438,450
BU1 E15	Additional funding for schools statutory duties	Proposed investment to support the council's schools statutory duties in relation to school improvement. Planned changes to a number of ESG funded services (see proposal BU1 E7) as a result of the pending fall out of the ESG funding by DfE from Sept 2017 would result in a significant scaling down of the council's school improvement capacity (stripped down to merely data collation and reporting). The Council's place shaping role in education and particularly championing the cause of the most vulnerable childen in Barnsley would be undermined as well as possible impact on the effectiveness of the Barnsley Alliance model of school to school support.	-	-250,000		**-250,000**			594,403
Sub - Total Education, Early Start & Prevention			**-**	**865,000**	**-**	**865,000**	**-**	**-**	
TOTAL PEOPLE			**-**	**865,000**	**-**	**865,000**	**-**	**-**	

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2020 SERVICE & FINANCIAL PLANNING

Efficiency Proposals -Phase 2

SECTION 5ii

Ref	Proposal Theme	Brief Description of Proposal	2017/18 Saving £	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	FTE 2017/18	FTE TOTAL	GROSS EXPENDITURE
CORE SERVICES									
BU13 E2	Council's Senior Management restructure	The proposed Council's Senior Management restructure will generate savings from the deletion of the positions of the Director of Finance, Assets and IT and the Director of HR, Performance and Communications.(savings from this post were included within the Phase 1 proposals)	135,000			**135,000**	1.00	1.00	135,000
BU13 E2	Review of Contracts for Insurance	A re-tendering exercise has recently been undertaken to seek insurance provision for the following classes of insurance - Material Damage/Motor/Plant - Casualty and Claims Handling - Personal Accident/School Journeys As a result of this exercise the Council will see a reduction in the insurance premiums it pays for these types of insurance	125,000			**125,000**			3,412,140
BU18 E7	Member Services	Member Working Group to review overall Members costs with the objective of delivering potential savings	-	TBD	-	**TBD**			990,000
TOTAL CORE SERVICES			**260,000**	**-**	**-**	**260,000**	**1.00**	**1.00**	**3,547,140**

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People

KEY ACTIVITIES

Proposed Spending

ACTIVITY	Gross Exp £m	Gross Inc £m	2020 Net £m
• Schools Delegated Budget	108.722	-108.214	0.508
• Early Start, Family Centres & Targeted Youth Support	9.274	-5.055	4.219
• School Evaluation, Inclusion Services & LA functions to schools	11.190	-9.935	1.255
Adult social Care – A&CM teams (OP/Disabilities) and Care Packages	48.542	-14.304	34.238
Adult Assessment & Care – Safeguarding; Access; Brokerage; EDT; Transitions	3.228	-1.332	1.896
• Children in Care - Adoption, Fostering, Residential Placements and Leaving Care	16.758	-0.883	15.875
• Children Assessment & Care, Disability & Short Breaks, Education Welfare and Safeguarding	7.661	-1.149	6.512
• Commissioning, Partnership and Preventive Services	6.265	-5.221	1.044
• Directorate, Service Management & Other Costs	0.895	-0.470	0.425
Total Resource Envelope	**212.535**	**-146.563**	**65.972**

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Place

KEY ACTIVITIES

Proposed Spending

ACTIVITY	Gross Exp £m	Gross Inc £m	2020 Net £m
• Planning & Building Control	2.225	-1.504	0.721
• Business Growth and Regeneration	3.539	-3.041	0.498
• Town Centre and Markets	1.072	-1.325	-0.253
• Adult Skills, Employability & Community Learning	10.292	-8.650	1.642
• Bereavement	1.093	-2.264	-1.171
• Sports, Culture, Heritage & Arts	3.454	-1.854	1.600
• Housing and Energy Service	1.077	-1.089	-0.012
• Regulatory Services	1.781	-1.271	0.510
• Commercial Services	9.796	-5.133	4.663
• Highways Engineering & Transportation	27.112	-16.322	10.790
• Waste & Recycling	3.663	-0.062	3.601
• Transport	6.407	-2.423	3.984
• Neighbourhood Services	3.564	-2.188	1.376
Total Resource Envelope	**75.076**	**-47.126**	**27.950**

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Communities

KEY ACTIVITIES

Proposed Spending

ACTIVITY	Gross Exp £m	Gross Inc £m	2020 Net £m
• Management Team	0.774	-0.014	0.760
• Customer Contact	3.301	-0.997	2.304
• School Catering Services	4.220	-4.406	-0.186
• Provision of Equipment and Property Adaptations to Vulnerable Adults	0.571	-0.295	0.276
• Provision of in-house care services to vulnerable adults	5.659	-0.239	5.420
• Provision of Registrars Service	0.357	-0.393	-0.036
• Area Governance and Area Based Commissioning	3.805	-0.252	3.553
• Homeless / Welfare Support	1.016	-0.726	0.290
• Parks Service	0.559	-0.577	-0.018
• Work with Troubled Families	0.196	-0.218	-0.022
• Assist communities to tackle unhealthy lifestyles, harm caused by drugs	8.746	-10.734	-1.988
• Support safer communities (ASB / environmental crime / private sector landlords / tenancy and behaviour standards / victims of crime)	2.776	-1.091	1.685
• IT Support and Information Governance	8.703	-3.285	5.418
Total Resource Envelope	**40.683**	**-23.227**	**17.456**

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Public Health

KEY ACTIVITIES

Proposed Spending

ACTIVITY	Gross Exp £m	Gross Inc £m	2020 Net £m
• Public Health Management and Co-ordination	0.645	-0.610	0.035
• Healthy Child Programme	6.951	-4.702	2.249
• Integrated Sexual Health Service	2.024	-2.024	-
• Health Checks	0.250	-0.250	-
• Other Public Health Protection and Improvement	0.304	-0.578	-0.274
Total Resource Envelope	**10.174**	**-8.164**	**2.010**

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

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Core Services

KEY ACTIVITIES

Proposed Spending

ACTIVITY	Gross Exp £m	Gross Inc £m	2020 Net £m
• Asset / Property Portfolio Management (Inc BSF/PFI Contracts)	58.31	-53.994	4.316
• FM Shared Services	1.464	-1.807	-0.344
• Procurement & Commissioning Unit	0.617	-0.027	0.59
• Strategic Finance / Budgetary Control	3.344	-0.963	2.381
• Housing Benefit, Council Tax and Business Rates	79.039	-77.931	1.108
• Audit	0.88	-0.494	0.386
• Communications & Marketing	0.586	-0.076	0.51
• Human Resources	2.163	-0.946	1.217
• Organisation and Workforce Improvement	3.33	-1.279	2.051
• Health, Safety and Emergency Resilience	0.45	-0.101	0.349
• Business Support	2.025	-0.66	1.365
• Legal Support to the Council / Joint Authorities	1.392	-0.326	1.066
• Governance and Elected Member Support	2.219	-0.57	1.649
• Elections and Electoral Registration.	0.635	-0.031	0.604
• Local Land Charges.	0.099	-0.188	-0.089
Total Resource Envelope	**156.553**	**-139.393**	**17.160**

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2020 FUTURE COUNCIL

INDICATIVE CAPITAL PROGRAMME

1. Purpose of Report

1. 1 To identify the Council's capital investment needs and resource availability through to 2019/20 and to outline a methodology for approving a three year 2017- 2020 capital programme.

2. Recommendation

It is recommended that:

2.1 The schemes identified at Table 1 proceed to full business case development stage in line with the Council's new Programme and Project Management methodology and that these are assessed for viability for future submission to Cabinet on a case by case basis;

2.2 Initial approvals through Cabinet be capped to the level of actual resource availability at that time (currently £31.7 million);

2.3 The schemes not proceeding to full business case stage at this time, form part of a live and rolling programme of future capital investment considerations; and

2.4 The indicative external resource allocation of £23.1m, as outlined in paragraph 6.6. be approved.

3. Overall Resource Position

3.1 The updated Reserves paper at **Section 10** has identified £31.7M of 'banked' resources that are currently available to support 2020 Future Council priorities and / or to serve as temporary support to the budget over the planning period.

3.2 In addition, a further £31.3M has been identified as being potentially available over the same planning period but which is not yet guaranteed / banked at this time.

3.3 Should the anticipated resources materialise, there would therefore be potentially £63.1M available to support priority investment over the planning period. Table 2 at paragraph 4.5 below shows the projected phasing of the potential resources available.

3.4 Based on the indicative expenditure profiles of prioritised schemes and the projected resources expected, the overall capital programme is deliverable, including an initial contingency amount totalling £7.2M (paragraph 4.6 refers).

3.5 In addition, it is proposed that as the detailed business cases for priority investments are approved by Cabinet, that both the capital programme expenditure plans and resources alike are released annually in line with the profiles and capped to the total resources actually banked at that time, on a rolling basis, currently £31.7M.

3.6 The overall profiled expenditure plans and resource position will be monitored throughout the planning period and assessments against available resource will be regularly considered.

3.7 As projected resources are realised further priority business cases can be released up to the value of resources actually available.

4. Prioritisation

4.1 Services have submitted outline capital investment proposals totalling some £115.1 million over the 3 year period to 2020.

4.2 Clearly, given that this exceeds the maximum sum of money estimated to be available over the planning period a prioritisation process has been developed to rank / score and ultimately prioritise the Council's relative capital investment needs.

4.3 Members of the Capital Programme Oversight Board ranked the proposals based on an initial assessment against 4 scoring and 3 non scoring criteria as described below:

Scored Criteria

1. *Does the proposal deliver efficiency (financial and non-financial) and / or clear return on investment? (30%);*
2. *Will the proposal lever in other funding sources and investment? E.g. voluntary sector, private sector, SCR (30%);*
3. *What are the measurable outputs / outcomes? (20%); and*
4. *Is there a clear and robust evidence base for doing the scheme? (20%).*

Non Scored Criteria

5. *Impact on corporate priorities;*
6. *Is the investment required for staffing?; and*
7. *Timing of return on investment.*

4.4 This produced a ranked list of relative priorities as follows:

Table 1: Schemes Recommended to Proceed to Full Business Case Stage

Ref	Proposal	Investment Requirement 2016/17 £	2017/18 £	2018/19 £	2019/20 £	Total £
BU12 I1	Microsoft Licenses	366,000	106,000	-	-	**472,000**
BU12 I2	Virtual Server Hosts Replacement	-	650,000	-	-	**650,000**
BU12 I3	Citrix Replacement	-	300,000	-	-	**300,000**
BU12 I4	Access Layer Equipment	-	650,000	-	-	**650,000**
BU12 I5	Telephony Refresh	-	600,000	-	-	**600,000**
BU5 I21	Cannon Hall - Coach House & Cottages	10,000	5,000	200,000	-	**215,000**
BU4 I2	Property/Commercial Land Investment Fund	361,000	8,189,000	-	-	**8,550,000**
BU5 I17	Longcar Housing Development	-	3,875,000	-	-	**3,875,000**
BU5 I9	Implementation of the Elsecar Masterplan	-	150,000	50,000	250,000	**450,000**
BU4 I11	Principal Towns Programme	-	2,500,000	2,500,000	-	**5,000,000**
BU1 I4	Youth Zone	-	3,000,000	-	-	**3,000,000**
BU5 I23	Wedding Infrastructure at Cannon Hall	-	100,000	-	-	**100,000**
BU5 I13	Empty Homes Programme	-	-	500,000	-	**500,000**
BU5 I24	Refit of Shop at Cannon Hall	-	25,000	-	-	**25,000**
BU6 I16	Wakefield Road Junction	-	1,800,000	1,200,000	75,000	**3,075,000**
BU4 I7	Courthouse Enabling and Development Works -	-	-	1,310,000	1,250,000	**2,560,000**
BU6 I18	A61 Old Mill Lane	-	150,000	1,600,000	50,000	**1,800,000**
BU4 I12	Town Centre Phase 2 Development	-	1,000,000	14,000,000	-	**15,000,000**
BU4 I13	Town Centre- Jumble Lane Crossing Bridge	-	-	3,000,000	-	**3,000,000**
BU4 I6	Public Realm Phase 1 / 2	-	1,800,000	1,500,000	1,800,000	**5,100,000**
BU5 I28	Residential Investment Fund	-	1,000,000	-	-	**1,000,000**
		737,000	**25,900,000**	**25,860,000**	**3,425,000**	**55,922,000**

4.5 The table below demonstrates the phasing of expected investment against anticipated resources received.

Table 2: Phasing of Resources in Comparison to Phasing of Investment Required

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	Total £M
Potential Resources Available	21.948	23.447	8.826	8.863	**63.084**
Investment Required	(0.737)	(25.900)	(25.860)	(3.425)	**(55.922)**
Cumulative Resources Available	**21.211**	**18.758**	**1.724**	**7.162**	**7.162**

4.6 An overall balance totalling £7.2M has been identified at this time to be held as a contingency against potential variances, ensuring that the Authority remains prudent. As these proposals are ‘firmed up’ in the business case stage, this contingency balance will be reviewed accordingly.

5. Proposal

5.1 It is proposed that the schemes identified in Table 1 above are now progressed to full business case stage using the Council’s new Programme and Project Management methodology and that these are considered in detail by the Capital Programme Oversight Board / SMT.

5.2 Viable business cases to be submitted to Cabinet and considered on a case by case basis with total approvals through Cabinet being capped in terms of both expenditure plans and resources allocated, to the actual level of resource available at that time (currently £31.7M).

5.3 A contingency amount will be held (initially £7.2M) to mitigate against any potential adverse variances, the amount of which will be reviewed and assessed periodically as the Authority determines.

5.4 That the remaining schemes not developing to full business case stage at this time form part of a rolling programme of capital investment considerations that can proceed to full business case stage when either priority schemes are not progressed to implementation and / or additional resources over and above those estimated materialise.

5.5 In particular, the above list includes schemes relating to resolving a potential shortfall in secondary school places across the Borough, principally in and around the town centre. The Authority has commissioned consultants AMF UK Ltd to formulate an option appraisal report outlining the opportunities available to the Authority to alleviate this issue. The findings from this report will be presented in due course.

6. Other Resources

6.1 The Authority also receives annual allocations in respect of capital funding which is ringfenced as to what it can be spent on. The capital programme quarterly monitoring updates will report on these allocations as and when the allocations are received.

6.2 Specific Funding to be Approved

School Maintenance Programme

Anticipated resources in 2017/18 totalling £1.5M relate to investment and maintenance in the schools’ stock, early years settings and children’s centres (maintenance allowance).

In future years, resources totalling £1.5M are also available for the same purpose.

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

Disabled Facilities Programme

The Authority has an indicative grant allocation totalling £2.3M for 2017/18 with respect to the Better Care Fund relating to the Disabled Facilities Grant.

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

Local Transport Programme

Estimated resources in 2017/18 totalling £5.0M of specific grants relates to the Local Transport Programme (LTP Maintenance Block Allocation £3.4M + LTP Maintenance Block Incentive Funding £0.3M + Integrated Transport Pot £1.0M + Pot Hole Fund £0.3M) which is available to invest in the Borough's road maintenance needs.

Resources for 2018/19 have been identified relating to the Local Transport Programme totalling £4.7M (LTP Maintenance Block Allocation £3.1M + LTP Maintenance Block Incentive Funding £0.6M + Integrated Transport Pot £1.0M).

The allocations for 2017/18 and 2018/19 were originally approved by Cab 7.10.2015/8.0 as indicative figures but have since been updated and are for information only.

Estimated resources in 2019/20 totalling £4.7M of specific grants relates to the Local Transport Programme (LTP Maintenance Block Allocation £3.1M + LTP Maintenance Block Incentive Funding £0.6M + Integrated Transport Pot £1.0M).

School Admission / Basic Need Programme

Resources in 2017/18 totalling £3.1M relates to the Basic Need Grant which supports the capital requirement for providing new pupil places by expanding existing schools within the Borough.

The allocation for 2017/18 (Basic Need) was originally approved by Cab. 29.6.2015/6.1. and is for information only.

Resources in 2018/19 totalling £0.1M relates to the Basic Need Grant which supports the capital requirement for providing new pupil places by expanding existing schools within the Borough.

6.3 It is recommended that the list of programmes summarised in the table below (funded from specific capital grants) are approved for inclusion in the Authority's 2017/18 – 2019/20 Capital Programme. However, it needs to be noted that the allocations are indicative and the approvals will be capped in line with actual allocations.

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

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

6.6 The indicative capital programme proposals for 2017/18 – 2019/20 are as follows:

	2017/18 £M	2018/19 £M	2019/20 £M	Total £M
Specific Funding to be Approved				
School Maintenance Programme (indicative)	1.497	1.497	-	**2.994**
Disabled Facilities Programme (indicative)	2.330	-	-	**2.330**
Local Transport Programme (indicative)	5.023	4.727	4.727	**14.477**
School Admissions Programme	3.116	0.138	-	**3.254**
Total	**11.966**	**6.362**	**4.727**	**23.055**

2020 FUTURE COUNCIL

FEES AND CHARGES 2017/18

1. Purpose of The Report

1.1 This report brings together the Council's proposed fees and charges for 2017/18 which are an integral part of 2017/18 Business Unit plans. These are summarised in Appendix 1 to this report.

2. Recommendation

2.1 **It is recommended that:**

- **The fees and charges set out in Appendix 1 are recommended to Council for approval from 1st April 2017 or later in 2017/18 as applicable;**

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

- **That Cabinet note the objectives and progress of the Council's Commercial Strategy.**

3. Introduction & Background

Work Undertaken on Fees & Charges

3.1 The Council has reshaped and transformed into an effective, efficient, high performing and sustainable Future Council. This has provided the foundations to ensure we are in a position to achieve our agreed priorities and outcomes as we continue our journey to 2020.

3.2 The implementation of the Future Council structure means that the delivery of our key services are based on a Business Unit model supported by a strong and lean core. The 2017/18 financial plans for the Future Council framework have been developed around a reduced resource envelope and therefore consideration of setting appropriate fees and charges is an important consideration for Business Units.

3.3 All fees and charges for 2017/18 have been proposed in light of the Council's formally agreed Fees and Charges Policy. This provides a corporate framework within which all decisions on implementation and / or changes in the levels of fees and charges are considered and approved.

3.4 It should be noted that proposals in relation to some existing fees and charges have not yet been finalised as they form part of a wider consideration of Business Unit plans. These will be submitted to

Cabinet in due course when all relevant issues have been worked through.

Fees & Charges Policy

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

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

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

3.7 Therefore, as well as ensuring that fees and charges are in line with Council objectives, it is also sound practice to ensure that the impact on service users of any change in fees and charges is appropriately evidenced. The objectives of any charging policy should also be clearly communicated to the public who should have the opportunity to hold the Council to account.

Legal Framework

3.8 The legal basis for charging is much clearer following the implementation of specific provisions contained in both the Local Government Act 2003 and more latterly, the Local Government Goods and Service Act 2011.

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

3.10 In addition to the charging powers outlined above, the 2011 Act expressly addressed charging for profits. This outlined the need to establish trading vehicles where profit driven services are being delivered and reflects the approach adopted by the Council to be more commercial in its activities.

3.11 The key features to consider in the framework include:

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

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

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

- All concessions will be specified;

- Any Fees and Charges agreed to generate income greater than costs incurred should be clearly articulated as part of the decision, having regard to the principles in the 2003 and 2011 Act and the guidance issued by the Secretary of State to establish trading vehicles where necessary;

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

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

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

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

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

Commercial Strategy

3.12 Whilst the key features of a fees and charges framework are set out above, the overriding principle is to ensure that the Council's fees and charges are set within a value for money context where financial, performance, access and equality issues are considered fully and appropriately, and decisions are taken in a transparent and balanced way.

3.13 To aid delivery of this, the Council has been developing a Commercial Strategy that underpins the Council’s 4 key themes:-

- Developing a **Commercial Culture.**

- Ensuring that we demonstrate **Value for Money** across all activities.

- Effective **Procurement and Commissioning.**

- Maximise the income generation potential for our **Commercial Services**.

3.14 The Commercial Services strategy recognises a changing market place that will provide new opportunities and that as a Council, we need to be actively seeking out any new opportunities on offer. This will help us achieve our commercial aspirations but also potentially help deliver much needed additional income. We will seek to achieve this by:

- Identifying and implementing opportunities for cross selling our services providing our customers with the ability to buy a package of products;

- Helping to shape the commercial services agenda at a Sheffield City Region level;

- Working collaboratively with other local authorities where significant commercial opportunities exist;

- Horizon scanning the marketplace to seek out and secure new commercial opportunities;

- The ability to set discretionary fees and charges in markets where flexibility is required.

3.15 Through consideration and implementation of the Commercial Strategy it is envisaged that the overall principle set out at para 3.10 will be achieved.

4. **Summary**

4.1 In accordance with the overall review of all fees and it is recommended that the full schedule of fees and charges as set out in Appendix 1 are implemented from the 1st April 2017 or later in 2017/18 as applicable.

4.2 It should be noted that proposed changes to the charges relating to the Borough's Car Parking provision will form part of a separate report to be presented in March 2017.

