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MEETING:	Full Council
DATE:	Thursday, 22 February 2018
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 be required to be taken in relation to items 3(A) and (B) below.

To consider the following recommendations of the Cabinet meeting held on the 7th February, 2018. 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 2018/19 - Revenue Budget, Capital Programme and Council Tax (Cab.7.2.2018/6) *(Pages 5 - 136)*

(A) Budget Proposals 2018/19

RECOMMENDED TO COUNCIL:-

(i) that the Future Council 2020 Strategy at Section 1 of the report now submitted be noted and implemented accordingly;

(ii) that the report of the Service Director Finance (Section 151 Officer), under Section 25 of the Local Government Act 2003 at Section 2 be noted and that the 2018/19 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 plans that ensure the Council's ongoing financial sustainability for 2019/20 and beyond;

(iii) that the Revised Medium Term Financial Strategy and Forecast for 2018/19 to 2019/20 contained at Section 3a and 3b of the report and the position on Reserves, Provisions and Balances at Section 3c be noted and monitored as part of the arrangements for the delivery of the Future Council 2020 Strategy;

(iv) that the 2018/19 budget proposals for all services, as separately presented in Sections 5a, 6 and 7, be approved for submission to Council – subject to the submission of detailed implementation reports as appropriate;

(v) that the total additional specific funded capital investment of £65.5m as outlined at Section 5c, Table 5, be included within the Capital Programme and released subject to further detailed reports on the proposals for its use;

(vi) that the £12.5m of cumulative resources available as highlighted at Section 5c Table 6 be noted and the allocation of £8.5m for the expenditure requirements outlined at Section 5c Table 7 be agreed;

(vii) that the efficiency proposals for 2018/19 in Sections 7a to 7e be agreed subject to consideration of any further Equality Impact Assessments;

(viii) that the detailed proposals for increases in existing fees and charges and new fees and charges be implemented as set out at Section 8 of the report;

(ix) that the Aggregated Equality Impact Assessment at Section 10 of the proposals be noted and the proposed mitigation actions in the report be approved;

(x) that the cash limited budgets for each service with overall net expenditure for 2018/19 of £168.988m be approved for submission to Council;

(xi) that the Chief Executive and SMT, in consultation with Cabinet Spokespersons, be required to submit reports into Cabinet, as a matter of urgency, in relation to the detailed General Fund Revenue Budget for 2018/19 on any further action required to achieve an appropriately balanced budget in addition to those proposals set out above;

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

(xiii) 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;

(xiv) that Cabinet and the Section 151 Officer be authorised to make any necessary technical adjustments to form the 2018/19 budget;

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

(xvi) that the budget papers be submitted for the consideration of the Full Council.

(B) <u>Council Tax 2018/19</u>

RECOMMENDED TO COUNCIL:-

(i) that the contents of Section 5b (2018/19 Council Tax options) be noted;

(ii) that the Council Tax Collection Fund net surplus as at 31st March, 2018 relating to BMBC of £3.115m be used to reduce the 2018/19 Council Tax requirement, in line with statute;

(iii) that 2018/19 Band D Council Tax increase for Barnsley MBC's services be set at 4.49% (2.99% for Barnsley MBC services and an additional 1.5% 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 and Crime Commissioner and South Yorkshire Fire Authority precepts for 2018/19; 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 2018/19.

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. Treasury Management Strategy and Policy Statement (Cab.7.2.2018/7) *(Pages 137 - 186)*

RECOMMENDED TO COUNCIL:-

(i) that the main Treasury Management Policy Statement attached at Appendix A of the Treasury Management Strategy and Policy Statement now submitted, be noted; and

(ii) that the proposed Treasury Management Strategy for 2018/19 be approved, including:-

- The Borrowing Strategy for 2018/19 at Section 3 including the full suite of Prudential and Treasury Indicators at Appendix F;
- The revised Minimum Revenue Provision (MRP) Statement at Appendix C of the report; and
- The Annual Investment Strategy for 2018/19 at Section 4 of the Treasury Management Strategy and Policy Statement.

5. 2018/2019 Service and Financial Planning Redundancy Compensation and Procedures (Cab.7.2.2018/8) *(Pages 187 - 190)*

RECOMMENDED TO COUNCIL:-

(i) that for the purpose of the 2018/19 budgetary procedures, payments in accordance with the Discretionary Compensation Regulations 2006 be up to a maximum of 30 weeks actual pay based on the Statutory Redundancy Scheme; and

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

Diana Terris

Diana Terris
Chief Executive

Wednesday, 14 February 2018

BARNSLEY
Metropolitan Borough Council

DATE:	Thursday, 22 February 2018
TIME:	10.30 am

2018/19 – 2019/20 SERVICE AND FINANCIAL PLANNING

CONTENTS

BARNSLEY METROPOLITAN BOROUGH COUNCIL

Report of the Chief Executive

FUTURE COUNCIL 2020: IMPROVEMENT, GROWTH AND SUSTAINABILTY

1. Purpose of the report

1.1 To provide Members with an update on progress and to outline the planned change, improvement and growth required to support and develop the organisation to become a sustainable Future Council, for a brighter future and a better Barnsley.

2. Recommendations

2.1 **That Members note the progress outlined in this report, continue their support for Future Council 2020 and highlight any issues requiring future reports.**

3. Background

3.1 In 2017 a three year strategy was established to deliver improvement, growth and future sustainability, the key elements being a refreshed Corporate Plan and 2020 Outcomes Framework, Organisation Improvement Strategy and three year financial and business plan.

3.2 It was also recognised that there were a number of key drivers which would influence our improvement journey towards a brighter future, a better Barnsley:

- **Facilitating and accelerating growth**
- **Early help**
- **Local devolution and Area Councils**
- **Supporting behaviour change**
- **Brexit**
- **Technology**

3.3 The strategy, plans and key drivers were also the foundations for the organisation to make decisions about which activities to stop, as well as which new activities to start and which existing activities to further invest in.

3.4 To stimulate and support innovation, change, managed risk taking and commercial and business thinking, an Improvement and Growth Fund of £3m was also established. This was created to fund business cases which clearly demonstrated alignment with our corporate priorities whilst evidencing a clear return on investment through cashable and/or non-cashable efficiencies.

4. Corporate Plan, 2020 Outcomes Framework and Key Drivers

What progress have we made?

4.1 Since 2016, we have continued to drive delivery against our corporate priorities and outcomes:

Thriving and vibrant economy – we have supported 345 businesses to expand and helped to create 2,409 private sector jobs, 59% of our care leavers are in employment, our visitors and the contribution they make to the local economy continues to grow and we have delivered 258 affordable and 1,331 new build homes.

People achieving their potential – we now complete 99.4% of children's social care assessments within 45 days of referral; the volume of anti-social incidents dealt with continues to fall, 59% of clients complete reablement with no long term needs and our healthy life expectancy rates continues to grow.

Strong and resilient communities – there have been 10,130 people engaged in volunteering activity in communities including 1,438 new volunteers, 51 new community groups have been created, the council has created 1,389 volunteering opportunities, 251 homes have benefitted from the Better Homes Barnsley Scheme and fly tipping incidents continue to drop.

One Council – our total sickness days continue to drop, our business rates collection rate is currently 97.6% and our council tax collection rate is currently 96%.

4.2 Also since the last Future Council report we have made good progress against the key drivers, with some innovative solutions being developed and implemented:

- **Facilitating and accelerating growth** – junction 36, skills bank, property investment fund, business rate holidays, Safer Neighbourhood Service, Purple Flag and the new Blenheim View housing development
- **Early help** – All Age Early Help Strategy, social prescribing, reorganisation of 0-25 early help services, improved support to carers, Better Homes, redesign of 0-19 public health nursing service and the equality forum support service
- **Local devolution and Area Councils** – remodelled services aligned to area council geography, Dearne Approach and St Helens Together, fostering activity with North East Area Council, investment in youth support, principal towns and development of area profiles to aid decision making
- **Supporting behaviour change** – increased online transactions, digital champions, building capacity of voluntary parent support organisations, #EverybodyThink campaign, town centre anti-social behaviour, smoke free areas, daily mile, energy reduction and electoral participation
- **Technology** – channel shift, tech towns, superfast broadband, contact billing for homecare, web app, agile working pilots and improved website.

What is next for us?