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2016-17: Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s	PROPOSED INCOME 2017/18: Basis and proposed charge for 2017/18 (d)	2017/18 (units if applicable) (e)	Proposed Budget 2017/18 f = d x e £000s	Variance i = (i) - (f)
Education & Early Start Prevention							
Early Years Day Care charges	No day care charges in 2016/17 We won't be taking any parental fees we will only be offering funded sessional care for 2,3 and 4 yr olds. We are closing all our daycare that we invoice parents for currently. Therefore our only income for childcare will be via TYE/EEF		0	No day care charges in 2016/17 We won't be taking any parental fees we will only be offering funded sessional care for 2,3 and 4 yr olds. We are closing all our daycare that we invoice parents for currently. Therefore our only income for childcare will be via TYE/EEF		0	0
School Workforce Modernisation Tuition Fees - Governor Development	£65 per governor x number of governors (buy back) £50 per Governor (outside of buy back) NQT support / training no longer provided under Future Council		15	£65 per governor x number of governors (buy back) £50 per Governor (outside of buy back) NQT support / training no longer provided under Future Council		15	0
School Organisation & Governance Governor Clerking for schools	Full service primary £1,435	60	99	Full service primary £1,435	60	99	0
	Additional committee service £1,031	2		Additional committee service £1,031	2		
	Full secondary service £1,747	5		Full secondary service £1,747	5		
	Partial secondary service Penistone foundation	1 1		Partial secondary service Penistone foundation	1 1		
Admission services (Academy)	Admissions £9.20	dependent on buy back from converting academies	30	Admissions £9.20	dependent on buy back from converting academies	30	0
	Appeals: £42 pp on roll + £354 per 1/2 day hearing NO CHANGE			Appeals: £42 pp on roll + £354 per 1/2 day hearing NO CHANGE			
Educational Visits & Journeys (Academies, VA and Trust Schools)	Per Acad/VA/trust school: £299 flat fee + £1 pp on roll	dependent on buy back from converting academies	3	Per Acad/VA/trust school: £299 flat fee + £1 pp on roll	dependent on buy back from converting academies	3	0
	Sec+Spe £1,995 pa			Sec+Spe £1,995 pa			
Education Psychology Schools: Additional provision	Various levels of service; charged at rates between £510 & £550 per day for agreed full year contracts , or £650 per day for ad hoc service provision	670 days	350	Various levels of service; charged at rates between £510 & £550 per day for agreed full year contracts , or £650 per day for ad hoc service provision	670 days	350	0
Adult Assessment & Care Management							
Means Tested Charges - Linked to Fairer Charging Policy care package and are then charged the full cost or whatever they are assessed as being able to pay up to a maximum sum.	Currently the agreed maximum an individual would pay towards meeting their assessed care cost is £150. A review of the Charging Policy is currently underway, with consideration to be given to reducing further the subsidy to those who can pay and increase charging to 100%. The financial impact will need to be assessed with any change subject to consultation and Cabinet approval.	NA	3,249	Currently the agreed maximum an individual would pay towards meeting their assessed care cost is £150. A review of the Charging Policy is currently underway, with consideration to be given to reducing further the subsidy to those who can pay and increase charging to 100%. The financial impact will need to be assessed with any change subject to consultation and Cabinet approval.	NA	3,249	-
Residential Care Residential and Nursing Care	Charges based on national guidance - CRAG	Council pays providers net of assessed client contribution - provider recovers contribution from individual - amount shown represents estimated conribution for the year	8,945	Charges based on national guidance - CRAG	Council pays providers net of assessed client contribution - provider recovers contribution from individual - amount shown represents estimated conribution for the year	8,945	-
Community Based Support Shared Lives	-	-	-	Board Payment £50 per week and HB claim payment £51.50 per week	approx 40 long term shared lives service users per annum	200	200
Children Assessment & Care Management							
Education Welfare Schools: Additional provision	S175 safeguarding training- £400 prim & £500 sec.		6	S175 safeguarding training- £400 prim & £500 sec.		6	0
	EWO Buy Back £26 per Hour for maintained schools / academies plus vat where applicable		326	EWO Buy Back £26 per Hour for maintained schools / academies plus vat where applicable		326	0
Safeguarding Multi-agency child protection and safeguarding training - academies	£30.00 per licence for e-learning No Change £75.00 per person for non attendance at training courses and not cancelling within the agreement of the Cancellation Policy No Change		5	£30.00 per licence for e-learning No Change £75.00 per person for non attendance at training courses and not cancelling within the agreement of the Cancellation Policy No Change		5	0
Newsome Avenue Respite Care Daycare / Overnight stays for Children with Disabilities from other Authorities	Respite care £450 per night, £20 per hr day care.	58 bed nights	12	Respite care £450 per night, £20 per hr day care.	169 bed nights	76	64
Fees and Charges To Be Agreed Via This Report			**13,040**			**13,304**	**264**

NEW FEES & CHARGES 2017 - 2020

Education, Early Start & Prevention

BU1 E2 Increase Income generation for services to the private voluntary, maintained and independent sector providers, of early years and education (eg Training)

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DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2016-17 Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s	PROPOSED INCOME 2017-18 Basis and proposed charge for 2017/18 (g)	2017/18 (units if applicable) (h)	Proposed Budget 2017/18 i = g x h £000s	Variance j = (i) - (f)
Economic Regeneration							
CLIS / Adult Learning							
Tuition / Course Fees	£2.90 per hour . £1.45 for clients on means tested benefits excluding JSA & ESA (WRAG) NO CHANGE		176	£2.90 per hour . £1.45 for clients on means tested benefits excluding JSA & ESA (WRAG) NO CHANGE		176	0
Building Control.							
Searches	Searches	At cost	1	Searches	At cost	1	-
Building Control Fees	Fees recalculated to ensure costs of running the service are recovered	See Below	392	Fees recalculated to ensure costs of running the service are recovered	See Below	392	-
BUILDING REGULATION APPLICATION CHARGES							
NEW HOUSING							
No. of Dwellings							
1	515			515			
2	700			700			
3	885			885			
4	1,065			1,065			
5	1,250			1,250			
6 or more	IDC			IDC			
DOMESTIC BUILDING WORKS							
Attached/detached garage or carport, n.e. 36m2	215			215			
Attached/detached garage or carport, 36-100m2	265			265			
Extension 40 - 60m²	500			500			
Extension 60 - 100m²	550			550			
Replacement window/s & door/s to one property	75			75			
Replacement window/s & door/s to more than one property	IDC			IDC			
Controlled domestic electrical work (not CPS)	250			250			
Renovation of a thermal element (non-structural)	75			75			
Renovation of a thermal element (structural)	135			135			
Rooms in a roofspace including means of access	385			385			
Additional rooms in a roof space excluding means of access	320			320			
Other domestic work - estimated cost < £2,000	140			140			
Other domestic work - estimated cost £25,000 - £50,000	450			450			
Other domestic work - estimated cost > £50,000	IDC			IDC			
NON-DOMESTIC BUILDING WORKS							
Installation of < 20 windows and doors	150			150			
Installation of 20 - 50 windows and doors	IDC			IDC			
Other non-domestic work - estimated cost < £2,000	200			200			
Other non-domestic work - estimated cost £2,000 - £5,000	225			225			
Other non-domestic work - estimated cost £5,000 - £10,000	300			300			
Other non-domestic work - estimated cost £10,000 - £25,000	420			420			
Other non-domestic work - estimated > £50,000	IDC			IDC			
STREET NAMING & PROPERTY NUMBERING CHARGES							
New property addresses on existing steet							
1	50			50			
2 to 5	80			80			
6 to 10	100			100			
11 to 50	150			150			
51+	200			200			
Change to a new development after notification							
1	50			50			
2 to 5	80			80			
6 to 10	100			100			
11 to 50	150			150			
51+	200			200			
Re-addressing of properties on existing street (per property)	120			120			
New property addresses requiring new street names							
1	70			70			
2 to 5	100			100			
6 to 10	140			140			
11 to 50	200			200			
51+	270			270			
Music Service	2016/17 academic year	Dependent on take up and expression of interest by schools. Information still being gathered	371	2016/17 academic year	Dependent on take up and expression of interest by schools. Information still being gathered	371	-
	Instrument Hire @£15 Contin Lessons @£32.00 /term			Instrument Hire @£15 Contin Lessons @£32.00 /term			
	Group Lessons @£48 /term			Group Lessons @£48 /term			
	Individual Lessons @£96 /term			Individual Lessons @£96 /term			
	KS1 1 projects@£1140 / year			KS1 1 projects@£1140 / year			
	KS2 full year projects @£700			KS2 full year projects @£700			

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2016-17			PROPOSED INCOME 2017-18			
	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s	Basis and proposed charge for 2017/18 (g)	2017/18 (units if applicable) (h)	Proposed Budget 2017/18 i = g x h £000s	Variance j = (i) - (f)
Development Management.							
Planning Application Fees (Statutory)	Statutory Fees set by Government	Variable	794	Statutory Fees set by Government	Variable	794	-
Non Statutory Fees:							
Householder Enquiry Forms	Non Statutory Fees approved and	33	11	Non Statutory Fees approved and	33	11	-
Minor Pre-application Advice	to be implemented from	33	10	to be implemented from	33	10	-
Listed Building & Conservation Area Advice	1st January 2015	33	2	1st January 2015	33	2	-
Sec 106 Legal Agreement Enquies		33	1		33	1	-
Planning Policy Evidence Based & Land Allocation Discussions	(Delegated approval received in November 2014)	Variable	1	(Delegated approval received in November 2014)	Variable	1	-
Property Investment Fund Income				TBD	TBD	10	10
Other town centre fees and charges							
Gazebo							
Gazebo hire - charities	£15.00 per day			No change recommended.			
Gazebo hire - businesses	£30.00 per day.			No change recommended.			
Poster sites - metropolitan centre							
All sites	£25.00 per week			No change recommended.			
Stage hire							
Including transport	£495 per day.			No change recommended.			
District Markets							
Wombwell							
Stall 10 x 8	£13.22 per day			No change recommended.			
Hoyland							
A 11' stall	£14.03 per day			No change recommended.			
B 11' stall	£13.45 per day			No change recommended.			
C 11' stall	£12.88 per day			No change recommended.			
Goldthorpe							
A 9' stall	£9.54 per day			No change recommended.			
B 9' stall	£8.39 per day			No change recommended.			
C 9' stall	£7.24 per day			No change recommended.			
Penistone							
2 metre stall	£10.00 per day			No change recommended.			
3 metre stall	£15.00 per day			No change recommended.			
Trader car parking							
Standard trader bay	£2.50 per day			No change recommended.			
Town centre space management - pricing structure							
Cheapside							
Daily rate Mon, Tue, Wed & Fri.	£150			No change recommended.			
Daily on Thursday or Sunday	£100			No change recommended.			
Daily on Saturday	£200			No change recommended.			
Weekly rate	£700			No change recommended.			
Queen Street							
Daily rate Mon, Tue, Wed & Fri.	£100			No change recommended.			
Daily on Thursday or Sunday	£75			No change recommended.			
Daily on Saturday	£150			No change recommended.			
Weekly rate	£500			No change recommended.			
Peel Square							
Daily rate Mon, Tue, Wed & Fri.	£150			No change recommended.			
Daily on Thursday or Sunday	£100			No change recommended.			
Daily on Saturday	£200			No change recommended.			
Weekly rate	£700			No change recommended.			
Mayday Green							
Daily rate Mon, Tue, Wed & Fri.	£100			No change recommended.			
Daily on Thursday or Sunday	£75			No change recommended.			
Daily on Saturday	£150			No change recommended.			
Weekly rate	£500			No change recommended.			
Stall 1 & 2 May Day Green – Adjacent to Car Phone Warehouse	£20.00 per bay per day			No change recommended.			
Stall 3 & 4 – May Day Green – Adjacent to Metropolitan Centre	£20.00 per bay per day			No change recommended.			
Albert Street, East Street and Market Street							
Daily rate Mon, Tue, Wed & Fri.	£50			No change recommended.			
Daily on Thursday or Sunday	£30			No change recommended.			
Daily on Saturday	£100			No change recommended.			
Weekly rate	£250			No change recommended.			
The Arcade							
Daily rate Mon, Tue, Wed & Fri.	£50			No change recommended.			
Daily on Thursday or Sunday	£10			No change recommended.			
Daily on Saturday	£75			No change recommended.			
Weekly rate	£200			No change recommended.			

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2016-17			PROPOSED INCOME 2017-18			
	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e	Basis and proposed charge for 2017/18 (g)	2017/18 (units if applicable) (h)	Proposed Budget 2017/18 i = g x h	Variance j = (i) - (f)
			£000s			£000s	
Culture, Housing & Regulation Services							
Dog Warden Fees							
Dog Release Fee	£50 per Dog	Variable	6	£50 per Dog	Variable	7	1
Dog Surrender Fee	£100 per Dog	Variable	2	£100 per Dog	Variable	2	0
Pollution Control							
Misc Fees & Charges	No change recommended- various charges.	variable - anticipated drop in volumes expected	2	No change recommended- various charges.	variable - anticipated drop in volumes expected	2	0
PPC Permits	Statutory Fee - Individual charge to each company based on an Annual Risk Assessment	variable - anticipated drop in volumes expected	44	Statutory Fee - Individual charge to each company based on an Annual Risk Assessment	variable - anticipated drop in volumes expected	49	5
LSO Contracts	Fixed Annual Contracts - Varying terms	variable - anticipated drop in volumes expected	10	Fixed Annual Contracts - Varying terms	variable - anticipated drop in volumes expected	11	1 -
Entertainment Licenses							-
Licence Fees - Premises, Alcohol & Gambling	Statutory fees set by Government, except sex establishments. New charges for sex establishments:- new application - £234, renewal application £112, variation £234, transfer £34.	Variable	184	Statutory fees set by Government, except sex establishments. New charges for sex establishments:- new application - £234, renewal application £112, variation £234, transfer £34.	Variable	206	22 -
Hackney Carriage Licenses							-
Private Hire & Hackney Vehicle, Driver & Operator Licensing	Can only recover fees to recover total cost of service	Variable	171	Can only recover fees to recover total cost of service	Variable	192	21 -
Trading Standards							-
Stamping Fees and Poison Licences	No change recommended.	Variable	1	No change recommended.	Variable	1	0
Animal Health - Licence Fees							
Home Dog Boarders	£104 per Licence	Variable	9	£104 per Licence	Variable	10	1
Performing Animals	£104 per Licence	Variable	}	£104 per Licence	Variable	}	
Dangerous Wild Animals	£104 per Licence (plus rechargeable vets fees)	Variable	}	£104 per Licence (plus rechargeable vets fees)	Variable	}	
Dog Day Care (Low Volume)	£104 per Licence	Variable	}	£104 per Licence	Variable	}	
Dog Day Care (High Volume)	£135 per Licence	Variable	}	£135 per Licence	Variable	}	
Dog Breeders	£135 per Licence	Variable	}	£135 per Licence	Variable	}	
Pet Shops	£127 per Licence	Variable	}	£127 per Licence	Variable	}	
Boarding Kennels (Dogs / Cats)	£150 per Licence	Variable	}	£150 per Licence	Variable	}	
Greyhound Racing Track	£135 per Licence	Variable	}	£135 per Licence	Variable	}	
Riding Schools	£135 per Licence (plus rechargeable vets fees)	Variable	}	£135 per Licence (plus rechargeable vets fees)	Variable	}	
Zoo	£197 per Licence (plus rechargeable vets fees)	Variable	}	£197 per Licence (plus rechargeable vets fees)	Variable	}	
Food Health & Safety							-
Tuition Fees	No change recommended.	Variable	8	No change recommended.	Variable	9	1
Museums and Heritage Centres	At cost - this includes charges for car parking , room hire etc. Changes include: **Cooper Gallery** Private Hire £220 full day £50 per hr outside core hrs Charities £150 full day £30 per hr outside core hrs Gallery Hire £500 (2 hours) Sadler for Weddings £400 - £700 Sadler £100 (1 hour) Commission on Artists work 35% **Cannon Hall** Spencer Wing Conference Hire Full day £220, £50 per hr outside core hrs Charities £150 full day, £30 per hr outside core hrs Victorian Wing £50 - £100 per day £70 per hr weekends charities £30 - £75 £30 per hr weekends Ballroom Hire for ceremony £500 - £930 Deer Shelter for Ceremony £500 - £930 Library Hire for ceremony £400 - £700 Ballroom Hire for private functions from £700 Gallery Hire for functions £500 (2 hours) Drink Functions (walled garden/Spencer wing) £50 per hr Car Parking	Variable	424	At cost - this includes charges for car parking , room hire etc. Changes include: **Cooper Gallery** Private Hire £220 full day £50 per hr outside core hrs Charities £150 full day £30 per hr outside core hrs Gallery Hire £500 (2 hours) Sadler for Weddings £400 - £700 Sadler £100 (1 hour) Commission on Artists work 35% **Cannon Hall** Spencer Wing Conference Hire Full day £220, £50 per hr outside core hrs Charities £150 full day, £30 per hr outside core hrs Victorian Wing £50 - £100 per day £70 per hr weekends charities £30 - £75 £30 per hr weekends Ballroom Hire for ceremony £500 - £930 Deer Shelter for Ceremony £500 - £930 Library Hire for ceremony £400 - £700 Ballroom Hire for private functions from £700 Gallery Hire for functions £500 (2 hours) Drink Functions (walled garden/Spencer wing) £50 per hr Car Parking	Variable	424	-

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2016-17			PROPOSED INCOME 2017-18			
	Basis and proposed charge for 2016/17	2016/17 (units if applicable)	Proposed Budget 2016/17	Basis and proposed charge for 2017/18	2017/18 (units if applicable)	Proposed Budget 2017/18	Variance
	(d)	(e)	f = d x e	(g)	(h)	i = g x h	j = (i) - (f)
			£000s			£000s	
Museums and Heritage Centres (Cont)	£3 all day cars & minibuses (incl VAT)			£3 all day cars & minibuses (incl VAT)			
	Coaches £5 all day (incl VAT)			Coaches £5 all day (incl VAT)			
	Motorcycles free in designated areas			Motorcycles free in designated areas			
	Season Ticket £100 (incl VAT)			Season Ticket £100 (incl VAT)			
	Fishing £3 per day (Juniors £1)			Fishing £3 per day (Juniors £1)			
	Land Hire £1000 per day £50 per day per pitch (£25 charities)			Land Hire £1000 per day £50 per day per pitch (£25 charities)			
	Elsecar			**Elsecar**			
	Building 21 Hire £50 -£1250			Building 21 Hire £50 -£1250			
	Hard based space outside £416.66 Stage Hire -£500 Seating - £256 Trestle tables - £2 - £6 per table Additional chairs £2 per chair (over 50) Crash barriers £5 per barrier per day			Hard based space outside £416.66 Stage Hire -£500 Seating - £256 Trestle tables - £2 - £6 per table Additional chairs £2 per chair (over 50) Crash barriers £5 per barrier per day			
	Visitor Centre Meeting Room			Visitor Centre Meeting Room			
	Private & Commercial Mon-Fri £220 per day. Weekends and evenings £50 per hour Internal BMBC Mon-Fri £150 per day. Weekends and evenings £30 per hour			Private & Commercial Mon-Fri £220 per day. Weekends and evenings £50 per hour Internal BMBC Mon-Fri £150 per day. Weekends and evenings £30 per hour			
	Worsbro Mill			**Worsbro Mill**			
	Season Ticket £100 (incl VAT)			Season Ticket £100 (incl VAT)			
	Car Parking £1 per hour £3 per day £5 per day coaches Land Hire £1000 per day £50 per day per pitch (£25 charities)			Car Parking £1 per hour £3 per day £5 per day coaches Land Hire £1000 per day £50 per day per pitch (£25 charities)			
	Experience Barnsley Hire of Learning Lab (office hours) £220 Hire of galleries (evening function) from £500			**Experience Barnsley** Hire of Learning Lab (office hours) £220 Hire of galleries (evening function) from £500			
	Archives Various copying, printing charges (£0.35 - £20.00) Commercial use of images or documents. Various charges £120 - £480. Low resolution images for use on the internet £6 - £240 Commercial use of exhibitions £60-£180 Television - £360 incl VAT first broadcast £180 incl VAT for subsequent repeats			**Archives** Various copying, printing charges (£0.35 - £20.00) Commercial use of images or documents. Various charges £120 - £480. Low resolution images for use on the internet £6 - £240 Commercial use of exhibitions £60-£180 Television - £360 incl VAT first broadcast £180 incl VAT for subsequent repeats			
	School Visits			**School Visits**			
	Visits £8.99 per child (full day)			Visits £8.99 per child (full day)			
	Half day £4.99 per child Outreach in classroom £150			Half day £4.99 per child Outreach in classroom £150			
	Handling boxes per week £50			Handling boxes per week £50			
	Talks and Tours on Site £80 (10:00am -4:00 pm) £150 (after 4:00pm)			Talks and Tours on Site £80 (10:00am -4:00 pm) £150 (after 4:00pm)			
	Talk off site - £150 + expenses			Talk off site - £150 + expenses			
	Professional consultancy rates - from £250 per day + expenses			Professional consultancy rates - from £250 per day + expenses			
Sports Passport to Leisure	No change suggested - income target not being met	-	5	No change suggested - income target not being met	-	5	-
Golf Course - Green Fees / Season Tickets	Fees levels are currently being examined as part of the ongoing review of the Golf service	-	300	Fees levels are currently being examined as part of the ongoing review of the Golf service	-	300	-

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2016-17			PROPOSED INCOME 2017-18			
	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e	Basis and proposed charge for 2017/18 (g)	2017/18 (units if applicable) (h)	Proposed Budget 2017/18 i = g x h	Variance j = (i) - (f)
			£000s			**£000s**	
Bereavement Services							
Burial & Cremation fees	6% increase burials and cremations	-	1,762	6% increase burials and cremations	-	1,800	38
Gypsy Sites	Increase in line with formula used (until 2016/17) to increase rents for council housing; (i.e. CPI (as at Sept. 2015) + 1%: = - 0.1% + 1% = 0.9% rent increase.			Increase in line with previous formula used (until 2016/17) to increase rents for social housing; (i.e. CPI (as at Sept. 2016) + 1%: = 1.0% + 1% = 2.0% rent increase.			
Pitch rents at Smithies Lane Gypsy & Traveller site (Small improved pitch)	£72.77 per week per pitch		-	£74.23 per week per pitch		-	
Pitch rents at Smithies Lane Gypsy & Traveller site (Large improved pitch)	£94.59 per week per pitch		97	£96.48 per week per pitch		99	2
Hire of caravans (Ings Road site etc)	£60.22 per week 28ft caravan		-	£61.42 per week 28ft caravan		-	-
	£66.69 per week 35ft caravan		-	£68.02 per week 35ft caravan		-	-

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2016-17: Basis and proposed charge for 2016/17 (d)	INCOME 2016-17: 2016/17 (units if applicable) (e)	INCOME 2016-17: Proposed Budget 2016/17 f = d x e £000s	PROPOSED INCOME 2017-18: Basis and proposed charge for 2017/18 (g)	PROPOSED INCOME 2017-18: 2017/18 (units if applicable) (h)	PROPOSED INCOME 2017-18: Proposed Budget 2017/18 i = g x h £000s	Variance j = (i) - (f)
Environment & Transport							
Waste							
Commercial waste collection		1,700	942		1,700	976	34
Zone A Zone B Zone C charity a charity b charity c recycling up to 3 bins recycling over 3 bins Duty of Care	Commercially Sensitive Informtion - available on request			Commercially Sensitive Informtion - available on request			
Clinical waste collection	Consideration to ceasing service No change recommended. No change recommended. No change recommended.	15 Customers	-	Consideration to ceasing service No change recommended. No change recommended. No change recommended.	15 Customers	-	
Clinical waste charge to PCT	Consideration to ceasing service	1	-	Consideration to ceasing service	1	-	
Bin delivery charges	£20 delivery charge and removal of service subsidies	660	10	£20 delivery charge and removal of service subsidies	660	10	0
Bin provision Special (bulky) collection	£10 for 1 item, £20 for 2-4 items, £25 for 5 items, £30 for 6-8 items, £35 for 9 items, £40 for 10-12 items	4,000	35	£10 for 1 item, £20 for 2-4 items, £25 for 5 items, £30 for 6-8 items, £35 for 9 items, £40 for 10-12 items	4,000	35	0
New Premium Bulky Collection	£20 for first item, +£7.50 for each additional item thereafter. Additional items fridges £10 and additonal items excess weight/size +£10			£20 for first item, +£7.50 for each additional item thereafter. Additional items fridges £10 and additonal items excess weight/size +£10			
Glass	Subject to contract - income may fall depending on market forces. Market prices are currently high	7,500	220	Subject to contract - income may fall depending on market forces. Market prices are currently high	7,500	220	-
Paper	Subject to contract - income may fall depending on market forces. Market prices have recently dropped	4,000	400	Subject to contract - income may fall depending on market forces. Market prices have recently dropped	4,000	400	-
Cardboard	Subject to contract - income may fall depending on market forces.	2,500	80	Subject to contract - income may fall depending on market forces.	2,500	80	-
Fleet							
MOT fees - taxi	£45 per inspection and £20 re-test	1300 tests and 600 re-test	75	£45 per inspection and £20 re-test	1300 tests and 600 re-test	75	-
MOT fees - general public	£45 per inspection no re-test charge	160	7	£45 per inspection no re-test charge	160	7	-
Engineers							
Street Lighting - external	Individually priced jobs dependant upon work required	70	290	Individually priced jobs dependant upon work required	70	290	-
Other (dropped crossings)	Individually priced jobs dependant upon work required	80	50	Individually priced jobs dependant upon work required	80	80	30
Other (signs)	Individually priced jobs dependant upon work required	20	45	Individually priced jobs dependant upon work required	20	45	-
Other (Engineering Services external works)	Individually priced jobs dependant upon work required		50	Individually priced jobs dependant upon work required		50	-
Mechanical sweeping - external	+3% and roundup £63 per Hr	7 customers	10	64	7 customers	10	-
Cesspit emptying - domestic	+3% and roundup £273 Per visit	91	24	277	91	24	-
Cesspit emptying - industrial	+3% and roundup £193 for 2 Hrs	107 hrs	10	196	107 hrs	10	-
Recycling	individually priced per material and tonnage purchased	-	105	individually priced per material and tonnage purchased	-	105	-
Neighbourhood Services							
External income	Individually priced jobs dependant upon work required		50	Individually priced jobs dependant upon work required		50	-
Disposal of dead animals following RTA	£30 per Animal			£30 per Animal			
Stores							
Sales of scrap metal and timber	Individually priced per material and tonnage purchased	-	1	Individually priced per material and tonnage purchased	-	1	-
Tipping	Individually priced per type of material	232 tonnes	1	Individually priced per type of material	232 tonnes	1	-
Weighbridge	£10 per use	180	2	£10 per use	180	2	-

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2016-17			PROPOSED INCOME 2017-18			
	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s	Basis and proposed charge for 2017/18 (g)	2017/18 (units if applicable) (h)	Proposed Budget 2017/18 i = g x h £000s	Variance j = (i) - (f)
Highways Licences, Permits and Services							
Licensing of builders' skips placed on the highway	Increase of £5 per skip to £20 per skip for a maximum of 14 days (non permitted) or 7 days maximum if permitted	Variable	45	23	Variable	45	-
Licensing of builder's skips placed on the highway - retrospective license	3% increase to £75 Per Skip and round up	Variable		78	Variable		
Licence charge for scaffolding and other structures on highways (Fixed)	£175 for first week, £60 for subsequent weeks	Variable	10	£180 for first week, £65 for subsequent weeks	Variable	10	-
Licence charge for scaffolding and other structures on highways (Mobile)	53	Variable	1	54	Variable	1	-
Licensing of builder's materials deposited on the highway	11	Variable	1	11	Variable	1	-
License to dispense with erection of a hoarding	80	Variable	1	81	Variable	1	-
Site inspections to monitor compliance with duties relating to the erection of hoardings	51	Variable	1	52	Variable	1	-
Various licences to make openings in the street or footway for constructing works, cellars or the admission of light into premises	185	Variable	1	188	Variable	1	-
License to construct a vehicle crossing - use of BMBC Engineering Services or private contractors	Application fee £53 - where Engineering Services are used no fees for site inspections. For hardened footway applications using private contractors two site inspections at £53 each. For commercial applications involving radius kerb /full carriageway const	Variable	5	65	Variable	5	-
Clearance of accident debris	Actual costs +10%			Actual costs +10%			
Application for an exemption to a Traffic Regulation Order	105	Variable		106	Variable		
Road Closure Orders (Planned)	940		66	955		67	1
Road Closure Notice (Emergency)	351			700			
Road Closure Order (Special Events)	940			955			
Parking place suspension	Estimated loss of parking revenue plus 10% to cover administration costs	Variable		Estimated loss of parking revenue plus 10% to cover administration costs	Variable		
Application for a traffic sign to specified land or premises (permanent)	£51 per sign application fee. If the application is successful - a charge for the costs of manufacturing and erecting the sign plus 10%	Variable		52	Variable		
Application for a traffic sign to specified land or premises (temporary)	41	Variable		52	Variable		
Placing of traffic sign for specified land or premises		Variable			Variable		
Pavement café licences	381	Variable	3	420	Variable	3	-
Consideration of applications for consent for overhead beams, Rails, wires, banners etc above the highway	93	Variable		94	Variable		
Licence to Oversail the Highway with Tower Cranes etc	88	Variable		89	Variable		
Consideration of applications to buildings, structures, balconies etc over the highway	578	Variable		578	Variable		
Licence to non-Statutory Undertakers to place and maintain apparatus in the Highway (New Roads and Street works Act)	420	Variable	55	426	Variable	81	26
Construction of highways to be adopted (section 38 Highways Act 1980)		Variable	94		Variable	125	31
Charges for Demolition Notices	205	Variable	11	285	Variable	12	1
Penalty charges to Statutory Undertakers for exceeding permitted licence to occupy the Highway (Section 74 New Roads and Street works Act)	Variable	Variable	151	Variable	Variable	152	1
Bus lane enforcement	£60 for driving in a bus lane with 50% discount for early payment and 50% enhancement for late payment.	Variable	15	£60 for driving in a bus lane with 50% discount for early payment and 50% enhancement for late payment.	Variable	15	-
Increased Highways Act enforcement	Charges will be made to people based on cost for clearing the highway, if they fail to do it themselves. This will include, for example overhanging vegetation.	Variable	5	Charges will be made to people based on cost for clearing the highway, if they fail to do it themselves. This will include, for example overhanging vegetation.	Variable	5	-
Licensing of builder's skips placed on the highway - retrospective license	75	30	2	78	30	2	-
Weekly Inspection of Scaffolding and hording	60			61			
Retrospective Licenses for S184, S50 & Scaffold licenses would incur a charge of £70 additional to the normal license fee.	£75 + normal licence fee	36	3	76	36	3	-
Road Closure Orders (Planned) PROW Initial fee - dependant on dwelling numbers, sliding scale for more than 1 dwelling	499	Variable	-	506	Variable	-	
Road Closure Orders (Planned) PROW weekly fee	94	Variable	-	95	Variable	-	
Road Closure Orders (Planned) PROW Extension	227	Variable	-	230	Variable	-	
Road Closure Notice (Emergency) PROW	227	Variable	-	230	Variable	-	
Public Path Orders (Diversion Orders) - dependant on dwelling numbers, sliding scale for more than 1 dwelling	Sliding scale	Variable	-	Sliding scale	Variable	-	
Pavement café licences new application	381	2	1	386	2	1	-

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2016-17			PROPOSED INCOME 2017-18			
	Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s	Basis and proposed charge for 2017/18 (g)	2017/18 (units if applicable) (h)	Proposed Budget 2017/18 i = g x h £000s	Variance j = (i) - (f)
Pavement café licences (continuation fee)	208	16	3	211	16	3	-
Water Course Consenting	56	5	-	57	5	-	-
Status Enquiries	56	100	5	57	100	5	-

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2016-17: Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e £000s	PROPOSED INCOME 2017-18: Basis and proposed charge for 2017/18 (g)	2017/18 (units if applicable) (h)	Proposed Budget 2017/18 i = g x h £000s	Variance j = (i) - (f)
Residents Parking Zones							
Permits for Residents Parking Zones	£20 1st Resident Permit and Special Organisation Permit; £30 1st Business Permit; 2nd & 3rd Resident Permit £40 and £60; 2nd &3rd Business Permit £60 & £100; Resident Change of Vehicle/Lost Permit £5; Business Replacement Permit £10; Voucher Books £7.50.	Variable	24	1% Increase	Variable	24	0
Car Parking							
Off Street Parking			619	To be reveiwed as part of a separate report		619	-
On Street parking			310	To be reveiwed as part of a separate report		310	-
Public Season Tickets			72	To be reveiwed as part of a separate report		72	-
Staff Discounted Season Tickets			203	To be reveiwed as part of a separate report		203	-
Charges for Fixed Penalty Notices			284	To be reveiwed as part of a separate report		284	-
Pest Control & Drainage							
Pest Control Fees (Owner occupiers, B Homes, Private contracts)			125			130	5
Fees and Charges To Be Agreed Via This Report			**9,936**			**10,169**	

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DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2016-17 Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e	PROPOSED INCOME 2017-18 Basis and proposed charge for 2017/18 (d)	2017/18 (units if applicable) (e)	Proposed Budget 2017/18 f = d x e	Variance
			£000s			£000s	£000s
Customer Services							
School Meals							
School Meals	Charge is based on providing the level of service (SLA) required by each individual school governing body, and logistics necessary to fulfil their requirement.	Reduction in total income from 2015/16 is a result of an Academy making its own arrangements. Will be equivelant reduction in spend	4,000	Charge is based on providing the level of service (SLA) required by each individual school governing body, and logistics necessary to fulfil their requirement.	No change recommended	4,000	
Day Opportunities							
Transport (Day Care)	£1.00 per journey	No proposed change. Significant increase in recent years as part of KLOE Review of charging to be done in 2016/17	30	£1.00 per journey	No proposed change. Significant increase in recent years as part of KLOE Review of charging to be done in 2017/18	30	-
Laundry/Bathing (At Day Centre)	£1.05 per load		1	£1.05 per load		1	-
Lunch (At Day Centre)	£3.00 per meal		54	£3.00 per meal		54	-
Central Call Careline Mobile Care Assistive Technology - Passive Assistive Technology - Non Passive		This is now delivered thorugh the Trading Company ILAH (Barnsley) Ltd. Fees and charges will be considered by the Board			This is now delivered thorugh the Trading Company ILAH (Barnsley) Ltd. Fees and charges will be considered by the Board		
Barnsley Library & Information Service							
Fines, Sales and Receipts (Book fines, video & CD hire, obsolete stock etc)	Various Charges	No proposed change for 2016/17. Review to be undertaken to consider income and level of charges during the year.	118	Various Charges	No proposed change for 2017/18. Review to be undertaken to consider income and level of charges during the year.	118	-
Berneslai Homes	Based on number of transactions attributable to BH over the various locality settings and specific costs for out of hours support and Contact Centre	No change for 2016/17. Business review being undertaken with BH to consider needs for 2017/18	780	Based on number of transactions attributable to BH over the various locality settings and specific costs for out of hours support and Contact Centre	No change for 2017/18. Business review being undertaken with BH to consider future needs	780	-
Other							
Statutory Fees							
General Search	£18.50			£18.50			
Certificates	£10.00		141	£10.00		141	-
Marriages (Register Office)	£45.00	5	-	£45.00	5	-	-
Non Statutory Fees							
Marriages / Ceremonies (Ceremony Suite)							
- Monday - Thursday	£113.00	81	9	£113.00	81	9	-
- Friday	£135.50	90	12	£135.50	90	12	-
- Saturday	£163.00	199	33	£163.00	199	33	-
- Friday	£348.50	102	36	£348.50	102	36	-
- Saturday	£444.50	222	99	£444.50	222	99	-
- Sunday	£452.50	42	19	£452.50	42	19	-
- Bank Holiday	£452.50	2	1	£452.50	2	1	-
Advanced Booking Fee	£452.50	721	19	£452.50	721	19	-
Safer, Stronger & Healthier Communities							
Planning & Housing Enforcement							
Misc Fees & Charges	No change recommended- various charges.	Variable	11	No change recommended- various charges.	Variable	11	-
Public Health and Drainage							
Works in Default	Charged @ Cost Rechargeable works a/c	Variable	49	Charged @ Cost Rechargeable works a/c	Variable	49	-
Parks Services							
Fairs & Circuses	No change recommended.	Charitable Events and Income-generating Community-led Events £100/day Small commercial rate (example: six children's rides and side stalls, or horse fair) £300/day plus £75/day for non income generating 'set up' days. Large commercial rate (example: large rides plus smaller children's rides and side stalls, circus's, music festival) £500/day plus £150/day for non income generating 'set up' days.	10	No change recommended.	Charitable Events and Income-generating Community-led Events £100/day Small commercial rate (example: six children's rides and side stalls, or horse fair) £300/day plus £75/day for non income generating 'set up' days. Large commercial rate (example: large rides plus smaller children's rides and side stalls, circus's, music festival) £500/day plus £150/day for non income generating 'set up' days.	10	-
Playground Inspections	No change recommended.	No change recommended.	2	No change recommended.	No change recommended.	2	-
Football Pitch Rent Income	No change recommended.	No change recommended.	34	No change recommended.	No change recommended.	34	-
Cricket Pitch Rent Income	No change recommended.	No change recommended.	1	No change recommended.	No change recommended.	1	-
Fees and Charges To Be Agreed Via This Report			**5,459**			**5,459**	

NEW FEES & CHARGES 2017 - 2020

Safer, Stronger & Healthier Communities

Selective Licensing (Houses in Multiple Occupation)

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CORE SERVICES

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2016-17: Basis and proposed charge for 2016/17 (d)	2016/17 (units if applicable) (e)	Proposed Budget 2016/17 f = d x e	PROPOSED INCOME 2017-18: Basis and proposed charge for 2017/18 (d)	2017/18 (units if applicable) (e)	Proposed Budget 2017/18 f = d x e
			£000s			£000s
Assets						
Property and Procurement						
Land and Building Rent; Maintenance, Service Charges	Market Value	Currently considering increase of up to 3% across all charges to reflect increases in mimumum wage affecting service contracts and potential changes in utility prices. Any increase in income will be offset by increases in costs.	4,629	Market Value	Currently considering increase of up to 3% across all charges to reflect increases in mimumum wage affecting service contracts and potential changes in utility prices. Any increase in income will be offset by increases in costs.	4,629
Rent Income Way leaves			7			7
Rent Income Council Dwelling			16			16
Allotment Enrolment Fees			3			3
Allotment Rent income	£73.14 per plot with water access/ £36.04 with no access to water.	Increase in income offset from increase in payments to Groundworks	121	£77.53 per plot with water access/ £38.20 with no access to water.	Increase in income offset from increase in payments to Groundworks	121
Garage Rent Income	£47 per site		5	£47 per site		5
Storage and Advertising Sites			20			20
Room Hire			33			33
IT						
Finance						
Summons	£52 per Summons	Volumes Under Review	925	£52 per Summons	Volumes Under Review	925
Benefits/Taxation - Liability Order	£28 Per Order			£28 Per Order		
Benefits/Taxation - Late Payment of Commercial Debts (Interest) Act 1998			25			25
Commercial - Prompt Payment Discount Scheme	Percentage Discount dependant on payment terms	tbc	284	Percentage Discount dependant on payment terms	tbc	284
Commercial - Sickness Insurance Administration	Service Level Agreements	Service Level Agreements with Schools	75	Service Level Agreements	Service Level Agreements with Schools	75
Free school meals eligibility checking (Academy)			4			4
HR						
Human Resources / Performance / Comm's						
Recruitment - DBS Checks	20	DBS Checks provided to Schools, Berneslai Homes and Other Organisations	151	20	DBS Checks provided to Schools, Berneslai Homes and Other Organisations	151
Business Advisory - Occupational Health		Occupational Health checks - Schools and other organisations	31		Occupational Health checks - Schools and other organisations	31
Health and Safety - Training Courses		Training Course Income	15		Training Course Income	15
Research and Business Intelligence	Service Level Agreements	Schools Information Management	120	Service Level Agreements	Schools Information Management	120
Workforce Development - Training Fees	Fees agreed across the region	Provision of various training courses	342	Fees agreed across the region	Provision of various training courses	342
Legal Services						
Legal, Elections, Governance						
Land Charge Searches - Various Types	Various Charges Dependant on type of Search	All Fees are set by parliament	188	Various Charges Dependant on type of Search	All Fees are set by parliament	188
Elections - Electoral Registers - Charges to other LA's	NA	Charges to other LA's	4	NA	Charges to other LA's	4
Fees and Charges To Be Agreed Via This Report			6,998			6,998

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2020 FUTURE COUNCIL
2017/18 COUNCIL TAX OPTIONS

1. **Introduction**

1.1 This report considers the calculation and options for setting the Authority's Council Tax for 2017/18.

2. **Basis of Council Tax Calculation**

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

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

Step 1 – Determining the Council Tax Base

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

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

Local Council Tax Support Scheme

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

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

2.6 A further review of the scheme has been undertaken and there are no proposed changes to the scheme as part of the 2017/18 budget process. The scheme is continuously under review with any proposed changes to be submitted to Cabinet as part of future years budget processes.

Technical Changes to Council Tax

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

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

2.8 A revised Council Tax Base report was submitted in January 2017 (Cab.11.1.2017/11 refers) reflecting these policy changes as well as normal in year movements to the Tax Base.

Step 2 - Review of Performance in Collecting Council Tax

2.9 The policy changes mentioned above have impacted on the collection of Council Tax. However, estimates made predicted this and the current projected collection rates are in line with forecast assumptions. The collection rates will continue to be reviewed and a final update made prior to the setting of the 2017/18 Council Tax.

Step 3 – Potential Council Tax Yields 2017/18

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

Table 1 – Council Tax Options (2017/18)

% Increase	**0% £M**	**1.00% £M**	**1.50% £M**	**1.90% £M**	**2.50% £M**	**3.00% £M**	**3.50% £M**	**3.90% £M**	**4.50% £M**	**4.90% £M**
Council Tax Income	**80.755**	81.562	81.966	82.289	82.774	83.177	83.581	83.904	84.389	84.712
Collection Fund Surplus	**1.615**	1.615	1.615	1.615	1.615	1.615	1.615	1.615	1.615	1.615
Total Council Tax Income	**82.370**	**83.177**	**83.581**	**83.904**	**84.389**	**84.792**	**85.196**	**85.519**	**86.004**	**86.327**

2.11 Each 1% increase in the Authority’s Band D Council Tax generates additional income to the Authority of approximately **£0.807M** per annum recurrently (0.5% = £0.4M).

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

Table 2 –Indicative 2017/18 Council Tax Levels for BMBC Services

% Increase	0.00% £	1.00% £	1.50% £	1.90% £	2.50% £	3.00% £	3.50% £	3.90% £	4.50% £	4.90% £
Band A-	**719.58**	726.78	730.37	733.25	737.57	741.17	744.77	747.64	751.96	754.84
Band A	**863.50**	872.14	876.45	879.91	885.09	889.41	893.72	897.18	902.36	905.81
Band B	**1,007.42**	1,017.49	1,022.53	1,026.56	1,032.61	1,037.64	1,042.68	1,046.71	1,052.75	1,056.78
Band C	**1,151.33**	1,162.84	1,168.60	1,173.21	1,180.11	1,185.87	1,191.63	1,196.23	1,203.14	1,207.75
Band D	**1,295.25**	1,308.20	1,314.68	1,319.86	1,327.63	1,334.11	1,340.58	1,345.76	1,353.54	1,358.72
Band E	**1,583.08**	1,598.91	1,606.83	1,613.16	1,622.66	1,630.57	1,638.49	1,644.82	1,654.32	1,660.65
Band F	**1,870.92**	1,889.63	1,898.98	1,906.47	1,917.69	1,927.05	1,936.40	1,943.89	1,955.11	1,962.60
Band G	**2,158.75**	2,180.34	2,191.13	2,199.77	2,212.72	2,223.51	2,234.31	2,242.94	2,255.89	2,264.53
Band H	**2,590.50**	2,616.41	2,629.36	2,639.72	2,655.26	2,668.22	2,681.17	2,691.53	2,707.07	2,717.43

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

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

<u>Options for 2017/18</u>

Council Tax Referendums & Council Tax Capping

General Services

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

2.15 As in previous years a referendum will be required if an Authority sets Council Tax increases above **2%.** The cost of holding a referendum is estimated to be around £0.4M so any additional income received for increases above 2% would need to wholly cover this cost.