4.3 In 2018 we will continue to drive hard, prioritise and target our organisational resources in pursuit of the delivery of our corporate priorities and 2020 outcome targets with cognisance being given to the key drivers that are influencing our improvement journey.

4.3.1 **Facilitating and accelerating growth**

We will:

- deliver our town centre redevelopment including the Glassworks, Market Gate Bridge and Library@thelightbox and review our town centre management
- accelerate economic development through our local plan, investing in property development, junctions 36 and 37 and through utilising the skills bank
- accelerate the level and quality of housing developments through housing investment and create a pipeline of available development land
- improve the quality and maximise the opportunities of our cultural assets

4.3.2 **Early help**

We will:

- develop and implement an All Age Early Help Plan which will help build resilience, early identification and prevention of escalating needs
- develop and implement a Homeless Prevention Plan
- put our empty homes back into use, help create better homes and do a full review of our housing stock to ensure the needs of our most vulnerable are being met

4.3.3 **Local devolution and Area Councils**

We will:

- test out integrated place based working in one of our localities jointly with our partners
- work with the Area Councils to tackle cultural barriers to aspiration and success in education, recruit local foster carers and ensure there is an input from public health at an area level
- ensure that Area Councils have the data and insight to make informed decisions through the production of area and ward profiles

4.3.4 **Supporting behaviour change**

We will:

- review our Volunteering Strategy and redesign the support infrastructure
- renew our public health strategy with a focus on policy level
- develop approaches to co-production with voluntary organisations and parents/carers to deliver change
- launch our Town Spirit community engagement and behaviour change campaign
- continue with our #EverybodyThink campaign linked to environmental issues

4.3.5 **Technology – Digital First**

The Digital First programme will launch in 2018 which has the aim of enabling the organisation's digital aspirations by investing in IT. The headline business case, supported by several detailed business case documents, including benefits and outcomes will be considered in January 2018. The Digital Board being formed in early 2018 will primarily be tasked with overseeing delivery of this programme, and much of the Business Unit's development capacity will be devoted to delivering the programme.

The Digital First programme will revolutionise IT provision in the organisation, creating a council with capability, capacity and agility - enabling Future Council. It is not only a fundamental redesign of technology, but is the start of our Digital Transformation journey focussing on empowering our citizens and employees and building a digitally confident, capable council.

There are no plans to introduce a standalone digital strategy. The aim of the Digital First programme will be to place 'digital' at the heart of everything we do in support of the significant digital aspirations outlined in the council's key strategies. As such there is no need to draft a separate digital strategy when the organisation should see digital as an enabler across the piece. Instead, the IT Strategy will be refreshed in 2018 to take account of the Key Strategies, the availability of new technology and to ensure that it supports the progress of Digital First.

5. Organisation Improvement Strategy

What progress have we made?

5.1 The Organisation Improvement Board, Strategy and action plan were implemented in April 2017. The newly established board identified a number of strategic organisation improvement and workforce development challenges and priorities. To ensure these are resolved and delivered, five task and finish groups were established with the following remits:

- Digital Skills – to improve IT literacy, digital skills and confidence of our workforce and Members
- Manager's Toolkit – to develop a toolkit that includes useful information, links to corporate policies, procedures, forms, systems and training modules to help managers to manage effectively and to a consistent standard
- Policies, Procedures and Processes – to undertake an end to end review of policies, procedures and processes that have been identified for improvement, to ensure we work efficiently, reduce costs, empower people to make timely decisions and be responsive to customer and business needs
- Self Development – to develop job shadowing, job rotation and secondment schemes and guidance and to implement a coaching and mentoring culture and scheme
- Work Smart – to review our approach to agile and flexible working to ensure it continues to be responsive to customer needs and achieves business benefits

5.2 The task and finish groups have made excellent progress with a number of improvements and initiatives planned for April 2018 launch and implementation, as well as ongoing improvement work through to 2020.

5.3 There have also been a number of other Organisation Improvement actions developed, completed and implemented since 2017:

- Workforce planning embedded into business planning process
- Standardised approach to corporate programme and project management
- Commercial strategy
- Learning management system
- Workforce planning embedded into business planning
- Succession planning toolkit
- Key strategies and boards diagrams
- One Council outcomes framework
- Leadership programme for over 400 managers
- The £3m Improvement and Growth Fund has been fully allocated and we have supported 41 business cases.