2.16 The Council could however agree an increase in Council Tax of say 1.9% without the requirement to seek the approval of the electorate in a referendum. This would result in additional **permanent** base resources of £1.5M per annum.

Additional flexibility for Adult Social Care Pressures

2.17 The 2015 Spending Review announced that for the remainder of the current Parliament (until 2020) local authorities with responsibilities for Adult Social Care will be given flexibility to increase council tax by an additional 2% over and above the current referendum threshold (2%)

2.18 This flexibility is offered in recognition of demographic changes which are leading to a growing demand for Adult Social Care, with consequential higher cost pressures on council budgets. Members will recall that the Council took the decision to implement an adult social care precept in the 2016/17 budget process effectively increasing Council tax by 3.9%.

2.19 As part of the provisional 2017/18 Local Government Financial Settlement, the Secretary of State announced that Local Authorities would be given further flexibilities around the Adult Social Care Precept. This added flexibility permits authorities to introduce up to a 3% precept in 2017-18 and/or in 2018/19 with no increase in 2019/20 bringing the aggregate increase over the three years to 6%. Alternatively authorities can choose to implement up to a 2% Social Care Precept increase in each of the next 3 years.

2.20 The Adult Social Care pressures in Barnsley continue to rise and therefore this option open to Members will help the Council bridge the ever increasing funding gap. Should Members chose to adopt the option of a 3% increase in 2017/18, additional **permanent** base resources of £2.4M (or £1.6M for a 2% increase) over and above the £1.5M raised from a 1.9% increase, would be generated. However, these resources would need to be earmarked specifically for Adult Social Care.

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

Table 3 –Indicative 2017/18 Council Tax Levels at 3.9%

	2016/17	**GENERAL INCREASE @ 1.9%**		**ADULT SOCIAL CARE PRECEPT @2%**		**CUMULATIVE INCREASE @3.9%**		**2017/18 TOTAL**	
BAND	**£**	**Annual Increase £**	**Weekly Increase £**	**Annual Increase £**	**Weekly Increase £**	**Annual Increase £**	**Weekly Increase £**	**Annual Charge £**	**Weekly Charge £**
Band A-	**£719.58**	£13.67	£0.26	£14.39	£0.28	£28.06	£0.54	**£747.64**	**£14.38**
Band A	**£863.50**	£16.41	£0.32	£17.27	£0.33	£33.68	£0.65	**£897.18**	**£17.25**
Band B	**£1,007.42**	£19.14	£0.37	£20.15	£0.39	£39.29	£0.76	**£1,046.71**	**£20.13**
Band C	**£1,151.33**	£21.88	£0.42	£23.02	£0.44	£44.90	£0.86	**£1,196.23**	**£23.00**
Band D	**£1,295.25**	£24.61	£0.47	£25.90	£0.50	£50.51	£0.97	**£1,345.76**	**£25.88**
Band E	**£1,583.08**	£30.08	£0.58	£31.66	£0.61	£61.74	£1.19	**£1,644.82**	**£31.63**
Band F	**£1,870.92**	£35.55	£0.68	£37.42	£0.72	£72.97	£1.40	**£1,943.89**	**£37.38**
Band G	**£2,158.75**	£41.02	£0.79	£43.17	£0.83	£84.19	£1.62	**£2,242.94**	**£43.13**
Band H	**£2,590.50**	£49.22	£0.95	£51.81	£1.00	£101.03	£1.94	**£2,691.53**	**£51.76**

2.22 Table 4 below provides an analysis of the impact of an additional **3%** on top of the suggested 1.9% increase as above, on the actual Council Tax for BMBC services for each band.

Table 4 –Indicative 2017/18 Council Tax Levels at 4.9%

	2016/17	**GENERAL INCREASE @ 1.9%**		**ADULT SOCIAL CARE PRECEPT @3%**		**CUMULATIVE INCREASE @4.9%**		**2017/18 TOTAL**	
BAND	**£**	**Annual Increase £**	**Weekly Increase £**	**Annual Increase £**	**Weekly Increase £**	**Annual Increase £**	**Weekly Increase £**	**Annual Charge £**	**Weekly Charge £**
Band A-	**£719.58**	£13.67	£0.26	£21.59	£0.42	£35.26	£0.68	**£754.84**	**£14.52**
Band A	**£863.50**	£16.41	£0.32	£25.91	£0.50	£42.32	£0.81	**£905.82**	**£17.42**
Band B	**£1,007.42**	£19.14	£0.37	£30.22	£0.58	£49.36	£0.95	**£1,056.78**	**£20.32**
Band C	**£1,151.33**	£21.88	£0.42	£34.54	£0.66	£56.42	£1.08	**£1,207.75**	**£23.23**
Band D	**£1,295.25**	£24.61	£0.47	£38.86	£0.75	£63.47	£1.22	**£1,358.72**	**£26.13**
Band E	**£1,583.08**	£30.08	£0.58	£47.49	£0.91	£77.57	£1.49	**£1,660.65**	**£31.94**
Band F	**£1,870.92**	£35.55	£0.68	£56.13	£1.08	£91.68	£1.76	**£1,962.60**	**£37.74**
Band G	**£2,158.75**	£41.02	£0.79	£64.76	£1.25	£105.78	£2.03	**£2,264.53**	**£43.55**
Band H	**£2,590.50**	£49.22	£0.95	£77.72	£1.49	£126.94	£2.44	**£2,717.44**	**£52.26**

Pensioner Discount Scheme

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

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

Conclusion

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

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

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2020 FUTURE COUNCIL

RESERVES AND BALANCES UPDATE – JANUARY 2017

1. **Purpose of Report**

1.1 To update the Council's reserves and balances positon as at January 2017.

2. **Recommendation**

2.1 Note the current position in relation to all reserves and balances as outlined in the report;

2.2 Note the current position in relation to those reserves and balances identified as being potentially available to support priority investment over the planning period totalling £63.1m as identified in Table 5.

2.3 Note the intention to retain the minimum working balance of £15m as a contingency for unforeseen events over the planning period.

3. **Previous Position - Available Reserves & Balances**

'Banked' Reserves & Balances

3.1 Following the 2015/16 external audit the Council's published accounts, recorded total earmarked reserves of £95.279m (Table 1 & Appendix 1 refers). These funds are required to be earmarked under statute (e.g. school balances), required for corporate cross cutting expenditure commitments (e.g. redundancy costs) or represent cash required to fund previously agreed investment decisions (e.g. the redevelopment of the town centre).

3.2 Over and above this and as reported to Members in August 2016 the accounts reported banked revenue balances potentially available to support priority investment of £20.848m.

3.3 In addition and over and above the figures reported in the published accounts, the Council's forward looking MTFS had provided for £5 million of new capital investment in each of 2018/19 and 2019/20 (although £200k of the amount available in 2018/19 had been set aside to fund a previously agreed commitment).

3.4 This brought total available balances potentially available for priority investment to £30.6m (£20.8m in 16/17, £4.8m in 18/19 and £5m in 19/20).

Table 1 – 'Banked' Reserves and Balances

		2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	TOTAL £M
Unavailable – Statutory & Other Corporate Items	*1	34.660	9.928	7.458	2.000	**54.046**
Unavailable – Investment Decisions Previously Agreed	*1	23.423	17.810	-	-	**41.233**
Sub-Total: Committed Reserves		**58.083**	**27.738**	**7.458**	**2.000**	**95.279**
Banked Revenue Reserves & Balances	*1	20.848	-	-	-	**20.848**
Capital Investment Provided for Within the MTFS	*2	-	-	4.800	5.000	**9.800**
Sub-Total: 'Banked' Reserves & Balances		**20.848**	**-**	**4.800**	**5.000**	**30.648**
TOTAL – All Reserves & Balances		**78.931**	**27.738**	**12.258**	**7.000**	**125.927**

*1 *Revenue balances per published statement of accounts.*
*2 *Only available to fund capital investment.*

Forecast Reserves & Balances

3.5 Over and above 'banked' reserves, the position reported to Members in August established a forward projection of the potential level of reserves that may be available over the planning period to assist in agreeing a strategic approach to the use of reserves.

3.6 Based on known information at that time, this estimated a further £27m that could become available, bringing the total potentially available to support priority investment over the planning period to £57.6m.

Table 2 – Forecast Reserves and Balances – August 2016

		2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	TOTAL £M
New Homes Bonus		-	4.000	4.000	4.000	**12.000**
Budget Monitoring Position 2016/17		-	15.000	-	-	**15.000**
Sub-Total: Forecast Reserves & Balances		**-**	**19.000**	**4.000**	**4.000**	**27.000**
Sub-Total: 'Banked' Reserves & Balances		**20.848**	**-**	**4.800**	**5.000**	**30.648**
GRAND TOTAL – All Available Reserves		**20.848**	**19.000**	**8.800**	**9.000**	**57.648**

4. **Updated Summary Position – January 2017**

4.1 Since August there have been a number of changes to both the budget monitoring position reported to Cabinet at Q2 and also to the anticipated levels of New Homes Bonus following the provisional local government finance settlement announced in December 2016.

4.2 In addition since this time, the Council's asset disposal programme has realised £1.1m from the sale of surplus assets.

4.3 As can be seen from Table 3 below, based on the latest available information it is now forecast that there is some **£31.7M** banked and available to support priority investment over the planning period.

Table 3 – Updated Banked Resources Available 2017 - 2020

	2016/17 £M	**2017/18 £M**	**2018/19 £M**	**2019/20 £M**	**TOTAL £M**
August 2016	**20.848**	**-**	**4.800**	**5.000**	**30.648**
Additional Banked resources Capital Receipts	+1.100	-	-	-	**+1.100**
'Banked' Reserves & Balances	**21.948**	**-**	**4.800**	**5.000**	**31.748**

4.4 In addition to this Table 4 below also sets out the anticipated additional resources of **£31.3M** that may be available over the same period and the receipt of these will need to be monitored throughout that period.

Table 4 – Updated Forecast Resources available 2017-2020

	2016/17 £M	**2017/18 £M**	**2018/19 £M**	**2019/20 £M**	**TOTAL £M**
August 2016		19.000	4.000	4.000	**27.000**
New Homes Bonus (Updated Following Settlement)	-	+1.265	+0.026	-0.137	**+1.154**
Budget Monitoring Position 2016/17 (Updated for Q2 Position Reported to Cabinet)	-	+3.182	-	-	**+3.182**
Forecast Reserves & Balances	**-**	**23.447**	**4.026**	**3.863**	**31.336**

4.5 The latest overall position in respect of the Council's banked and future anticipated levels of reserves and balances is set out in table 5 below and shows some **£63.1M** potentially available for priority investment over the financial planning period 2017-2020:

Table 5 – Overall Potential Reserves and Balances for 2020

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	TOTAL £M
'Banked' Revenue Reserves & Balances	20.848	-	-	-	**20.848**
Capital Investment Provided for Within the MTFS	-	-	4.800	5.000	**9.800**
Capital Receipts	1.100	-	-	-	**1.100**
Reserves Anticipated in Future Periods	-	23.447	4.026	3.863	**31.336**
GRAND TOTAL – ALL RESERVES POTENTIALLY AVAILABLE FOR PRIORITY INVESTMENT	**21.948**	**23.447**	**8.826**	**8.863**	**63.084**

APPENDIX 1

		2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	TOTAL £M
Unavailable: Statutory & Corporate Items						
Minimum Working Balance		15.000	-	-	-	**15.000**
School Balances		5.055	-	-	-	**5.055**
Future Council - Budget / Efficiency Proposal		-	3.000	2.000	2.000	**7.000**
Future Council - Downsizing / Redundancy Costs		5.458	5.458	5.458	-	**16.374**
Academisation Legal Costs		-	1.000	-	-	**1.000**
Insurance Fund Reserve		3.980	-	-	-	**3.980**
Building Schools for the Future		5.167	-	-	-	**5.167**
Other		-	0.470	-	-	**0.470**
Sub-Total - Statutory & Corporate Items		**34.660**	**9.928**	**7.458**	**2.000**	**54.046**
Unavailable: Investment Decisions Previously Agreed						
Town Centre - Phase 1 Redevelopment		5.046	13.954	-	-	**19.000**
Invest to Grow Fund		-	3.000	-	-	**3.000**
Town Centre - Phase 2 Redevelopment		1.000	-	-	-	**1.000**
Customer Services Project		-	0.500	-	-	**0.500**
Jobs & Growth Plan		1.575	0.055	-	-	**1.630**
Adult Social Care Transformation		2.600	-	-	-	**2.600**
Communities Agenda Transformation		1.990	-	-	-	**1.990**
Public Health Priorities		1.932	-	-	-	**1.932**
Area Councils		1.820	-	-	-	**1.820**
Other		7.460	0.301	-	-	**7.761**
Sub-Total - Investment Decisions		**23.423**	**17.810**	**-**	**-**	**41.233**
GRAND TOTAL		**58.083**	**27.738**	**7.458**	**2.000**	**95.279**

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2020 FUTURE COUNCIL

INDICATIVE CAPITAL PROGRAMME

Aggregated Equality Implications of Budget Efficiency Proposals (2017/18 to 2019/20)

1. Purpose of Report

1.1 This paper provides an overview of the approach undertaken by the Council to ensure that the equality impact of any proposals being considered through the service and financial planning process are appropriately assessed and considered. It summarises the aggregated and inter-related impact of each of the budget reduction proposals and proposes how potential inequalities can best be mitigated.

2. Background

A. Purpose of Equality Impact Assessment (EIA) Process

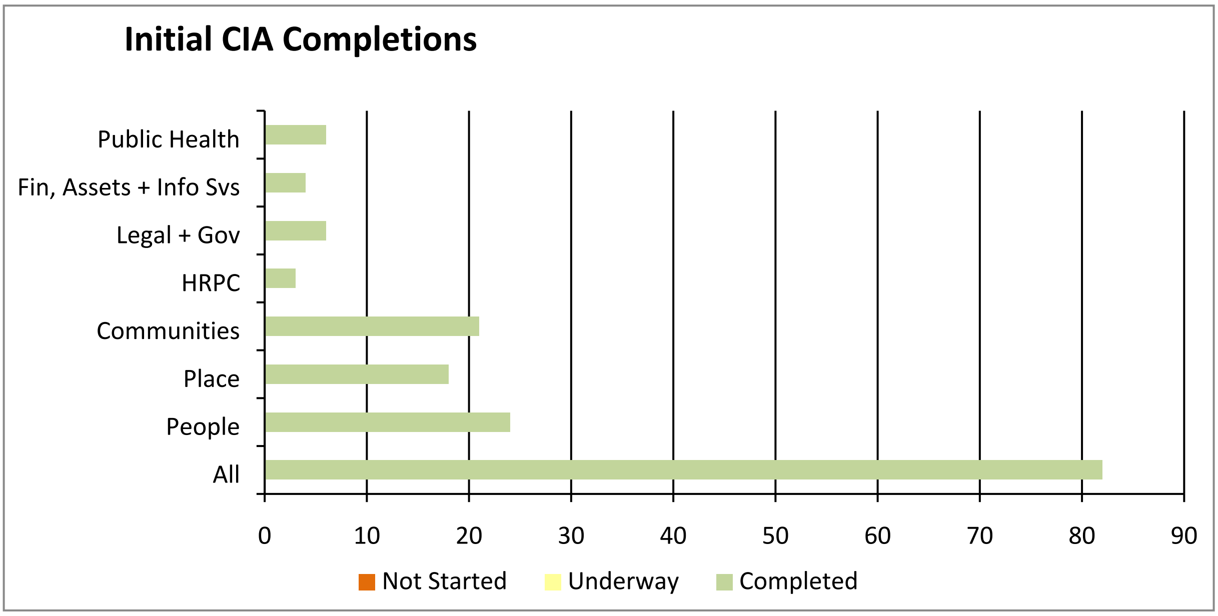
2.1 The budget efficiency process is clearly an area where we need to evidence that we have given “due regard” to the equality impact of our decisions and avoid any unfair and/or disproportionate impact on key equality groups. Therefore, we have embedded an EIA into the process of identifying, evaluating and implementing budget saving proposals.

2.2 This enables us to:

- have a written record of the equality considerations we have taken into account;
- ensure that decisions include a consideration of the actions that would help to avoid or mitigate any unfair impact on particular equality groups;
- make decisions based on evidence: a decision which is informed by relevant local and national data about equality is a better quality decision. EIAs provide a clear and systematic way to collect, assess and put forward relevant evidence;
- make the decision-making process more transparent. This should also help to secure better public understanding of the difficult decisions we will be taking;
- comply with the law: the duties are legal obligations which should remain a top priority, even in times of economic difficulty. Failure to meet the duties may result in the Council being exposed to costly, time-consuming and reputation-damaging legal challenges.

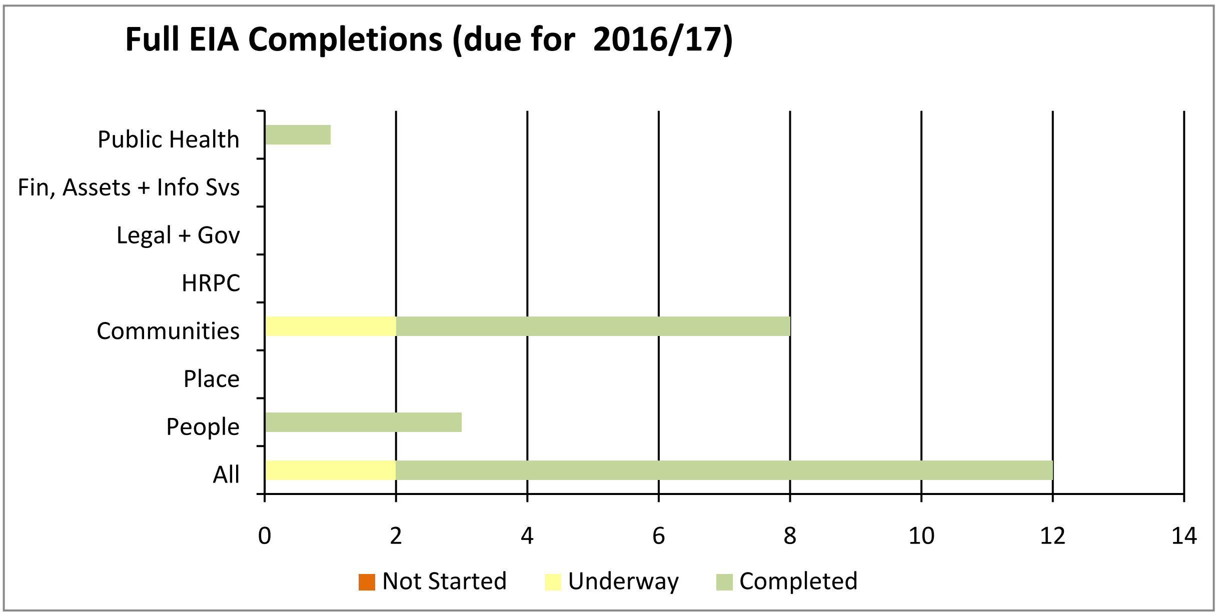
B. Stage One – Initial Community Impact Assessment (CIA)

2.3 The first stage of the EIA process is to differentiate those proposals where there could potentially be a significant equality impact from those where the impact will in all probability be low or negligible. To do this an Initial CIA has been completed for all 82 budget efficiency proposals.



2.4 The initial CIA is used to determine which of the budget efficiency proposals may need to undertake a full EIA, where there was a potentially high or moderate degree of impact, so we can better understand the impact the proposal may have on the local community.

2.5 Of the 82 initial budget saving proposals where an Initial CIA has been carried out, 10 have been identified as requiring a full EIA to be completed before the proposals are implemented from 1st April 2017. Of these, 8 have been completed, 3 are underway, with initial conclusions included and 1 is yet to begin:



2.6 A further 7 budget savings proposals have been identified as requiring a full EIA before the final implementation of those savings begins in either 2018 or 2019. The anticipated equality impacts from these budget savings will be assessed and reported separately as part of the implementation process for each of these savings.