What is next for us?

5.4 As well as the strategic organisation improvement and workforce development challenges and priorities being resolved and delivered by the task and finish groups, there are still many other developments and improvements planned to be delivered for our workforce up to 2020, such as:

- Development of a new Performance and Development Review system, guidance and training
- Further development of the Employee Wellbeing Programme with a particular focus on supporting the mental wellbeing of employees
- Development of an All Age Early Help Workforce Development Plan
- Development of a Future Leaders Programme
- Development of a commercial skills toolkit and training programme

5.5 In late 2017 the bi-annual employee survey was developed in house and launched with a record response rate of 61%. The employee survey provides valuable employee insight and perceptions into key areas such as the way the council works, leadership and management, employee satisfaction, communication, recognition, health and wellbeing and dignity at work. The analysis of the feedback is currently taking place and will be shared with Members in February 2018.

5.6 The introduction of the apprenticeship levy in April 2017 has provided the organisation with an excellent opportunity to not only increase the number of apprenticeship placements but also to support our strategic workforce development needs and our existing workforce to gain qualifications through apprenticeship programmes. The levy fund is allocated and must be spent over a two year period and any monies not committed will be lost. Take up initially has been very slow, therefore it is vital that all services make a concerted effort to utilise the opportunities that the levy brings to ensure the fund is fully dispersed.

5.7 We will also continue to look past 2020 to ensure that we keep abreast of and are planning for future enhancements and improvements.

6. Financial and Business Planning

What progress have we made?

6.1 The further integration of operational and financial performance management into our business planning and reporting processes has provided the required transparency to challenge every aspect of Value for Money in our service delivery. One example of this is the realignment of our monthly performance report for Adult Social Care and Health. This now more accurately reflects the volume and flow of service users from initial contact through to receipt of services and beyond. This data is generated from the ERICA system and provides finance colleagues with a useful tool to help verify expenditure in Controcc.

6.2 In addition, our Future Council strategy and financial planning processes have again been developed to ensure that our finite resources are not only aligned to our priorities but via consideration of our key drivers also targeted at those areas where the biggest impacts may be achieved. One example of this is the recently approved second phase of the Property Investment Fund 2 which helps to stimulate commercial property in the borough.

What is next for us?

6.3 Funding for Local Government remains extremely uncertain post 2020, which currently makes it difficult to articulate with any certainty what a Future Barnsley Council post 2020 will look like.

6.4 There are proposals to move towards a 75% business rate retention scheme in 2020/21, linked to the ‘rolling in’ of the Council’s remaining Revenue Support Grant (RSG) and Public Health Grant, the consequences of which are unknown. Linked to this there is also an ongoing review of the way in which resources are distributed across local government (the ‘Fair Funding Review’) which is proposed to come into effect in 2020/21. Again, the potential impact of this is unknown.

6.5 In addition, the funding for Adult Social Care remains uncertain and is the subject of a delayed green paper now due to be published in the summer of 2018. In particular, the continuation of ‘improved’ Better Care Funding beyond 2020 is a particular risk to the Authority.

6.6 Together with the uncertainty that Brexit is bringing to the overall public finances and on the totality of what funding might be allocated for local government gives rise to a very uncertain financial outlook indeed.

6.7 Over the next 12 to 18 months the Council needs to begin to make sense of this combined package of variables so that it can set the financial framework within which a Future Council post 2020 can be designed and implemented.

7. Key Challenges

7.1 Brexit

In the absence of a clear UK negotiating position the economic impact of Brexit for the region and more specifically on the future impact on Local Government finances are extremely uncertain.

That said, the region and local government can begin to consider and plan for those areas of Brexit where more recent clarity has become available, including the impact of the proposals on citizen’s rights and migrant working post Brexit.

In addition, we need to proactively engage with the local business community, particularly to support investment decisions in the context of the Brexit environment.

We will continue to monitor the Brexit negotiations and plan for the impact, challenges and opportunities that they may bring over the course of the next 18 months.

7.2 **Devolution**

We welcome and recognise the importance of devolution in being able to give our economy, people and businesses the best chance for productivity and inclusive growth and following on from the Community Poll we will now enter into further dialogue with the Secretary of State and Minister.

7.3 **Health and Social Care**

We will continue to engage with health partners locally on the place based plan for Barnsley and regionally on the accountable care system developments to deliver the NHS Five Year Forward View

7.4 **Performance**

We will continue to be ambitious and focused on delivering our vision “Working together for a brighter future a better Barnsley” and our key priorities set out at 4.1. However, maintaining and/or improving our current levels of performance will be an ongoing challenge in a climate of increasing resource constraint and demographic pressures. Although we have a very strong track record of performance improvement despite significant budget reductions this will become more even more challenging over the next two years and beyond.

8 Achievements

8.1 Despite the challenges we face, we continue to be successful and receive recognition for our performance. In 2017 we received a number of prestigious awards and commendations:

- LGC Business Transformation Award
- LGC Community Involvement Award
- Gold commendation from the Children’s Commissioner for England for our commitment for valuing the views of young people
- Barnsley Museums became a National Portfolio Organisation
- Investors In People Excellence In Leadership and Management award
- Cooper Gallery received the Sandford Award for Heritage Education
- Elsecar Park and Nature Reserve received the Green Flag award
- 23 Yorkshire in Bloom awards
- #EverybodyThink social media campaign received the Chartered Institute of Marketing and UK Public Sector Communication awards
- Barnsley Archives Service received the Archive Service Accreditation

- Rose Vouchers for Fruit and Veg Project won the Early Intervention Award at the Children and Young People Now Awards
- Energise Barnsley was highly commended at the Community Energy Awards
- Shortlisted for the Local Authority of the Year category for the Insider Yorkshire Property Industry Awards
- Shortlisted for eight categories in the Local Government Chronicle (LGC) Awards

9. Implications

9.1 Workforce Implications

9.1.1 The financial savings required between 2018 and 2020 will inevitably lead to a further reduction in our workforce but the organisation will do its upmost to avoid compulsory redundancies. Any reorganisations required will be dealt with consistently through the Managing Change Policy and process.

9.2 Financial Implications

9.2.1 We have a broadly balanced budget framework / medium term financial plan for the period 2017-2020. We have managed to do this through the foundations of a Future Council framework that is based upon an effective, efficient and sustainable model. This has enabled us to build on our strong, existing financial planning processes and establish a relatively healthy financial outlook.

9.2.2 However this position is constantly changing and there are some inherent risks in the underlying assumptions of the financial plan not least the delivery of a further £15m of KLOE savings over the 3 year period.

9.2.3 As such it is very important that we remain vigilant to our financial position. The need for a proactive business-like and commercial approach is therefore more important than ever in order to maintain a balanced position through to 2020 and prepare ourselves for the uncertain planning period beyond 2020.

9.3 Member Implications

9.3.1 Local councillors are facing an environment of multiple challenges, opportunities and pressures, which means that the role of a councillor has changed. Being a 21st Century Councillor requires a specific skill set, which is not necessarily covered by existing training and development programmes. The skills of a 21st century councillor can be grouped into two sets: foundational skills (practical and knowledge based) which are those covered by most existing training and development, and relational skills (connective, digital and reflective skills). To support our elected members to become 21st century councillors, the council's member development programme will incorporate the key skills training within the two defined skills sets.

9.3.2 Our future member development programme is to include two key areas of development; the Barnsley Leadership Programme for elected members and the Barnsley Scrutiny Improvement Plan.

9.3.3 The Barnsley Leadership Programme for elected members will enable them to be leaders in every aspect and will help them to be more confident and effective as political and community leaders, who are appropriately self-aware, self-managed, resilient and proactive. The Barnsley Scrutiny Improvement Plan has been developed to increase wider knowledge of the redefined Overview and Scrutiny function as well as providing specific skills training and development for scrutiny members. The plan will enable them to effectively challenge services (where appropriately) and to ensure that the Overview and Scrutiny function fulfils its essential role in the safeguarding process.

9.4 Communications Implications

9.4.1 In April 2018, we will launch our communications and marketing strategy which will set out our approach to supporting the delivery of the council's priorities and outcomes, to both internal and external audiences.