C. Stage Two – Full Equality Impact Assessment (EIA)

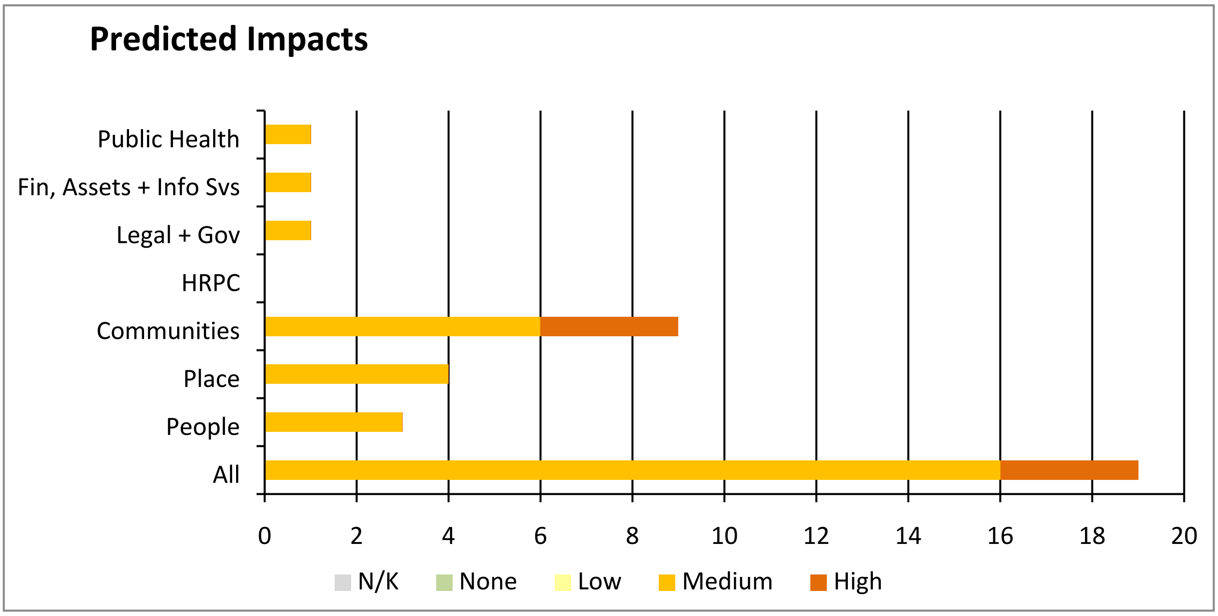
2.7 The Full EIA requires services to:

- assess the evidence they have about the potential impact in terms of service take-up, service quality and customer access;
- consider how they will seek the views of the local community (and in particular those groups most affected by the proposal);
- identify potential mitigating actions where negative impact has been found.

2.8 Individual decisions should also be informed by the wider context of decisions in our own and other relevant public bodies, so that particular groups are not unduly affected by the cumulative effects of different decisions.

2.9 The EIAs are an iterative process and their conclusions may change overtime as efficiency proposals are refined, feedback from consultation is considered or mitigating actions identified that may reduce any negative impacts.

2.10 The EIAs that have been begun so far have identified the following degree of potential impacts:



2.11 All reports outlining a budget efficiency proposal should include an outline of the key findings of the EIA undertaken for that Budget Saving Proposal. This should as a minimum describe:

- the main negative impacts anticipated;
- how this has been assessed and the evidence used;
- how the views of those negatively impacted have been sought;
- what options for mitigation should be considered as part of the proposal; and
- how the actual impact will be reviewed after implementation.

D. Stage Three – The Aggregated Equality Impact Assessment (EIA)

2.12 The Aggregated EIA is an assessment of the cumulative impact of all the budget efficiency proposals on different sections of the local community and should be taken into account when deciding whether and how to implement the proposal. It also seeks to take into account the other factors that will be affecting how diverse groups experience the impact of the budget efficiency proposals. This could, for example, include the impact of Brexit, welfare reform and / or previous budget efficiencies.

3. Aggregated Impacts 2017 to 2020

3.1 The vast majority of the budget savings proposals have been assessed as having little or no impact on service delivery and as a result no unequal impacts on diverse groups. However 10 budget savings proposals to be implemented from 2017/18 were identified as having potential adverse impacts on one or more diverse group and hence would require a full EIA to be carried out. A further 7 savings proposals were identified as requiring a full EIA from 2018/19 onwards as these could not be completed until further details of the implementation of the efficiency were known. All 17 savings proposals where a potential for a significant impact has been identified are summarised in the appendix to this report.

3.2 The key impacts of the budget proposals for 2017/18 are largely as a result of changes to how we will encourage and, in some cases, require customers to contact the council in the future, changes to social care provision and the implementation of the Welfare Advice Review recommendations.

3.3 In 2018/19 onwards other savings proposals have greater influence including environment and transport service redesigns and the recommissioning of public health and social care services.

3.4 Looking at the cumulative impact of those budget efficiency proposals which were considered to have a significant potential equality impact we can see that the groups most likely to be adversely affected are disabled people followed by older people and Deaf people.

3.5 However some groups, including disabled and older people, are also thought to be beneficiaries of more positive impacts as a result of other budget saving proposals.

Groups affected (protected characteristic)	**Impacts Identified**		
	High	**Medium**	**positive**
Disabled people	5	9	3
Deaf people	3	4	-
Women (including maternity and pregnancy)	-	2	-
Men	-	1	-

BME communities	1	9	-
Older People	3	5	1
Younger People	3	2	1
Lesbian Gay and Bisexual People / Transgender	-	2	-
Religion or Belief	-	-	-

4. Other factors affecting degree of impact

4.1 These areas of greatest cumulative impact in 2017/18 however will not take place in isolation; they may in practice add to the effects of budget savings implemented in previous years.

4.2 In previous years the greatest impacts we predicted as a result of budget savings were identified as:

4.3 Disabled people

- A number of service reductions were predicted to have a particular impact on disabled people (and especially people with learning difficulties) such as those that involve transport, employment and skills, customer services and work, advocacy, community and housing support.
- Also people with physical impairments or complex care needs were predicted to be affected by a number of transport-related saving proposals as well as proposals that were predicted to mean they may need to travel further to access services, for example, due to changes to services such as Early Childhood services and Employment and Skills.
- The result is likely to be that disabled people would receive less support and have fewer opportunities for accessing services and obtaining employment.
- It was also thought likely that there would be a reduction in mental health services resulting in slower and less responsive service and the process for putting care packages in place will be more arduous. There will be less scope for prevention and services will increasingly only be able to respond to crises.
- There was also a specific concern relating to disabled children and young people who are most likely to be adversely affected by transport-related budget savings, both pre-school and post-16, as their families are much more likely to be on low incomes and may face considerable inequalities as a result of these planned changes.
- Also the My Barnsley Too Disability Forum, in two reports in recent years, has outlined how it believes austerity has impacted on the lives and opportunities of disabled people and how public transport options remain very restricted for many disabled people.

4.4 Older people

- A number of budget savings were predicted to have a negative impact on vulnerable older people that could mean they would find it takes longer to leave hospital; they have no help with their medication; may have less housing support, reduced support for equipment and adaptations and may find it harder to access welfare rights advice.

4.5 Vulnerable Adults and Families

- Several years of reduced financial provision from central government to fund the Supporting People function has impacted hard on all vulnerable people who require housing support services to be able to maintain their tenancy and live independently in the community. People who have been receiving these services include victims of domestic violence, care leavers, young people at risk of homelessness, teenage parents, offenders, substance misusers and those whose lifestyle could be described as 'chaotic'.
- People in these groups are, generally, struggling to overcome issues and disadvantages and the loss of support can not only seriously decrease their chances of living independently but also has the potential to impact on other services such as Community Safety, Police, Probation and health services.
- Whilst the Council has no specific equality duty relating to these groups, given that many protected characteristics are over represented amongst these groups, for example single gay men are more likely to experience substance misuse and mental health problems, women are more likely to be victims of domestic violence, there is a clear need to apply the "due regard" responsibility here also.

4.6 Young People

A variety of budget reductions in previous years have been predicted to have a particular impact upon young people, and especially those young people from diverse groups, for example disabled young people or those in more vulnerable situations, for example young people in care or leaving care. A range of young people's services have been reduced including positive activities, volunteering, community and democratic engagement, information, advice, guidance and support and targeted services such as sexual health, and substance misuse. Whilst every effort has been made to protect those in greatest need the EIA process has highlighted potential adverse impacts including:

- Negative impact on anti-social behaviour in communities / localities – youth nuisance, public perception, youth offending rates etc.
- Negative impact on young people's health outcomes – physical and mental health and emotional well-being, teenage pregnancy rates and prevalence of risky behaviours.
- Reduced capacity to ascertain the views of young people and to take them into account in making decisions about services and activities for them.
- Reduced budgets to support individual young people to access education, employment or training, for example travel, subsistence and hardship funds.

5. Proposed actions to mitigate aggregated impacts

5.1 Proposed Mitigation 1: Understanding Impact on Vulnerable or Disabled People.

Background:

The framework of service available to support disabled people to live their lives in an equitable and inclusive way with the wider community has changed in recent years beyond almost all recognition. Welfare reform has transformed the package of benefits available to disabled people and the eligibility criteria for them. Social care services have increasingly been focused on providing disabled people with the control over their own care budgets enabling them to make active choices about their own lives. Directly provided services have been replaced by services which seek to support a disabled person to undertake activities for themselves. Developments in the town centre are increasingly building in disability access to higher standards than ever before. However at the same time disabled people are often living on less money, fewer are in receipt of care packages, are more likely to be out of work and experience higher levels of hate crime in the community.

Other people who may be living in vulnerable situations have seen the support they receive change due to central government cuts to budgets such as Supporting People, welfare reform and the Council's programme of budget savings. This may be having some impact on the ability of people to successfully manage their lives and interactions with agencies.

Whilst Council services have made every effort to mitigate the impact of budget cuts on these groups, not least due to the impacts of welfare reform affecting these groups at the same time, it is possible that we have not been entirely successful in these efforts? Therefore, can we be confident that changes to support services have brought about the improvements in independence and life opportunities that we have tried to achieve or have these objectives been hindered by cuts to services and benefits?

Proposal:

To commission a project to research a number of case studies so we can better understand the impact of changes to service delivery, in the context of wider welfare and other government reforms, on disabled people and other vulnerable groups in Barnsley.

When:

The project is to be commissioned and undertaken in 2017/18 with a view to reporting its findings in 2018/19.

Outcome:

The Council will have clearer understanding of the impact of its decisions on the most vulnerable groups which can be used to inform future decision making.

5.2 Proposed Mitigation 2: Improving access to services for disabled people.

Background:

Digital by default is the foundation of the Customer Services Strategy of the Council in the future. It is based on the idea that the public can and should do more on line for itself and not rely on customer service staff to do this face to face or over the telephone. However the Council accepts that no one should be left behind by this policy. We recognise that some people find accessing services on-line much harder and that they should not be disadvantaged as a result. We have put in place a number of improvements to minimise any impact of digital by default on this group of people, such as improving the usability and accessibility of the website, providing more information in accessible formats including BSL video, continuing to provide telephone customer service can now be more targeted towards those in greatest need, running a series of courses helping people to get on-line across the borough and providing access to computers in our libraries across the borough.

Older people are another group we have identified as potentially being more affected by the shift towards accessing services online. Those who have problems accessing services for a reason relating to a disability will be covered by this proposed project and those who face barriers due to being on low incomes or lack of confidence using technology will be supported by existing projects to help them access services on-line, such as the Device Doctors sessions.

Proposal:

The next step is to identify those people who cannot access services online and find suitable ways for them to contact the Council which meet their individual needs and encourages the greatest independence.

We will develop a practical project and campaign to encourage members of the public who have difficulty contacting the Council online for a reason related to their disability to tell us so we can identify suitable solutions for them. We will then review the effect on the experience of disabled and Deaf people, in terms of a fair and equitable service provision, of the digital by default policy and the various mitigation measures we have put in place to enable access to services.

When:

The campaign and review will take place by March 2018. If successful this campaign would need to continue to ensure all those who needed this assistance were aware of how to request it.

Outcome:

The findings will be incorporated into the ongoing EIA for the Customer Services Strategy and will be used to inform all future decisions and plans for customer access to services.

APPENDIX – SUMMARY OF EQUALITY IMPACTS (2017/18 to 2019/20)

Communities		
Ref	**Title**	**Implementation**
BU7 E1	Re-Modelling of Customer Services Project	2019/20
BU7 E2	Telephony Channel	2019/20
BU7 E3	Creation of a Single Customer Contact Centre	2018/19
BU8 E1	Selective Licensing	2017/18
BU8 E3	Be Well Barnsley	2017/18
BU8 E4	Welfare Rights Redesign	2017/18
BU8 E5	Contract Efficiencies	2017/18
BU8 E9	Reconfigure of staff teams across Safer and Healthier	2017/18
BU2 E10	Shared Lives	2017/18
Finance, Assets and Information Services		
Ref	**Title**	**Implementation**
BU13 E1	Finance Business Unit Major Restructure	2017/18
Legal and Governance		
Ref	**Title**	**Implementation**
BU18 E6	Deletion of Outreach Officer Post	2018/19
People		
Ref	**Title**	**Implementation**
BU2 E1	Targeted reviews - direct payments and high cost residential placements, part. OP,MH (high cost LD placement)	2017/18
BU3 E2	Children's Social Care and Safeguarding - Charging for Newsome Ave Respite Unit	2017/18
Place		
Ref	**Title**	**Implementation**
BU6 E2	Environment and Transport Cross-Business Unit Restructure	2018/19
BU6 E3	Environment and Transport Service Delivery Re-design	2018/19
BU6 E7	South Yorkshire Passenger Transport Executive (3-5 Year strategic plan)	2017/18
Public Health		
Ref	**Title**	**Implementation**
PH E2	Review of Contracts and Commissioning	2017/18

Communities

Re-Modelling of Customer Services Project (BU7 E1)

Group (protected characteristic)	Mitigated impact
Older People (mobility, access and technology)	High
Deaf People (who face language barriers)	High
Disabled People (Learning Difficulty or Disability)	High
BME groups (limited English speakers and new arrivals)	Medium
Young People (access and age restrictions)	High
People on a low income (access)	Medium

In response to delivery of the Customer Services Strategy to achieve 70% take up on online transactions we anticipate a new model of customer service face to face contact through the public library service. This EIA is focusing on the review of the library services. They have identified that a significant number of customers already complete their contacts with the Council online but they have acknowledged that there are some people who will need continued support to do this. Customer Services have stated that they will continue to assist customers who need support to contact the Council, and they will continue to provide public access computers, free Internet and free Wi-Fi in all public libraries, along with support to use IT, and enable customers to transition to self-service.

The future delivery model for the public library service will need to ensure that the provision meets the needs of the residents of Barnsley in providing access to our statutory library services. . Since libraries function as a neutral community space, they are a venue for community groups to hold meetings, and a place where people from different backgrounds and communities come together and interact.

Access Barriers:

Depending on the outcome of the review of the libraries services and the recommendations for the future services delivery model, there have been a number of initial conversations around the likely impacts for the below groups. An updated EIA will be required at the point of decision making to explore the likely impacts further and to plan any mitigating actions where appropriate.

- Older people use the library service for both traditional library services, to access IT and to use the community spaces within libraries in order to socialize and learn. Older people may have difficulties with mobility, using their own or public transport or carrying items for long distances. The Home Library Service is predominantly used by older people.
- Economically deprived people may not have access to the internet at home, so a library's free internet / free Wi-Fi is important for accessing services. This group may also have limited access to a car or be affected by the cost of public transport, and therefore close proximity of a library to where they live is a key determinant in continued use of the Service.
- Disabled people use customer services and the public library service to access Council services and to find out about community services.
- It is thought that very few Deaf People use the service. Deaf people, hearing impaired people and visually impaired people may experience difficulties accessing the service both now and following any change due to the limited specialist resources or trained staff to help with communication needs.

- Children/young people use the library service for their learning, reading for pleasure, attending groups and holiday activities and to supplement a school's resources. The Service plays a key role in supporting language development in very young children and literacy for children generally. Under 8's need to accompanied by an adult and the location of the libraries in some rural areas means that some young people are dependent on adults to take them. A move to increased access through self-service would require all under 16's to be accompanied by an adult during non-staffed hours.
- BME people access the library service in order to attend community groups, Conversation Cafes and access library stock in languages other than English. Use of the public access computers is high for migrants/asylum seekers, both for maintaining contact with family and friends and to find out about life in Britain and the residency/asylum process. This group may also need assistance in completing customer service functions due to language/communication needs.

Mitigation:

The Service is currently considering ways in which it can remain accessible to all sections of the community. The engagement will lead to recommendations for the development of the new library service.

EIA Process:

The new operating model for the public library service will meet the statutory requirements of the 1964 Public Libraries & Museums Act and will be formulated following an initial period of public engagement and consultation. This will then be subject to a longer period of public consultation where comments will be invited on the preferred future delivery model from members of the public and stakeholders, before a final decision is made by Council. There will need to be an updated EIA, outlining any likely impacts of the recommendations, to inform the decision making (following the initial consultation).

Telephony Channel (BU7 E2)

Group (protected characteristic)	Mitigated impact
Older People (mobility, access and technology)	Medium
Deaf People (who face language barriers)	Medium
Disabled People (Learning Difficulty or Disability)	Medium
BME groups (limited English speakers and new arrivals)	Medium

A significant number of customers already complete their contacts with the Council online and it is anticipated that their need for telephony will reduce. However for some people this transition to online self-service is much harder and hence may experience a significant impact as the telephony service is reduced.

Access Barrier:

The biggest impact is anticipated for; older people, disabled people, Deaf people (using BSL Video Relay), BME people, and people on a low incomes.

With a reduction in telephone provision there is a potential for some of the above groups to find it difficult to contact the Council over the telephone – furthermore waiting times, are also likely to increase as a result of this change. Access may become particularly difficult if someone does not have access to a computer, a library, if they cannot use a computer or if they have limited finances.

Mitigation:

Customer Services are currently reviewing their telephony and access channels as part of the service delivery review. They will continue to assist customers who need support to contact the Council, and they will continue to provide public access computers, free Internet and free Wi-Fi in all public libraries, along with support to use IT, and enable customers to transition to self-service. An updated and more detailed EIA is being completed for this project.

EIA Process:

The EIA was created as part of the Customer Services Strategy Review in 2015. This is currently being reviewed and updated in line with the plans to reduce telephone provision. This EIA will inform the review of the contact centre requirements and assist to mitigate potentially negative impacts.

Creation of a Single Customer Contact Centre (BU7 E3)

Group (protected characteristic)	Mitigated impact
Older People (access and technology)	High
Deaf People (who face language barriers)	High
Disabled People (accessing Adult Social Care)	High
BME groups (limited English speakers and new arrivals)	Medium
Young People (access and age restrictions)	High
People on a low income (access)	Medium
Carers (of people accessing adult social care)	Medium

This change will consolidate telephone provision.

Access Barriers:

The biggest impact is anticipated for; older people, disabled people, Deaf people (using BSL Video Relay), BME people, people on a low income.

With a reduction in telephone provision there is potential for some of the above groups to find it difficult to contact the Council over the telephone – furthermore waiting times, are may increase as a result of this change. Access may become particularly difficult if someone does not have access to a computer, a library, if they cannot use a computer or if they have limited finances.

Mitigation:

Customer Services are currently reviewing their telephony and access channels as part of the service delivery review. The service will continue to assist customers who need support to contact the Council, and they will continue to provide public access computers, free Internet and free Wi-Fi in all public libraries, along with support to use IT, and enable customers to transition to self-service. An updated and more detailed EIA is being completed for this project.

The Service will use the feedback from customers to enable them to learn from the diverse community members any challenges and barriers to access that they face.

EIA Process:

The EIA was created as part of the Customer Services Strategy Review in 2015. This is currently being reviewed and updated in line with the plans to reduce the number of telephone operatives. This EIA will inform the review of the contact centre requirements and assist to mitigate potentially negative impacts.

Day Opportunities Review (BU7 E10)

Group (protected characteristic)	Mitigated impact
Disabled People (people with learning disabilities)	High

The reduction in posts in 2017/18 will not have an impact on service delivery as these posts are already vacant. However the savings identified for 2019/20 may be affected by the wider Day Opportunities Review which will be subject to a separate EIA process.

Selective Licensing (BU8 E1)

Group (protected characteristic)	Mitigated impact
Disabled People	High
BME people	High

A selective licensing scheme would be designed with the objective of driving up standards in the private rented sector benefiting those whose financial situation dictates that they reside in the poorest elements of this sector, transient communities including new arrivals from abroad and some of our most vulnerable residents.

The scheme will have the greatest impact on the landlords operating and residents living within the designated area. We are aware that such areas have a higher prevalence of socially excluded people, people on low incomes, migrant workers and those in receipt of benefits.

Access Barriers;

There will be a period of statutory consultation before a decision is taken. It is important for the consultation to be both accessible and engaging with those most affected. Therefore there will be both online consultation and some targeted/supported consultation. Considerations around the accessibility of the consultation will be needed, taking into account the demographics of the local community to ensure that they have access to translation services as required.

There are some risks around the recharging of the fees which will also need to be considered and managed.

Mitigation:

As the extent of the potential impact is currently not known this will monitored and mitigating actions taken should these be necessary/appropriate.

EIA Process:

The EIA will need to be updated and the impact monitored to better understand the actual impact of this scheme. The EIA has so far highlighted the need for:

- Further community and stakeholder consultation to better understand the impacts. This will enable us to address these whilst looking to foster better relationships within the community itself promoting community cohesion.
- Monitoring of equality information to better understand the issues faced within the community, to enable us to ensure there is a fair and consistent approach, to mitigate any discrimination and to ensure that the reporting mechanisms and information around the scheme are accessible to all.
- Review the impact that the scheme is having on the community to reduce the likelihood of any disproportionately negative impacts on those with protected characteristics.

Be Well Barnsley (BU8 E3)

Group (protected characteristic)	Mitigated impact
Disabled People (especially those with learning disabilities, long term health conditions and mental health issues)	Medium
Young People	High
Older People	Medium
BME People	Medium
People on a low income	Medium

This efficiency equates to a 40% reduction to existing healthy lifestyle commissioned resources by 2019/20. This allows current contracts to run for 3 years and for the Council to work to embed sustainability in other areas. The Lifestyle Review that is currently underway will inform how these savings can best be delivered, which may affect the predicted impacts outlined above. Nonetheless, this is a significant budget reduction which will significantly alter the shape, reach and capacity of the service in the future and so we will keep the potential impacts on the affected groups under review.

Mitigation:

The Service will target the delivery of the remaining resources to engage with those groups with the poorest health outcomes, such as people with learning disabilities and mental health issues and long term conditions. However this will depend on the outcome of the review.

EIA Process:

A full EIA will be completed for this budget saving once there are recommendations, or options for service reductions, to be considered.