9.4.2 Our strategic approach to communications and marketing key campaigns is a crucial part of supporting behaviour change and service improvement across the council. It will enable us to take a managed approach to campaign delivery, allowing us to provide informed and planned activity with allocated resources and detailed evaluations.

9.4.3 During 2018, we will also launch our community engagement and behavior change campaign, Town Spirit. This will set out exactly what we deliver and what our expectations from the community are, in a social contract. It clarifies our role as a modern, future council and makes it clear to our communities that they have a role to play in influencing and shaping Barnsley's future.

9.4.4 **Marketing Barnsley**

Delivery of the corporate priorities rely on developing and sustaining an attractive, inviting and vibrant town where people want to visit, invest and live. Marketing Barnsley is a strategic place marketing strategy which will sit underneath the overall communications and marketing strategy and will pull together work areas to promote and sell our current offer to investors, businesses, visitors, residents and potential residents.

10. Promoting Equality, Diversity and Inclusion

10.1 As part of the future council improvement journey, we ensure that the equality impact of any proposals and changes are appropriately assessed and considered and we also propose how any potential inequalities can best be mitigated.

10.2 In order to understand the impact of our decisions on the most vulnerable groups and to inform our future planning and decision making, we are commissioning a research project which will report its findings in 2018.

11. Risk Management

11.1 We will continue to identify, manage and mitigate our risks through a bi-annual review of the Strategic Risk Register but we will also encourage managed risk taking in order to develop the innovation and creativity that a future council requires.

12. List of Appendices

- Organisation Improvement Strategy 2017-20
- Future Council 2020 Outcomes Framework
- One Council 2020 Outcomes Framework
- Our Key Boards
- Our Key Strategies

13. Background Papers

- Corporate Plan 2017-2020
- Organisation Improvement Strategy 2017-2020 Report (Cab.22.3.2017/7)
- Organisation Improvement Strategy Action Plan
- Future Council 2020 Report (Cab.21.9.2016.6)
- Future Council: Achieving Excellence (Cab.2.12.2015/6)
- Our Future Council Update (Cab.8.10.2014/6)
- Future Council Change Programme (Cab.15.1.2014/6)
- Our Future Council Cabinet Report (Cab.15.1.2014/6)
- Managing Change Policy
- 21st Century Councillor

Officer Contact: Diana Terris
Date: 17th January 2018

BARNSLEY METROPOLITAN BOROUGH COUNCIL

FUTURE COUNCIL 2020

LOCAL GOVERNMENT ACT 2003, SECTION 25 REPORT ON THE 2018/2019 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 2018/19 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 future 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 at **Section 4** of the Future Council 2020 report suite.

Robustness of the Estimates

3.2 As Members are aware, the setting of the 2018/19 Revenue and Capital budgets is part of the Council's 2020 Financial Strategy that forms the framework for the budget for the period 2018-2020. 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 Local Government continues to face, 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 Council Tax collection.

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 the 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 a 2% increase has been included in the 2018/19 budget and the forecast for 2019/20. This takes account of the Employers latest offer and the Government's general position on public sector pay which includes the transition to a new NJC Pay Structure from 2019/20. 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 2018/19 and future years. Whilst these estimates are considered to be adequate at this point in time and take on board advice/ forecasts from our treasury advisors, there is the potential for volatility in relation to interest rates especially in the current economic climate and within the context of the ongoing Brexit negotiations. As such, interest rates will need to be closely monitored by officers throughout the year and regular updates will be submitted into the Council's Treasury Management Panel as well as Cabinet to ensure timely action is taken to optimise the Authority's position.

(iii) ***Service/ Demand Pressures***

The budget for 2018/19 and the forecast for 2019/20 contain some significant increases in expenditure that result from increasing demand on services. Changes in demand/demographics are particularly acute in adult and children's services but similar impacts are being felt across other services such as waste and home to school transport. 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 as witnessed by the latest monitoring position for the Council. 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. Additional provision has been built into the forecast as a contingency against further volatility.

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 and any potential impact of the move to Universal Credit. 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 £22.3M from retained business rates 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 3c** of the Future Council 2020 report suite 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 to ensure their continued validity and to make additional earmarkings 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 2017/18 Accounts closure and when the Council has greater clarity around the cost of the Glassworks scheme.