Welfare Rights Redesign (BU8 E4)

Group (protected characteristic)	Mitigated impact
Older People	Medium
Disabled People	Medium
Deaf People (using Deaf Advice Service – with BSL interpreter)	High
People on a Low Income	Medium
BME People (limited English speakers)	Medium

Welfare Rights will undergo a further restructure and remodel to contain the budget reductions – to merge the operational arm of the service, including housing options and welfare, into the Safer Communities structure so as to deliver a more holistic service model. This will result in the decommissioning of externally funded advice currently delivered by CAB and DIAL Barnsley. Area Councils may choose to retain services in their local areas by commissioning these independently but this cannot be guaranteed.

The reduced support could lead to increased waiting times and customers being unable to resolve issues within required timescales which could impact on entitlement and hence their income levels. Residents may have reduced incomes which could lead to health issues both physical and mental, debt issues, increase in poverty, and pressure on other services. A high percentage of the support provided by the Welfare Rights Service is around sickness related benefits, tax credits and appeals/tribunals. There is also significant support provided to cancer patients and their carer's by the Macmillan advisors.

Access Barriers:

The EIA has identified that older people and disabled people are particularly at risk of significant adverse impact as a result of the proposed changes but there would also be an impact on Carers, BME people and those on low incomes. Deaf people would also be high risk if the Deaf Advice Service is not retained, which would require a specific EIA as a result.

For the largest percentage of people needing advice or guidance; it is expected that they will be able to self-serve online. The focus of the remaining resources will be on supporting the most vulnerable people who find self-service inaccessible – meeting their access and support needs appropriately.

The capacity for home visits will be significantly reduced – which will be a barrier for some older or disabled people. The service will be centralised as well which may have a negative impact on some members of the community who cannot travel to the available locations, for example disabled people, older people, and people on a low incomes.

More BME people are approaching the Service where English is not their first language, so they may encounter more issues with a web based system.

Mitigation:

The equality profile of customers accessing welfare rights advice is not currently understood and the intention with the new contract is to collect and analyse equality information in order to get a better understanding of the clientele, their needs and any presenting gaps or issues. It will also allow them to review the accessibility of the service and plan any required mitigations. The following actions have been identified as part of the EIA process so far:

- Monitoring of equality information and mapping this against current performance data (i.e. benefit gains, type of advice required etc.), to better understand the customer profile and customer needs;
- Monitoring the impact that the service change is having on the community to reduce the likelihood of any disproportionately negative impacts on those with protected characteristics;
- Continued consultation with the community to better understand the issues/barriers/concerns;
- Key partners, stakeholders, community members, customers and current service providers to be involved in the development of the new service;

EIA Process:

Online consultation has been undertaken as part of the review and redesign process, and this will continue after changes are implemented.

Contract efficiencies (BU8 E5)

Group (protected characteristic)	Mitigated impact
Disabled People (physical access or communication needs)	Medium
Deaf People	Medium
LGBT people	Medium
Women (particularly for DV services)	Medium
People with Multiple and Complex needs (homelessness, substance misuse, offending and mental ill health)	Medium
BME people (cultural barriers and for DV services)	Medium
Young people	Medium

There are 3 services areas (Substance Misuse, Domestic Violence and Multiple and Complex Needs) that have been reviewed, remodelled and retendered under this efficiency. Each of the new contracts has the budget reduction already factored in. It is hoped that the services will deliver a more tailored, targeted service for those who need them.

Access Barriers:

Barriers may include access to services including both physical and communication barriers. The promotion of the services also needs to be considered in order to ensure that it is engaging people in the right way, at the right time (i.e. BSL users, limited English speakers). The services need to ensure that they are providing support that is tailored to the individuals support and communication needs, including things like cultural considerations and flexibility of the support approach as well.

Mitigation:

It is envisaged that the changes to the services will be positive, creating better access to these services, reaching a wider audience and offering tailored support to the people who need it. This will require the services to work in partnership and collaboration in order to offer tailored support.

Commissioned services will also be required to collect, monitor and review the diversity of their service users in order to better understand the impact of the changes. They will also monitor waiting times, access and awareness of the services in order to try and mitigate any negative or unforeseen impacts.

EIA Process:

Each of the service areas has undertaken an EIA as part of the review and tendering process. Online consultation, service user consultation and Equality Forum consultation has been undertaken as part of the review and redesign process within each area. The EIA's, and equality information gathered, will continue to be reviewed in line with the monitoring of the services and will need to be updated when there is a better understanding of the actual impacts.

Reconfigure of staff teams across Safer and Healthier (BU8 E9)

Group (protected characteristic)	Mitigated impact
Victims of Anti-Social Behaviour (ASB)	Positive

Significant changes have been made to service governance structures, a strengthening of policies and procedures, triage and deployment capabilities and a change to working hours by key front line staff, to cover times of peak demand and weekends. The aim of this is to strengthen the delivery of services. In addition to the above a number of additional roles have been created to develop and strengthen the Council's engagement with diverse communities.

The new re-designed structure will deliver a more focused and joined up approach to tackling ASB. Subsequent diversionary strategies may have to be developed to offer young people support. The restructuring is designed to provide support based upon risk and the risk has been identified as ASB – this is particularly prevalent amongst young people.

Mitigation:

As the full extent of the impact is not known at this point, monitoring, feedback and further community consultation will need to be undertaken following the changes in order to gain a better understanding of the extent of any impact and to identify what steps can be practically taken to minimise this impact.

Specialist officers dealing with Cohesion and Prevent, Asylum and Migration, Gypsy and Travellers, will bring opportunities to gauge public sentiment with regards to any potential negative impact that may arise.

EIA Process:

The EIA action plan will need to consider how to effectively monitor the impact of the changes on the community, and to then look to reduce the likelihood of any disproportionately negative impacts, as appropriate.

Finance, Assets and Information Services

Finance Business Unit Major Restructure (BU13 E1)

Group (protected characteristic)	Mitigated impact
Disabled people (access barriers)	Medium
Deaf people (language barriers)	Medium
Disabled people in vulnerable situations (mental health, learning disabilities)	Medium
BME groups (new arrivals with limited English)	Medium

The efficiency proposals are in part predicated upon increasing the rate at which customers change the way they contact the Council and manage their council tax and benefits payments – with an increasing proportion choosing to do this online as opposed to face to face or telephone services. The choice to access services is not however an equal one for all customers. Some groups will face significant barriers including:

People on low incomes, with multiple and complex needs:

People on very low incomes are more likely to be in temporary accommodation and more likely to be in vulnerable situations, such as those with mental health problems, young people, ex-offenders, people with drug and alcohol problems, people with learning disabilities and people who have been victims of domestic violence. As a result people on low incomes are less likely to have good access to the internet and likely to have more complex enquiries associated with their council tax or benefits. People on low incomes for one or more of these reasons will also find it difficult to travel to a library to use the internet access there. The consequence could be that they fall into even greater financial and social difficulties as a consequence.

Access barriers:

For some people the main barrier with on-line services is that they can be inaccessible given their disability or language needs. Many Deaf people find understanding written English difficult to understand because BSL is their first language and they often have much lower levels of literacy. People with learning disabilities and people with specific learning difficulties, such as dyslexia or dyspraxia, can find completing on-line forms very complicated and stressful. Others rely on additional software, voice recognition or software that reads the content of a webpage, to access the internet, but on-line transactional forms are not always compatible with this software. New arrivals to the borough including asylum seekers refugees and migrant workers can also find completing on-line forms is difficult due to language barriers. Failure to enable these groups to enquire about their council tax or benefits could increase their social isolation.

Mitigation:

The emphasis on requiring customers to access services online if they can, and only by other means if they are not able to do this, is a corporate priority as part of our Customer Service Strategy. The implications of this and steps to mitigate the impact of this have been addressed as part of this wider strategy and are further considered in this report (see section 5.2)

EIA Process:

The full EIA will be completed as part of the planning for the implementation of this saving in 2018/19.

Legal and Governance

Deletion of Electoral Registration Outreach Officer Post (BU18 E6)

Group (protected characteristic)	Mitigated impact
Disabled people	Medium
Older People	Medium

The Outreach Officer’s primary role is to visit residential homes for the elderly and disabled to ensure that all residents are registered to vote. Deletion of this post would make it harder for people who need support to register to vote.

Engagement with nursing homes and care providers will be key to devising an alternative strategy for reaching these groups and helping them to register to vote

People

Targeted reviews of social care packages (BU2 E1)

Group (protected characteristic)	Mitigated impact
Disabled people / Older People (reduced care packages)	High
Disabled people / Older People (increased independence)	Positive

In line with the Care Act 2014 requirements to ensure regular review of care and support plans, a dedicated reviewing team will be created to complete effective and timely reviews of current care packages. This will allow the service to review all cases to ensure that individual's continue to meet the Care Act's eligibility criteria and that assessed eligible needs are being met in the most cost effective way. This will also allow the service to identify cases where there is a need to increase care provision.

The Care Act requires authorities to conduct a review of care and support plans no later than every 12 months. Where needs have changed service users may see their current care packages being reduced or removed; alternatively, some service users may see an increase to their current care package. More robust and regular reviews will also help to identify potential safeguarding issues.

Older and disabled people:

Altering the care packages to which people have become accustomed can have an impact on their quality of life and their ability to take part in the social and community life of their neighbourhoods and with the families and friends. However altering care packages can increase people's independence and enable them to contribute more towards their local community.

Mitigation:

A specific team will be established to conduct the review of the largest care packages, training will be provided to all front-line staff and a more robust and frequent system of case reviews will be put in place.

EIA Process:

Assess the extent to which quality of life outcomes are being improved or not as a result of these changes. This may be part of a larger review of the impact of a range of changes to social care in recent years.

Children's Social Care and Safeguarding - Charging for Newsome Ave Respite Unit (BU3 E2)

Group (protected characteristic)	Mitigated impact
Disabled children and young people with high level and complex care needs	Low

This budget saving proposal will increase the income generated from the sale of short term respite places to other local authorities by increasing sales activity underpinned by effective marketing / pricing of the provision. In theory this reduces the availability of bed spaces at Newsome Avenue for disabled children in Barnsley but in practice, due to careful management through the Panel approval and admissions process, the spare capacity will be better utilised without limiting access for local disabled people. Nonetheless if at any point it appears that there is a risk that this income generation could impact of bed availability for local children and young people then a full EIA will be undertaken before this takes effect.

Place

Environment and Transport Cross-Business Unit Restructure (BU6 E2)

Group (protected characteristic)	Mitigated impact
Disabled people seeking work / skills	Positive
Care leavers not in employment	Positive

The specifics as to how these efficiencies will be realised are not yet agreed. However the broad principles have been identified and the impact on service delivery is likely to be minimal. The main equality impact is likely to be on those who would benefit from greater employment and skills opportunities that the changes will open up for those who currently face significant barriers to work.

Disabled people / care leavers:

Disabled people and young people leaving care frequently face the highest levels of unemployment and economic inactivity as a result of the barriers they face to obtaining qualifications, skills and employment opportunities. The service restructure will result in the provision of a greater number of training placements and apprenticeships for people from these groups.

EIA Process:

The restructure will not be implemented until 2018/19 and a full EIA will be completed as part of this process if it is felt there will be significant changes to service delivery.

The service restructure will include the development of a number of training placements and apprenticeships. These will be monitored and performance reported regularly.

Environment and Transport Service Delivery Re-design (BU6 E3)

Group (protected characteristic)	Mitigated impact
Disabled people (communication barriers)	Medium
BME groups (new arrivals with limited English)	Medium

The specifics as to how these efficiencies will be realised are not yet agreed. However the broad areas where service changes are to be planned have been identified. Changes to policies with regards bin collections, such as missed bins and green waste collection charges, can have greater impacts on those people who are less able to understand or adapt to the changes. These impacts will be considered in more detail as the plans are developed for implementation in 2018/19 and appropriate mitigation incorporated to minimise any negative impacts on vulnerable groups.

People with communication barriers:

People with significant communication barriers can often find they are unaware of changes to even high profile services such as refuse collection. People with learning difficulties, Deaf people and people with sensory impairments can find mainstream publicity inaccessible to them and they as a result have to rely on information passed from family and neighbours. Others have limited English and understanding of Council services and hence information about changed policies for the collection of waste and recycling can fail to reach these groups. Given refuse collection can already be a cause of disagreement between neighbours, where new arrivals are unfamiliar with the process and requirements, there are potential cohesion implications also.

Mitigations:

The service will look at ways to improve awareness and understanding of waste and recycling policies to ensure all sections of the community are fully aware of any changes. Last year the service produced a video in BSL to enable Deaf people to have a better understanding of which items to recycle in which bin for example.

EIA Process:

The service re-design will not be implemented until 2018/19 and a full EIA will be completed as part of this process if it is felt there will be significant changes to service delivery.

South Yorkshire Passenger Transport Executive (3-5 Year strategic plan) (BU6 E7)

Group (protected characteristic)	Mitigated impact
Disabled people (entitled to concessionary fares)	None
Young people (entitled to concessionary fares)	None
Older people (entitled to concessionary fares)	None

This budget efficiency proposal will result in a significant reduction in the amount of funding given to the SYPTE over the next 3 years. How this reduction will impact upon transport services and passengers will need to be determined by SYPTE. Early indications however are that there will be no impact on transport services nor concessionary travel arrangements as the savings will be realised through initiatives such as refinancing and efficiencies. If this position changes the Council will seek to ensure the SYPTE undertake a full EIA of any proposed changes.

Public Health

PH E2 Review of Contracts and Commissioning

Group (protected characteristic)	Mitigated impact
Disabled people	Medium
Women and Men	Medium
BME communities (especially new arrivals)	Medium
Young people	Medium
Older people	Medium
Sexual orientation (LGBT community)	Medium

There are three key lines of enquiry for the budget saving and for each a separate EIA will be completed:

1 – The re-procurement of NHS Health Checks. The proposed model will bring the Barnsley service in line with other local authority commissioned Health Check services and the Department of Health benchmarking data. GP practices are signing up to undertake the health checks at a very good rate and so we anticipate that Health Checks will continue to be delivered in 2017/18 without a break in service while we re-procure and commence a new contract for 2018/19.

2 – Integrated Sexual Health Service. At this moment in time the impact of efficiencies is unclear. Before efficiencies are realised and contract values are reduced there will be a full service review, including stakeholder engagement and EIA. The findings of the review will be shared and the impact of proposed changes considered before any action is taken.

3 – 0-19 Health Child Programme. The service transitioned from SWYPFT to the Council on 1.10.16. A service review and re-design will be required to ensure that the services, including health visiting and school nursing, are fit for purpose for the future. An EIA will be completed as part of the service re-design.

BARNSLEY METROPOLITAN BOROUGH COUNCIL

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

Cabinet: 8TH February 2017

Report of the Director of Finance, Assets and IT

TREASURY POLICY AND STRATEGY STATEMENTS 2017/18

1. Purpose of Report

1.1 The purpose of this report is to present for approval the 2017/18 Treasury Policy Statement and Treasury Strategy Statement, including the Annual Investment Strategy.

2. Recommendations

2.1 It is recommended that: -

- **Members note the main treasury management policies, as outlined in the Treasury Policy Statement (Annex A).**
- **Members approve the attached Treasury Management Strategy Statement for 2017/18 (Annex B) including:**

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

  - the Annual Investment Strategy for 2017/18 at Section 4 of the TMSS.

3. Background

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

3.2 The Council adopted the original CIPFA Code of Practice on 13th February 2002, and this resolution is carried through to the revised Code. Therefore, the attached Treasury Policy Statement and Treasury Management Strategy Statements for 2017/18 have been prepared in compliance with the revised Code.

4. Treasury Policy Statement

4.1 Attached at Annex A is the Council's Treasury Policy Statement (TPS) for 2017/18. This complies with the requirements of the Code and is submitted for approval.

4.2 The TPS defines the Council's polices, objectives and approach to risk management of its treasury management activities. Further detail is contained within the Council's Treasury Management Practices (TMPs) document. This is the key systems document for the Council and the Section 151 Officer in the operation, review and performance assessment of the Treasury Management function.

4.3 The revised code recommends the TPS should include the organisation's high level policies for borrowing and investments and these requirements are addressed within the 2017/18 document.

5. Treasury Management Strategy Statement

5.1 Attached at Annex B is the Council's Treasury Management Strategy Statement (TMSS) for 2017/18. This Statement details:

- Outlook for interest rates;
- Borrowing requirements & strategy;
- Annual investment strategy;
- Approach to risk management;
- Minimum Revenue Provision statement for 2017/18.

5.2 The Authority's treasury management advisor Capita forecasts that the bank rate will remain unchanged at 0.25% until the first increase to 0.50% in the second quarter of 2019. Forecasts are uncertain at present and will remain so in terms of the unknown effects of Brexit and political developments in the US. The TMSS is based on the latest interest rate forecast and close monitoring of rates will continue throughout the year.

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

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

- Borrowing from the Municipal Bond Agency;

- Borrow on need – continuing to use temporary/short-term borrowing from other local authorities;
- Restructuring existing variable rate debt;
- Risk spreading by borrowing in smaller tranches to cover fixed rate maturities over the next three years;
- Deferred loans – fixing rates now for loans that commence in future.

The above options are discussed in further detail within the report together with recommendations as to the most suitable action for both the GF and HRA.

5.5 The key aim of the HRA borrowing strategy is to manage the affordability of debt repayments. In a surprise announcement in his budget on 8th July 2015 the Chancellor of the Exchequer stated that social housing rents would decrease by 1% per annum for the next 4 years with the aim of reducing the Housing Benefit bill. This replaces the existing Government commitment made in 2013 to allow rents to increase by the Consumer Price Index of inflation (CPI) plus 1%. This means that HRA debt can no longer be repaid within the 30 Year Business Plan.

5.6 The TMSS outlines the Council's Minimum Revenue Provision (MRP) statement for 2017/18. The Council will apply Option 3 (Asset Life Method) in respect of supported and unsupported capital expenditure. Within Option 3 revenue provision will be calculated using the annuity method. The MRP Statement for 2017/18 is shown at Appendix E.

6. Annual Investment Strategy

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

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

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

6.4 We remain in a very difficult investment environment and the 2017/18 investment strategy has been developed to take into account of continuing uncertainty within financial markets. Whilst counterparty risk appears to have eased, market sentiment has been subject to extreme volatility and economic forecasts remain full of uncertainty.

7. Consultations

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

8. Risk Implications

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

8.2 Credit, interest rate and refinancing risk are the most relevant to the Council at the current time. The following 2017/18 TMSS and TPS sets out how the Council intends to address these risks. An additional Appendix has also been included (Appendix B) within the TMSS which further examines the risks faced by the Council and the mitigations used to address these risks.

8.3 In order to implement the strategy and monitor treasury management activity, the Council has set up a Treasury Management (TM) Panel. Chaired by the Section 151 Officer and including the Cabinet Spokesperson and Cabinet Support Member for Corporate Services, the TM Panel meets on a quarterly basis to ensure that the approved treasury strategy is implemented.

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

9. Reduction of Crime and Disorder

9.1 None arising directly from this report.

10. Employee Implications

10.1 None arising directly from this report.

11. Financial Implications

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

12. Annexes

12.1 Annex A - Treasury Policy Statement 2017/18
Annex B - Treasury Management Strategy Statement 2017/18

13. Background Papers

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

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

Office Contact: Frances Foster **Tel: 3163** **Date: 23.01.17**

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Annex A

TREASURY POLICY STATEMENT

2017/2018

1 Introduction & Background

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

1.2 The Council adopted the original CIPFA Code of Practice on 13th February 2002, and this resolution is carried through to the revised Code. Therefore, the Treasury Policy Statement for 2017/18 has been prepared in compliance with the revised Code.

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

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

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

1.5 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Full Council, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's Policy Statement and the CIPFA Code of Practice.

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

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

1.8 Internal Audit consider on an annual basis carrying out a regulatory review of the treasury management function including probity testing. This decision is made on a risk-based strategy and discussed and agreed with management.

2. Policies and Objectives of Treasury Management Activities

2.1 The Council defines its treasury management activities as:

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

2.2 Approved activities of the Treasury Management operation cover:

- Borrowing;
- Lending;
- Debt repayment and rescheduling;
- Consideration, approval and use of new financial instruments and treasury management techniques;
- Managing cash flow;
- Banking activities;
- Leasing; and
- Managing the risk associated with the Council's treasury management activities.

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

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

2.5 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The Section 151 Officer has delegated powers to select the most appropriate form of capital financing (including leasing arrangements) from the approved sources. The source from which the borrowing is taken and type of borrowing should allow the Council transparency and control over its debt.

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

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

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Annex B

TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18

INDEX

1 INTRODUCTION

Background

1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.3 CIPFA defines treasury management as:

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

1.4 The Council is responsible for its treasury decisions and activity. The successful identification, monitoring and control of treasury management risk are integral to treasury management activity. The following 2017/18 TMSS sets out how the Council intends to address the most significant risks and a schedule is included at Appendix B.

Reporting Requirements

1.5 The Council is required to receive and approve Treasury Management reports during the year, including:

- **Prudential and treasury indicators and treasury strategy** (this report)
- **Quarterly update treasury management reports** – These will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- **An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

1.6 In order to implement the strategy and monitor treasury management activity, the Council has set up a Treasury Management Panel. Chaired by the Section 151 Officer and including the Cabinet Spokesperson and Cabinet Support Member for Corporate Services, the TM Panel meets on a regular basis to ensure that the approved treasury strategy is implemented. The above reports are required to be adequately scrutinised before being recommended to the Council.

Treasury Management Strategy for 2017/18

1.7 The strategy for 2017/18 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury Management Issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

Training

1.8 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. The training needs of treasury management officers are periodically reviewed and general training requirements are reported through the Council's Personal Development Review (PDR) process.

1.9 Staff members involved in treasury operations have previously completed the CIPFA-ACT International Treasury Management qualification. Ongoing training is accessed through Capita and CIPFA workshops. All training activities are recorded in accordance with Treasury Management Practice 10 – Training and Qualifications.

Treasury Management Consultants

1.10 The Council uses Capita Asset Services, Treasury Solutions as its external treasury management advisors.

1.11 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

1.12 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 CAPITAL EXPENDITURE PLANS 2017/18 – 2019/20 AND CAPITAL PRUDENTIAL INDICATORS

2.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

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

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

2.4 A separate borrowing strategy for the HRA has been produced which is approved by the Berneslai Homes board. A copy of this is shown at Appendix I. The Prudential Indicators below show the split between the GF and the HRA.

Combined GF/HRA Capital Expenditure

2.5 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
General Fund	52,401	68,217	51,182	32,274	6,931
HRA	25,091	29,905	30,004	32,975	21,888
Total	**77,492**	**98,122**	**81,186**	**65,249**	**28,819**

The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

2.6 These capital expenditure plans are monitored and amended by individual project leads throughout the financial year, to reflect the anticipated spend over the five years. These variances are reported formally to Cabinet each quarter, along with the suite of financial performance reports.

2.7 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. The Authority's programme is fully approved at an individual level, including schemes to be financed from an increased borrowing need. Where the Council can generate additional funding to support capital expenditure, this will reduce its borrowing needs. Therefore levering in additional grant from funding/ regional bodies such as Sheffield City Region can have a direct impact on our capital financing costs and future levels of debt.

Financing of Capital Expenditure £000	**2015/16 Actual**	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**
Capital Expenditure	**77,492**	**98,122**	**81,186**	**65,249**	**28,819**
Capital Receipts	11,104	7,439	1,675	1,107	702
Capital Grants	12,567	31,484	6,246	6,024	0
Capital Reserves	0	22,444	62,815	40,414	21,808
Revenue	23,472	7,135	10,450	12,903	1,310
Net Financing Need for the year as a result of Capital Expenditure	**30,349**	**29,620**	**0**	**4,801**	**4,999**

The Council's Borrowing Need (the Capital Financing Requirement)

2.8 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been financed from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

2.9 Capital expenditure not financed from internal resources (i.e. Capital Receipts, Capital Grants and Contributions, Revenue or Reserves) will produce an increase in the CFR.

2.10 The CFR does not increase indefinitely, as there is a statutory obligation for the Authority to set aside an annual revenue charge, the minimum revenue provision (MRP). This broadly reduces the borrowing need in line with each assets' life. A separate statement on the Council's policy on MRP is shown at Appendix F.

2.11 In addition, the Authority is able to make voluntary contributions towards reducing its CFR as it sees fit.

2.12 The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £239M of such schemes within the CFR.

2.13 The Council is asked to approve the CFR projections below:

Capital Financing Requirement £000	**2015/16 Actual**	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**
CFR – GF	654,779	680,030	675,658	675,925	676,566
CFR – HRA	282,511	280,561	278,532	276,423	274,228
Total CFR	**937,290**	**960,591**	**954,190**	**952,348**	**950,794**

3 BORROWING

3.1 The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes of practice, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current Portfolio Position

3.2 The Council's treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the **General Fund's** actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

General Fund: £000	**2015/16 Actual**	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**
External Debt:					
Capital Financing Requirement	654,779	680,030	675,658	675,925	676,566
Less: Other Long-Term Liabilities (OLTL)	(241,027)	(239,285)	(237,838)	(236,348)	(235,185)
Borrowing CFR	**413,752**	**440,745**	**437,820**	**439,577**	**441,381**
Less Existing Profile of Debt	(262,399)	(282,335)	(271,044)	(248,312)	(209,605)
Cumulative Maximum External Borrowing Requirement	151,353	158,410	166,776	191,265	231,776
Usable Reserves *	116,126	86,799	41,961	36,503	25,222
Cumulative Net Borrowing Requirement	**35,227**	**71,611**	**124,815**	**154,762**	**206,554**

* The above table assumes that the Authority's current level of "banked" reserves will be utilised over the planning period, except for reserves totalling £25M relating to a

minimum working balance and other statutory functions . It also does not assume any replenishment of these reserves, on a prudent basis.

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

3.4 As at 31st March 2017 the level of un-funded CFR exceeds the available balances and reserves, illustrated by the positive net cumulative borrowing requirement of £64M. This position will be monitored throughout the financial year and the borrowing options available to the Authority are discussed in greater detail from section 3.33 of the report.

3.5 The following table shows the level of internal borrowing as a percentage of the Capital Financing Requirement for both the GF and HRA. The average internal borrowing across Capita's local authority clients is approximately 15%:

Internal Borrowing as a % of CFR	**2016/17**	**2017/18**	**2018/19**	**2019/20**
GF CFR	680,030	675,658	675,925	676,566
GF Usable Reserves	86,799	41,961	36,503	25,222
%	**12.8%**	**6.2%**	**5.4%**	**3.7%**
HRA CFR	280,561	278,532	276,423	274,228
HRA Usable Reserves	37,000	27,000	17,000	10,000
%	**13.2%**	**9.7%**	**6.1%**	**3.6%**

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

3.7 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

3.8 As per the Local Government Act 2003, a local authority may borrow money either for capital purposes or for the purposes of the prudent management of its financial affairs. Accordingly, the Authority may consider borrowing during

2017/18 for such purposes, including, for example, upfront repayment of its pension deficit for the next three years, as it is financially beneficial to do so.

3.9 The Director of Finance reports that the Council complied with this indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and proposals in this budget report.

Treasury Indicators: Limits to Borrowing Activity

3.10 The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. This limit is set to match the Capital Financing Requirement as shown in the table at 2.11.

Operational Boundary £000	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**
Debt	721,306	716,352	716,000	715,609
Other Long Term Liabilities	239,285	237,838	236,348	235,185
Total	**960,591**	**954,190**	**952,348**	**950,794**

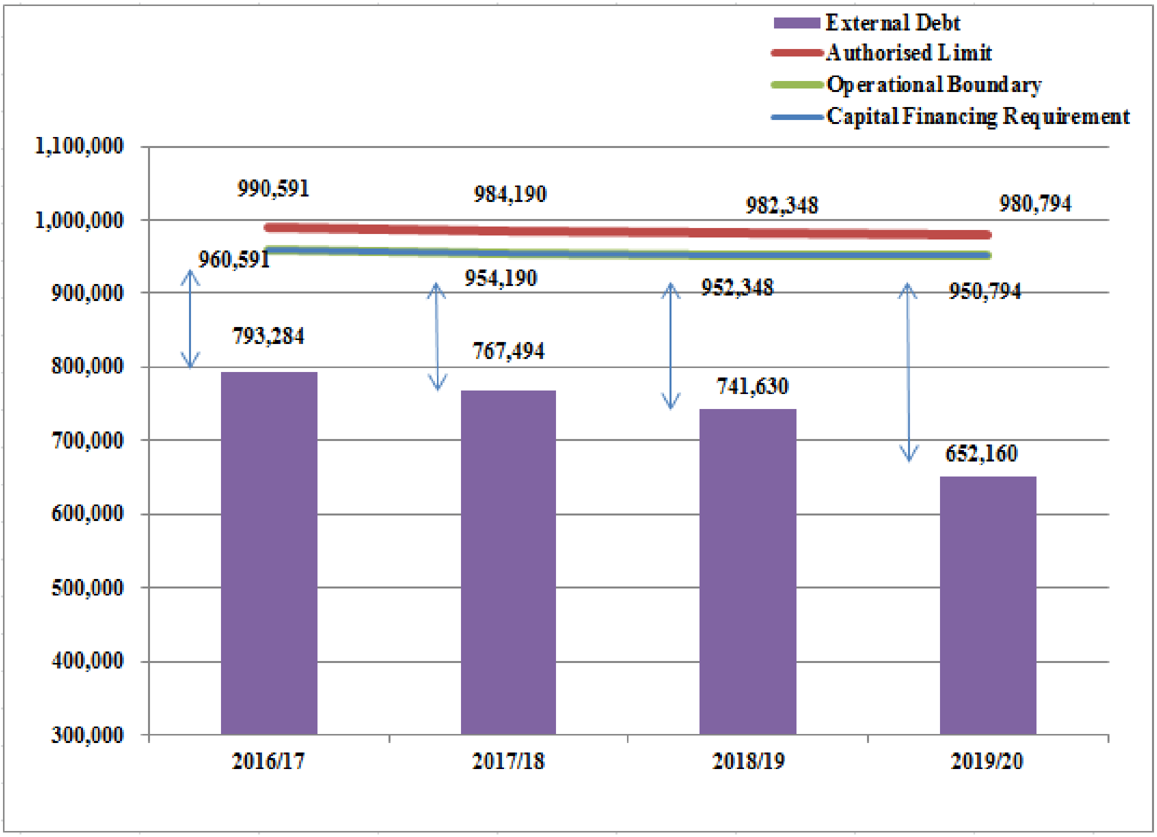
3.11 The Authorised Limit for External Debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. The Authorised Limit has been set at £30M above the Operational Boundary.

3.12 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

3.13 The Council is asked to approve the following authorised limit:

Authorised Limit £000	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**
Debt	751,306	746,352	746,000	745,609
Other Long Term Liabilities	239,285	237,838	236,348	235,185
Total	**990,591**	**984,190**	**982,348**	**980,794**

3.14 The following graph illustrates the profiles of the GF and HRA in terms of current debt, CFR, Operational Boundary and Authorised Limit.



3.15 External debt, represented by the bars, has already been spent on funding capital expenditure. The CFR line shows the amount in the programme which needs to be funded. Therefore, the area highlighted represents internal borrowing (capital spend not supported by direct funding).

3.16 The above graph estimates the level of temporary borrowing facility at £75m in 2016/17 and 2017/18 and £55m thereafter.

3.17 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £m	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**
HRA Debt Cap	301,000	301,000	301,000	301,000
HRA CFR	277,000	271,000	264,000	257,000
HRA Headroom	**24,000**	**30,000**	**37,000**	**44,000**

3.18 The HRA Borrowing Strategy 2017/18 is included at Appendix I.

Interest Rate Risk

3.19 The risk profile of the GF has altered significantly following the apportionment of debt resulting from the implementation of self-financing. The GF loan pool is now subject to a much greater degree of interest rate risk, as shown below (estimated at 31.3.17):

Borrowing Method	Value (£M)	% of Portfolio	Interest Rate Risk
PWLB - Fixed	144	33	No
Market Fixed	27	6	No
PWLB – Variable	34	8	Yes
Temporary Borrowing	75	17	Yes
Other Local Authority	2	1	No
Internal Borrowing / Borrowing Requirement	159	36	Yes
TOTAL	**441**	**100**	

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

3.20 Assuming an estimated borrowing CFR of £441M (CFR less long-term liabilities) at the end of 2016/17, 61% (£268M) of the GF loan pool is exposed to short-term interest rate movements and in the case of temporary borrowing, refinancing risk.

3.21 Exposure to variable interest costs will be offset to some extent by maintaining a level of variable rate investments. Assuming investments of £40M, net interest rate exposure is reduced from 61% to 52%.

3.22 Retaining a relatively high level of exposure has clear benefits in reduced interest costs. The GF's share of existing PWLB variable rate loans (£35M) continues to represent excellent value with an interest rate of approximately 0.42% and the average rate payable on temporary borrowing is 0.57% (Dec 16).

3.23 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

3.24 The Council is asked to approve the following treasury indicators and limits:

£m	2017/18	2018/19	2019/20
Interest Rate Exposures – (GF)			
	Upper	**Upper**	**Upper**
Upper Limit on Fixed Interest Rates based on Net Debt (GF)	90%	90%	90%
Upper Limit on Variable Interest Rates based on Net Debt (GF)	25%	25%	25%
Maturity Structure of Fixed Interest Rate Borrowing 2017/18 - (GF)			
		Lower	**Upper**
Under 12 months		0%	50%
12 months to 2 years		0%	25%
2 years to 5 years		0%	25%
5 years to 10 years		0%	25%
10 years to 20 years		0%	75%
20 years to 30 years		0%	75%
30 years to 40 years		0%	75%
40 years to 50 years		0%	75%

Refinancing Risk

3.25 The strategy of using inexpensive temporary borrowing to fund capital expenditure does expose the Council to a degree of refinancing risk. Whilst there is limited PWLB borrowing maturing in the next five years, approximately £55M of temporary borrowing from other local authorities is set to mature within the next 12 months. This source of funding is not guaranteed and rates are dictated to some extent by supply and demand, which represents an ongoing risk.

3.26 Low interest rates mean the Council's £63M of LOBOs loans (GF share of £27M) are unlikely to be called in 2017/18. The interest rate of 4.75% is above current market rates and therefore the refinancing risk in respect of these loans is low when taking into account prevailing market conditions. The Council will take the option to repay the LOBO loans at no cost should the opportunity arise to do so. In addition, the Council is also exploring the option (with specialist advisers) to repay the debt on more favourable terms in order to take advantage of prevailing low interest rates. The extent to which this will present an opportunity will depend upon the level of penalties that the current funders are likely to charge to break the loan conditions.

Prospects for Interest Rates

3.27 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

3.28 Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

  Any decisions will be reported to the Treasury Management Panel at the next available opportunity.

Borrowing Strategy for 2017/18

3.29 High internal borrowing and variable rate debt creates a high level of risk. However, the strategy continues to pay dividends and support budget savings in the current economic environment. By postponing borrowing, the Council has greatly benefitted from an unexpected fall in fixed borrowing rates, which mitigates this risk to some degree.

3.30 The PWLB variable debt, combined with internal borrowing creates a very cheap position, but at risk of an uplift in interest rates. With interest rates at a record low, there is an option to fix out a proportion of the Authority's GF debt portfolio to remove a degree of refinancing risk. Conversely, a high proportion of the HRA portfolio is fixed rate debt, so there could be a potential to switch this to variable.

3.31 A Debt Options analysis has been carried out to assess the current position of the GF and requirements over the next 5 years. It is important to ascertain the right approach in a difficult climate. An analysis has been completed to project the impact of taking various decisions and how this feeds through to the Capital Financing Budget.

3.32 In addition to the Council's CFR repayment, the Council also has a number of loans due to mature over the next 5 years. The loans that have been identified as dropping out of the portfolio over the next 5 years are shown in the table below. This includes fixed and variable rate loans.

Maturing Loans	Principal £M	Rate %	Financial Year
Jan-17	2,100	8.625	2016/17
May-17	3,200	8.625	2017/18
May-17	5,400	7.375	2017/18
Nov-19	1,300	9.375	2019/20
Total Fixed	**12,000**		
Nov-19	21,400	0.700	2019/20
Mar-20	13,200	0.430	2019/20
Total Variable	**34,600**		
TOTAL	**46,600**		

Options to Consider

3.33 **Municipal Bond Agency** – This has been established to offer an alternative source of borrowing for local authorities to the PWLB. The Agency aims to provide cheaper capital finance to local authorities,undercutting the PWLB, via periodic bond issues. The Authority is a shareholder in the Agency, together with 55 other local auhorities and the Local Government Association.

3.34 **Borrow on need** - Borrow fixed, temporary or longer dated debt as loans mature. As the outlook for rates is to remain low this is a cheap option which matches cash flow and reduces counterparty exposure and cost of carry. The use of temporary borrowing injects volatility into the portfolio in terms of interest rate and refinancing risk, but this is offset by reduced interest costs. At a time of increasing bugetary pressures, the use of tempoary borrowing is a key consideration when balancing the requirements of risk versus affordability.

3.35 **Restructure variable rate debt** - Consider switching some of the variable rate debt to fixed longer term PWLB. The variable rate debt would not incur any penalties if repaid early, will reduce variable rate risk, but clearly will introduce additional costs to refinance. Each £10m rescheduled will cost roughly £200k p.a. This option is suitable for the GF, but the high level of fixed rate debt already maitanined by the HRA means that this would not be a suitable strategy for the HRA.

3.36 **Risk spreading** - Borrow in small tranches to cover the fixed rate maturities over the next 3 years. This will spread the refinancing risk and address the borrowing need. Borrowing in smaller tranches may be beneficial due to uncertainty and volatility of rates and to hedge against rates moving even lower. This approach could be considered in terms of both the GF and HRA debt portfolios.

3.37 **Deferred loans** – There are offers in the market of deferred loans, giving the option to fix the rate now for a period of up to 5 or 6 years in advance. This would allow the Authority to continue a short term, cheap position, with the comfort of fixed rate loans being delivered in the future. The risks are, once agreed, the Authority is committed to the funds and the market rates could potentially be cheaper in 3 years' time. Arranging the loans could be quite a lengthy process involving a great deal of due diligence with commercial lenders.

Borrowing Strategy Recommendations for 2017/18

3.38 Based on the above information, it is recommended that:

- The Council borrows £10M from the Municipal Bond Agency to cover the loans due to mature in the next six months which are shown in the table above. This will enable the Authority to access funding at lower rates than the PWLB and help the Agency establish itself as an alternative source of funding for Local Authorities from the PWLB. This borrowing will be undertaken by the GF, but is an option that could be considered by the HRA in future years. The Agency is a new initiative and it is worth noting that at the time of writing it has yet to make its first bond issue. This will only go ahead with a sufficient level of commitment and interest from local authorities. Should the bond issue fail to materialise within our required timescales, the Authority will seek to use the PWLB as an alternative source of funding.

- In addition, it is recommended that a proportion of the portfolio is fixed out, to move towards fixing out temporary variable loans as a policy objective. This is suitable for the GF, but not recommended for the HRA.

- The Council will look at deferred loans to cover off the large variable loan due to mature in 2019/20. This could present an opportunity for both the GF and HRA debt portfolios.

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

Policy on Borrowing in Advance of Need

3.40 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Borrowing in advance of need will only be undertaken when there is a clear business case for doing so.

PFI Refinancing

3.41 The Council is currently reviewing its PFI programmes (particularly its Building Schools for the Future programme) to determine whether these can be refinanced on cheaper terms. The PFI element of the BSF programme was originally financed through commercial funders in 2009/10 and the Council is currently exploring opportunities (in conjunction with shareholders on the Barnsley Local Education Partnership) to re-finance the programme on more favourable terms taking into account potential break costs. It is envisaged that this work be completed during the 2017/18 financial year.

Source of Borrowing

3.42 As detailed in the 2016/17 Strategy, a consultation has been issued regarding the abolition of the PWLB Commissioners. HM Treasury have confirmed that despite the proposed abolition, the lending function will continue unaffected and that local authorities will continue to have access to the same range of borrowing facilities and there will be no impact on existing loans held by authorities.

3.43 The preferred method of borrowing will be through the PWLB but officers will continue to examine alternative options in 2017/18. The Authority has become a shareholder in the Local Government Agency's (LGA) Municipal Bond Agency and is looking to undertake borrowing as part of the first bond issue by the Agency.

3.44 The Council will continue to access funding from other local authorities. This source of funding is not guaranteed and is reliant on the cash flow position of other authorities. Officers will continue to assess the market to identify the level of refinancing risk.

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

- PWLB,
- UK local authorities,
- Any institution approved for investment,
- UK public and private sector pension funds,
- Capital market bond investors,
- Special purpose companies created to enable joint local authority bond issues, and
- Commercial lenders and banks.

3.46 As stated at 3.26, the Council holds £63M of LOBOs, the GF share of £27M representing just less than 10% of GF debt. To protect against the uncertainty and refinancing risk associated with such products, no further LOBO borrowing will be undertaken.

Leasing

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

4 ANNUAL INVESTMENT STRATEGY

Investment Policy

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

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

4.3 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In 2016/17 (to 31st Dec 2016), the Council's investment balance has ranged between £24M and £60M, and similar variations are expected for the forthcoming year, depending on cash flow patterns.

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

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

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

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

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

Security (Credit and Counterparty Risk)

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

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

4.9 This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands indicating the relative creditworthiness of counterparties.

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

Table 1: Approved Investment Counterparties and Limits

	Maximum Amount	Maximum Duration
UK Government Debt	Unlimited	5 yrs
Banks (subject to Capita rating: minimum A-)*	£10m	2 yrs
Barclays Bank – the Authority's Banker	£10m	liquid
Building Societies	£5m	6 mths
Local Authorities	£5m	1 yr
Money Market Funds (AAA-mmf rated)	£10m	liquid
Enhanced Money Market Funds (AAA-mmf rated)	£10m	liquid

**Specific banks will be subject to maximum durations depending on Capita's Credit List. This list is received on a weekly basis and investments are placed in accordance with the recommended maximum duration for individual counterparties at that time. At present, the Council will place investments with UK and non-UK institutions that have a minimum long term rating of A- or equivalent. In the current volatile economic environment there is the possibility that the ratings of financial institutions could be downgraded across the board. The Authority will review its view on minimum credit ratings should this become the case.*

4.11 Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

4.12 The Council is asked to approve the treasury indicator and limit: -

Maximum Principal Sums Invested > 364 days			
£m	**2017/18**	**2018/19**	**2019/20**
Principal Sums Invested > 364 Days	£m 20	£m 20	£m 20

4.13 The Barclays Flexible Interest Bearing Current Account (FIBCA) continues to be used by treasury staff to effectively manage daily cash flows and the FIBCA also provides an additional annual interest payment. Barclays currently meets the Council's minimum credit criteria. Even if the bank's credit rating falls below the minimum criteria, the Authority will continue to use the bank for short term liquidity requirements and business continuity arrangements. An individual limit of £10M applies to the Authority's bank account provider, Barclays, (specifically the FIBCA account) in order to meet the Authority's cash flow requirements. From 1st April 2017, no new fixed term deposits will be placed with Barclays.