3.11 The current strategic reserves strategy also identifies resources that will be potentially available over the planning period of £22.7M. The Council's investment priorities over the period to 2020 have also been considered and it is recommended that £18.7M of these potentially available resources be earmarked for the identified commitments. However, it should be noted that available resources need to be 'banked' before committing to future investments and the s151 officer will ensure this position is reviewed and reported through future monitoring reports.

Prudence and Affordability

3.12 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 future and over the longer term.

3.13 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.

3.14 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

3.15 A balanced 2018/19 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 paragraph 3.6 above and paragraphs 3.16 to 3.18 below.

3.16 The draft budget for 2018/19 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.

3.17 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 Government's ambition to move to 75% localisation of Business Rates from 2020, the Governments' formula funding review and the potential for further austerity. In addition, there are ongoing risks around the economy especially in relation to Brexit that may impact on the assumptions set out in the report.

3.18 Although the medium term plan provides for known pressures 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 current balanced position (identified within the current MTFF paper at **Section 3b)** is likely to deteriorate.

4. <u>Budget Recommendations</u>

4.1 As indicated in the 2 year forecast at **Section 3b** based on the Budget Recommendations a balanced budget would be set for 2018/19.

4.2 This would also see Minimum Working Balances maintained at £15.0M and an additional £22.7M 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 2018/19.

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 paragraph 3.17 and reiterated at paragraph 4.4 above being delivered.**

N Copley CPFA
Service Director Finance and s151 officer

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

FUTURE COUNCIL 2020 - REVISED MEDIUM TERM FINANCIAL STRATEGY

SECTION A – THE CONTEXT

Our Medium Term Financial Strategy (MTFS) is dependent upon two key considerations. Firstly our key priorities and the resources needed to deliver them and secondly to understand our available funding especially in relation to the Government's grant projections and future policy decisions.

Future Council 2020

We have reshaped our structure to ensure Barnsley is an effective, efficient, high performing and sustainable future council with a vision of 'Working together for a brighter future, a better Barnsley'. The 'Future Council' framework has 4 key priorities:-

- A thriving and vibrant economy
- People achieving their potential
- Strong, resilient communities
- One Council

Future Council has already implemented a number of core features that include:-

- A new model based around the creation of business units;
- Embedding vision, values and behaviours to change our culture;
- A changing relationship with our communities to give greater empowerment to local groups;
- Clearly articulated outcomes to provide transparency in relation to the delivery of our priorities.

The development of our future council model will continue and in future will be based around key drivers. These include:

- Facilitating and accelerating growth to ensure that Barnsley becomes a more prosperous borough;
- Marshalling our resources to support early help offers;
- Developing our local devolution model (specifically around Area Councils) and supporting behaviour change in our communities;
- Using technology to maximise our impact.

In setting out our key drivers, these will also be used to determine what services it will stop, start, reduce or invest more in. Within the climate of an uncertain economic backdrop particularly in relation to Brexit, these key drivers will underpin our MTFS to ensure that our finite resources are focused on our most important priorities.

National context

Whilst our aim is to be a self sustainable organisation, it remains the case that a significant part of our funding is still dependent upon Government funding and the national framework.

Our MTFS is set out within the context of the Government's challenging national economic and public expenditure plans. These have had, and will continue to have, a fundamental impact on Local Government.

We have suffered extensive cuts over the last seven years. We have received a draft settlement through to 2019/20 which shows further cuts in revenue support grant (RSG) of £13M over the next two years. Since 2010 it is estimated that our RSG has fallen by some £79M (equating to a 46% cash cut).

Although resources are reducing significantly year on year the four year settlement does at least provide us with certainty over its future funding. This has allowed us to set a three year balanced MTFS through to 2019/20 with the purpose of this revised document being to update this position.

2018/19 Settlement

The Local Government financial settlement received in December 2017 has confirmed the remaining two years of the four year position with the following announcements:-

- The flexibility for councils to increase council tax by a further 1% (from 2% to 3%) for core services before the need to hold a referendum;
- Calculations for distributing New Homes Bonus largely unchanged (ie baseline remaining at 0.4%) although a slight reduction in the amount expected in 18/19;
- Confirmation that planning fees can be increased by 20% where this additional funding is allocated to planning departments;
- 75% Business Rate Retention to be implemented from 2020/21 with RSG and Public Health Grant being rolled into allocations (see below);
- Consultation on the proposed fair funding formula framework.