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

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

Liquidity (Liquidity Risk)

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

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

Yield

4.18 As a result of continuing stress within the market, opportunities for investment are limited and returns are expected to remain subdued. The Council will seek to maximise returns from its investments but this will be secondary to security and liquidity priorities. Short-term money market rates are likely to remain at low levels throughout 2017/18 and this will result in reduced investment income.

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

Diversification

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

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

Performance Measurement

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

Berneslai Homes

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

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APPENDIX A

Capita Asset Services Economic & Interest Rate Forecast December 2016

Economic Background

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the latest view for 2016 - 2020.

Capita Asset Services Interest Rate View													
	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Dec-19	Mar-20
Bank Rate View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.75%	0.75%
3 Month LIBID	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.80%	0.90%
6 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.90%	1.00%
12 Month LIBID	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.30%	1.40%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	2.00%	2.00%
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%
25yr PWLB Rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%
50yr PWLB Rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%

The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

The **Monetary Policy Committee, (MPC), meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in the Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

The **MPC meeting of 3 November** left the Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank.

The latest MPC decision included a forward view that **Bank Rate** could go either up or down depending on how economic data evolves in the coming months. Capita forecast that the Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019. It is worth pointing out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on forecasts.

The **August quarterly Inflation Report** was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, consumers have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015. In addition, the GfK consumer confidence index has recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result.

Bank of England GDP forecasts in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.

The Chancellor has said he will do 'whatever is needed' i.e. to **promote growth**; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending.

The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of 3.2% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, (16% down against the US dollar and 11% down against the Euro); this will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external influences (outside of the UK), although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

What is clear is that **consumer disposable income** will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend and reached 1.2% in November. However, producer output prices rose at 2.1% and core inflation was up at 1.4%, confirming the likely future upwards path.

Gilt yields, and consequently PWLB rates, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and have hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

Employment has been growing steadily during 2016, despite initial expectations that the referendum would cause a fall in employment. However, the latest employment data in November, (for October), showed a distinct slowdown in the rate of employment growth and an increase in the rate of growth of the unemployment claimant count. House prices have been rising during 2016 at a modest pace but the pace of increase has been slowing since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

The Federal Reserve in the **USA** embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December 2016. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis.

The result of the **presidential election** in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

The Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.

Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

Brexit Timetable and Process

The following Brexit timetable and process may be helpful in terms of the economic background to the 2017/18 TMSS:

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.
- UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.
- It is possible that some sort of agreement could be reached for a transitional time period for actually implementing Brexit after March 2019 so as to help exporters to adjust in both the EU and in the UK.

APPENDIX B

Council's Approach to Risk Management

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

1. Credit and Counterparty Risk

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

2. Liquidity Risk

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

3. Interest Rate Risk

Risk : Interest Rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances.
Mitigation : Both the HRA and particularly the GF debt pools are subject to a degree of interest rate risk. The balancing of risk against cost is a key theme for 2017/18 and is addressed in detail throughout the TMSS.
Probability : Medium
Impact : Very High

4. Exchange Rate Risk

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

5. Refinancing Risk

Risk : Refinancing risk is the risk that maturing borrowings cannot be refinanced on terms that reflect the provisions made by the Council.

Mitigation : The GF has a significant amount of temporary borrowing which will need to be refinanced and this is addressed in the borrowing strategy. The PIs place limits on the maturity structure of borrowing to limit the refinancing risk.

Probability : Medium

Impact : High

6. Legal and Regulatory Risk

Risk : Legal and regulatory risk is where the Council fails to act in accordance with its legal powers or regulatory requirements, and suffers losses accordingly.

Mitigation : The Council receives professional advice from Treasury Management advisers and officers receive regular training updates.

Probability : Low

Impact : Low

7. Fraud, Error and Corruption Risk / Contingency Management Risk

Risk : Fraud error and corruption and contingency management risk is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings.

Mitigation : Internal Audit consider on an annual basis carrying out a regulatory review of the treasury management function including probity testing. This decision is made on a risk-based strategy and discussed and agreed with management. The recommendations of these reports are actioned in accordance with the agreed timetable.

Probability : Low

Impact : Medium

8. Market Risk

Risk : Market risk is the risk that through adverse market fluctuations in the value of the principal sums the Council invests, its stated investment objectives of security of capital is compromised.

Mitigation : The use of alternative investments vehicles such as property funds may increase the level of market risk. Investment in such instruments will only be undertaken after rigorous assessment and on the advice of Capita Asset Services.

Probability : Medium

Impact : Medium

APPENDIX C

Policy on use of Financial Derivatives

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

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

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

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

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2017/18 – 2019/20

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure

Capital Expenditure £000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
General Fund (GF)	52,401	68,217	51,182	32,274	6,931
Housing Revenue Account (HRA)	25,091	29,905	30,004	32,975	21,888
Total	**77,492**	**98,122**	**81,186**	**65,249**	**28,819**

Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2016/17 Approved	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
GF	**15.0**	**9.5**	**8.8**	**9.2**
HRA	**43.6**	**43.8**	**45.7**	**47.7**

b. Incremental impact of capital investment decisions on the band D council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

£	2016/17 Approved	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Council Tax - band D	**8.30**	**4.49**	**4.30**	**4.26**

c. Incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

£	2016/17 Approved	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Weekly housing rent levels	**0.86**	**0.61**	**1.91**	**3.36**

Adoption of the CIPFA TM Code

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

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

Gross Debt and the Capital Financing Requirement

Gross Debt & CFR	**2017/18 Estimate**
	£M
Outstanding Borrowing	549
Other Long-Term Liabilities	239
Gross Debt	**788**
Max CFR	954
Headroom	**166**

ADDITIONAL INVESTMENT STRATEGY INFORMATION AND LIMITS

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

   - interest-bearing bank accounts,
   - fixed term deposits,
   - callable deposits where the Council may demand repayment at any time (with or without notice),
   - certificates of deposit,
   - bonds, notes, bills, commercial paper and other marketable instruments, and
   - shares in money market funds and other pooled funds.

   Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures specified in section 3.22 of the report.

2. Investments made by the Authority will be classified as either specified or non-specified investments. The CLG Guidance defines specified investments as those:

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

   It should be emphasised that institutions with a rating within the single A band are considered to be 'high credit quality' (Fitch). At present, the Council will place investments with UK and non-UK institutions that have a minimum long term rating of A- or equivalent. In the current volatile economic environment there is the possibility that the ratings of financial institutions could be downgraded across the board. The Authority will review its view on minimum credit ratings should this become the case.
   In terms of Sovereign ratings, the UK is currently rated AA, but is on negative watch due to Brexit concerns. To reflect this uncertainty, the Council will use UK banks irrespective of the UK sovereign rating and any other sovereign with a minimum rating of AA-. Any new specified investments will be made within the limits shown within table 1 in the AIS. For money market funds and other pooled funds 'high credit quality' is defined as those having a credit rating of 'AAA-mmf' or higher.

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

Non-Specified Investment Limits

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

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

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

Investment Limits

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

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

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

7. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

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

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

2017/18 MRP STATEMENT

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

The four MRP options available are:

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

NB This does not preclude other prudent methods.

MRP in 2017/18: Options 1 and 2 may be used only for General Fund supported expenditure. Methods of making prudent provision for General Fund self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses). There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.

The MRP Statement is required to be submitted to Council before the start of the 2017/18 financial year for approval. Any revision of which must be submitted to Council for approval.

The Council is recommended to approve the following statement:

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

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

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

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

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

operational. The Council has chosen to employ this "MRP holiday" on the significant qualifying projects such as the Building Schools for the Future programme.

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

TREASURY MANAGEMENT SCHEME OF DELEGATION

Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Approval of annual strategy.

Boards/committees/council/responsible body

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations;
- Approving the selection of external service providers and agreeing terms of appointment.

Body/person(s) with responsibility for scrutiny

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit, and liaising with external audit;
- Recommending the appointment of external service providers.

Housing Revenue Account
Borrowing Strategy
2017/18

1 Background

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

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

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

HRA Borrowing Requirement and Strategy

2 Current debt portfolio

2.1 Since 2012, there have been a number of part repayments of PWLB annuity and equal instalment of principal (EIP) loans lowering the debt level to £275M as at November 2016. A loan repayment of £2.9M is due in January 2017, so the forecast debt level at the end of 2016/17 is £272M, and the breakdown is shown below:

2.2

Borrowing method	Value (£M)	% of Portfolio	Interest Rate Risk
PWLB – fixed (inc settlement loan £22M)	190	70	No
Market Fixed	36	13	No
PWLB – variable	46	17	Yes
TOTAL	**272**	**100**	

2.3 As at 31st March 2017, 17% of the forecast debt portfolio is sensitive to interest rate fluctuations. The PWLB variable loans (£46M) continue to represent excellent value at rates of 0.43% (£28M) and 0.70% (£18M). There is an interest rate risk associated with the loans, but the semi-annual rate fixing provides some protection against increases.

2.4 Low interest rates mean the Council's £63M of LOBOs loans (HRA share of £36M) are unlikely to be called in 2017/18. The interest rate of 4.75% is above current PWLB levels and therefore the refinancing risk in respect of these loans is low when taking into account prevailing market conditions.

3 Borrowing and Capital Financing Requirement

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

3.2 The forecast CFR for end of the 2016/17 financial year is £277M against a borrowing level of £272M. Therefore, the HRA is £5M under-borrowed. A debt level below the CFR means the HRA has been internally borrowing – using internal reserves and balances in-lieu of external borrowing.

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

Borrowing method	Value (£M)	% of Portfolio	Interest Rate Risk
PWLB – fixed (inc settlement loan £22M)	190	68	No
Market Fixed	36	13	No
PWLB – variable	46	17	Yes
Unfunded CFR	5	2	Yes
TOTAL	**277**	**100**	

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

3.5 The HRA CFR has been reduced from £291M at the implementation of Self-financing, to the forecast £277M at the end of 2016/17. The reduction is due to applied capital receipts from housing properties sold under the Right to Buy Scheme. Where sales under the Right to Buy exceed those assumed in the Self Financing Settlement the Council is allowed to retain an amount to cover the housing debt which would have been supported from the rental income on the additional properties sold. It is considered prudent to apply this funding to reduce the CFR. In addition, a 50 year annuity debt repayment policy was agreed with the Council in early 2016 and has been reflected within the debt figures.

3.6 In a surprise announcement in his budget on 8th July 2015 the Chancellor of the Exchequer stated that social housing rents would decrease by 1% per annum for the next 4 years with the aim of reducing the Housing Benefit bill. This replaces the existing Government commitment made in 2013 to allow rents to increase by the Consumer Price Index of inflation (CPI) plus 1%. This means that HRA debt can no longer be repaid within the 30 Year Business Plan.

3.7 Overall borrowing is limited by the debt cap set by the CLG of £301M, leaving headroom of approximately £24M. However, in the new financial environment additional borrowing to fund extra capital investment is unlikely to be affordable.

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

3.9 The HRA's estimated CFR is shown below:

	Estimate 2016/17	Year 1 2017/18 Estimate	Year 2 2018/19 Estimate	Year 3 2019/20 Estimate
	£M	£M	£M	£M
Capital Financing Requirement (CFR)	277	271	264	257
Less : Existing Profile of Borrowing	272	259	257	207
Cumulative Maximum External Borrowing Requirement	5	12	7	50
Usable Reserves	37	27	17	10
Cumulative Net Borrowing Requirement	(32)	(15)	(10)	40

3.10 The HRA has a borrowing requirement in 2019/20; this is partially offset by HRA useable reserves.

Borrowing Strategy

3.11 The key aim of the HRA borrowing strategy is to manage the affordability of debt repayments within the 30 year business plan. The options are set out below:

Internal and Short-Term Borrowing

3.12 As stated, there is a limited borrowing requirement in the immediate future and any changes to the HRA working balance, for example slippage in the capital programme, will mean the HRA can fund this requirement internally.

3.13 As shown in the above table, the HRA is in an internally borrowed position. Essentially, this means that the actual level of debt is below the CFR and the HRA has used internal resources (reserves and balances) to fund some of its unfinanced capital expenditure. The main benefit of the strategy of internal borrowing is that the cost of carry associated with long-term fixed rate borrowing compared to investment returns is such that the use of internal resources remains an attractive means of minimising external debt payments.

3.14 Given the limited borrowing requirement, the initial strategy will be to monitor the HRA treasury position, and to borrow short-term should any need arise. When the borrowing requirement arises in 2019/20, the HRA could consider introducing more variable rate debt to the portfolio. Although there is interest rate risk associated with variable rate debt, this is offset by reduced interest rate costs. At a time of increasing budgetary pressures, maximising the debt portfolio is a key consideration when balancing the requirements of risk versus affordability.

Borrowing in Advance of Need

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

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

Premature Redemption of Debt

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

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

Charging of Debt Interest Costs

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

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

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

4. HRA Prudential Indicators

4.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce a suite of Prudential Indicators. In accordance with the principle of a developing a distinct borrowing strategy for the HRA, a suite of Prudential Indicators for 2017/18 to 2019/20 have also been produced.

1. Capital Expenditure

	Approved 2016/17	Year 1 2017/18 Estimate	Year 2 2018/19 Estimate	Year 3 2019/20 Estimate
	£M	£M	£M	£M
HRA	37	27	28	28

2. Ratio of Financing Costs to Net Revenue Stream

	Approved 2016/17	Year 1 2017/18 Estimate	Year 2 2018/19 Estimate	Year 3 2019/20 Estimate
	%	%	%	%
HRA	43.6	43.8	45.7	47.7

3. Capital Financing Requirement

	Approved 2016/17	Year 1 2017/18 Estimate	Year 2 2018/19 Estimate	Year 3 2019/20 Estimate
	£M	£M	£M	£M
HRA	277	271	264	257

4. Estimates of the Incremental Impact of Capital Decisions on Housing Rents

	Approved 2016/17	Year 1 2017/18 Estimate	Year 2 2018/19 Estimate	Year 3 2019/20 Estimate
	£	£	£	£
Increase in Average Weekly Housing Rents	0.86	0.61	1.91	3.36

5. Interest Rate Exposure

	Year 1 2017/18 Estimate	Year 2 2018/19 Estimate	Year 3 2019/20 Estimate
	%	%	%
Upper Limit for Fixed Interest Rate Exposure	100	100	100
Upper Limit for Variable Rate Exposure	25	25	25

6. Maturity Structure of Borrowing

	2017/18		
	Lower Limit %	Upper Limit %	Estimated Current Profile (31.3.17) %
Less than 12 months	0	25	22
12 months & within 24 months	0	25	1
24 months & within 5 years	0	25	3
5 years & within 10 years	0	25	11
10 years & within 20 years	0	75	7
20 years and within 30 years	0	75	6
30 years and within 40 years	0	75	25
40 years and within 50 years	0	75	25
50 years and above	0	75	0

7. HRA Limit on Indebtedness

	Approved 2016/17	Year 1 2017/18 Estimate	Year 2 2018/19 Estimate	Year 3 2019/20 Estimate
	£M	£M	£M	£M
HRA CFR	277	271	264	257
CLG HRA Debt Cap	301	301	301	301
Headroom	24	30	37	44

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

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

Cabinet: 8TH February 2017

Report of the Director of Finance, Assets and IT

PRUDENTIAL INDICATORS 2017/18

1. Purpose of Report

1.1 The purpose of this report is to seek approval to the Council's 2017/18 Prudential Indicators in accordance with the requirements of the 2003 Local Government Act.

2. Recommendations

2.1 It is recommended that:

- **Members approve the Prudential Indictors set out at Appendix B for the financial year 2017/18 to 2019/20;**
- **Further monitoring reports be submitted on the indicators during the year as necessary**.

3. Background

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

3.2 The framework has two main objectives:

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

4. Prudential Indicators

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

- Service objectives e.g. as set out in the Corporate Plan;
- Stewardship of assets e.g. asset management planning;

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

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

5. Treasury Policy & Strategy Statements 2017/18

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

6. Consultations

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

7. Reduction of Crime and Disorder

7.1 None arising directly from this report.

8. Employee Implications

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

9. Financial Implications

9.1 The prudential indicators are factored into the wider budget.

10. Appendices

10.1 Appendix A - Prudential Indicators Methodology Paper
Appendix B - Prudential Indicators 2017/2018

11. Background Papers

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

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

Office Contact: Frances Foster Date: 23.01.17

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Appendix A

Prudential Indicators – Methodology

1. Background and Information

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

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

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

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

2. Basis of Methodology

Estimates of Capital Expenditure

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

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

Estimates of Capital Financing Requirement

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

Operational Boundary for External Debt

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

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

Authorised Limit

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

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

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

Interest Rate Exposure

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

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

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

Maturity Structure of Borrowing

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

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

Maximum Principal Sums Invested for more than 364 Days

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

Ratio of Financing Costs to Net Revenue Stream

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

Incremental Impact of New Capital Investment Decisions on Council Tax / Housing Rents

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

Adoption of the CIPFA TM Code

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

Gross Debt and the Capital Financing Requirement

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

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

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Capital Prudential and Treasury Indicators 2017/18 – 2019/20

Estimates of Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
General Fund	52,401	68,217	51,182	32,274	6,931
HRA	25,091	29,905	30,004	32,975	21,888
Total	**77,492**	**98,122**	**81,186**	**65,249**	**28,819**

The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

Estimates of Capital Financing Requirement

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £239M of such schemes within the CFR. The Council is asked to approve the CFR projections below:

Capital Financing Requirement £000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
CFR – GF	654,779	680,030	675,658	675,925	676,566
CFR – HRA	282,511	280,561	278,532	276,423	274,228
Total CFR	**937,290**	**960,591**	**954,190**	**952,348**	**950,794**

Limits to Borrowing Activity

The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. This limit is set to match the Capital Financing Requirement as shown above:

Operational Boundary £000	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Debt	721,306	716,352	716,000	715,609
Other Long Term Liabilities	239,285	237,838	236,348	235,185
Total	**960,591**	**954,190**	**952,348**	**950,794**

The Authorised Limit for External Debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. The Authorised Limit has been set at £30M above the Operational Boundary.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The Council is asked to approve the following authorised limit:

Authorised Limit £000	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Debt	751,306	746,352	746,000	745,609
Other Long Term Liabilities	239,285	237,838	236,348	235,185
Total	**990,591**	**984,190**	**982,348**	**980,794**

Interest Rate Exposure and Maturity Structure of Borrowing

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

General Fund

£m	2017/18	2018/19	2019/20
Interest Rate Exposures – (GF)			
	Upper	**Upper**	**Upper**
Upper Limit on Fixed Interest Rates based on Net Debt (GF)	90%	90%	90%
Upper Limit on Variable Interest Rates based on Net Debt (GF)	25%	25%	25%
Maturity Structure of Fixed Interest Rate Borrowing 2017/18 - (GF)			
		Lower	**Upper**
Under 12 months		0%	50%
12 months to 2 years		0%	25%
2 years to 5 years		0%	25%
5 years to 10 years		0%	25%
10 years to 20 years		0%	75%
20 years to 30 years		0%	75%
30 years to 40 years		0%	75%
40 years to 50 years		0%	75%

Housing Revenue Account

£m	2017/18	2018/19	2019/20
Interest Rate Exposures – (HRA)			
	Upper	**Upper**	**Upper**
Upper Limit on Fixed Interest Rates based on Net Debt (GF)	100%	100%	100%
Upper Limit on Variable Interest Rates based on Net Debt (GF)	25%	25%	25%
Maturity Structure of Fixed Interest Rate Borrowing 2017/18 - (HRA)			
		Lower	**Upper**
Under 12 months		0%	25%
12 months to 2 years		0%	25%
2 years to 5 years		0%	25%
5 years to 10 years		0%	75%
10 years to 20 years		0%	75%
20 years to 30 years		0%	75%
30 years to 40 years		0%	75%
40 years to 50 years		0%	75%

Maximum Principal Sums Invested for more than 364 Days

These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum Principal Sums Invested > 364 days			
£m	**2017/18**	**2018/19**	**2019/20**
Principal Sums Invested > 364 Days	£m 20	£m 20	£m 20

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2016/17 Approved	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
GF	**15.0**	**9.5**	**8.8**	**9.2**
HRA	**43.6**	**43.8**	**45.7**	**47.7**

Incremental Impact of Capital Investment Decisions on Band D Council Tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

£	2016/17 Approved	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Council Tax - band D	**8.30**	**4.49**	**4.30**	**4.26**

Incremental Impact of Capital Investment Decisions on Housing Rent Levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

£	2016/17 Approved	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Weekly housing rent levels	**0.86**	**0.61**	**1.91**	**3.36**

Adoption of the CIPFA TM Code

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

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

Gross Debt and the Capital Financing Requirement

Gross Debt & CFR	**2017/18 Estimate**
	£M
Outstanding Borrowing	549
Other Long-Term Liabilities	239
Gross Debt	**788**
Max CFR	954
Headroom	**166**

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

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

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

2017/2018 SERVICE AND FINANCIAL PLANNING REDUNDANCY COMPENSATION AND PROCEDURES

1. Purpose of Report

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

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

2. Recommendations

2.1 That for the purpose of the 2017/2018 budgetary procedures, payments in accordance with the Discretionary Compensation Regulations 2006 be up to a maximum of 30 weeks actual pay based on the Statutory Redundancy Scheme.

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

3. Introduction/Background

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

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

4. Current Position

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

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

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

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

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

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

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

5. Options

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

5.2 Not accept the report.

6. Local Area Implications

6.1 There are no direct Local Area implications.

7. Compatibility with European Convention on Human Rights

7.1 There are no implications.

8. Ensuring Social Inclusion

8.1 There are no implications.

9. Reduction of Crime and Disorder

9.1 There are no implications.

10. Risk Assessment

10.1 There are no implications.

11. Consultations

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

12. Proposal

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

13. Glossary

13.1 None

14. List of Appendices

14.1 None

15. Background Papers

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

Office Contact: Alison Brown Telephone No: 3674 Date: January 2017

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