In addition, the position for schools funding was also updated and included details of the Dedicated Schools Grant (DSG) allocations and other schools / education related funding such as the Pupil Premium Grant (PPG). A summary of the funding headlines pertaining to schools is provided below:-

- The DSG settlement for schools is as expected and in line with the Sept 2017 funding announcements (including the additional £1.3bn. funding announced for schools);
- The new national funding formula (NFF) for schools and high needs will come into effect from April 2018 and has been used to determine DSG funding allocations for 2018/19;
- Total provisional DSG allocation for Barnsley for 2018/19 is £180.9m (before adjusting for academies). This equates to a £8.7m increase in DSG funding compared to 2017/18;
- The increase in funding can be explained by the following: impact of the new schools and high needs NFF (£5.6m); increased in pupil

numbers (£1.9m) and the full year funding impact (£1.2m) of the additional 15 hours early years free entitlement for working parents;

- Pupil premium funding rates per pupil has been protected at the current level, with the exception of the pupil premium plus (for looked after children and children adopted from care), which will increase from £1,900 per pupil to £2,300 as previously announced;
- A separate Cabinet report will be presented to approve the 2018/19 schools budgets, particularly the changes to the Barnsley's funding formula following the consultation with schools on the new NFF.

Future Developments

The Government has previously indicated that it will undertake a review of the current system of Local Government finance with the intention to move to one that includes full localisation of Business Rates and potentially new duties to be provided from the additional funds. Although full localisation was originally proposed for 2020, the Government have recently indicated that only 75% of localised business rates will take place from 2020/21. Full details on this change and its likely impact have not yet been released. This will need to be monitored over the coming months to determine the future implications for us.

As mentioned, the move towards a formal Brexit creates further financial uncertainty over the next two years as the Government determine how they terminate the current relationship with the EU and its obvious subsequent impact on financial markets.

SECTION B – THE STRATEGY

With the ongoing funding reductions facing us over the forthcoming planning period, it is vital that we build on our Future Council model. Our Financial Strategy is a key document in ensuring that our resources are aligned to our priorities and can demonstrate how they support the ongoing delivery of our key outcomes.

<u>Medium Term Financial Strategy</u>

Whilst the move to future council is not driven by our funding position, the development of a robust Medium Term Financial Strategy (MTFS) is a key document/ driver in identifying how we will align our existing and future resources to the agreed priorities underpinning future council.

The MTFS supports ongoing decision making processes and is the bedrock for ensuring all new investment decisions accord with our priorities and drivers. As such, our medium term objective remains, on an annual basis, to match current and ongoing revenue expenditure with current and ongoing revenue income.

The current policy on the use of one off resources to support this objective is set out below. It is recommended that they are only used to achieve a balanced revenue budget on an exceptional basis and as part of a bridging strategy over the medium term.

As such, our focus needs to concentrate on our key priorities and drivers. As these are developed, it will inevitably lead to changes in where our resources are currently aligned. Our MTFS needs to be sufficiently agile to respond to the changes that a developing future council model will bring. This may mean that budget reductions do not fall evenly in all areas.

The Authority has achieved a balanced medium term financial plan for the period 2017-2020. However this position is constantly moving and we need to maintain a vigilant approach to ensure its financial plan remains balanced and specifically savings targets are delivered.

The identification of further efficiencies and/or commercial opportunities should not be simply addressed at budget setting times but on an ongoing basis to ensure that all business units keep spending within their own resource envelopes and/or identify savings that can be used to fund our priorities.

This approach needs to look at efficiency savings through for example, providing services differently (including alternative models of delivery), identifying potential new income streams and where necessary, reducing/stopping services altogether.

Use of Reserves

Whilst one-off resources could be (and have been) used as a bridging strategy, these type of resources (eg Capital Receipts, Revenue Balances, Borrowing) should be retained for priority investments that arise out of both the current and developing Future Council approach.

In advising on an appropriate level there are a number of issues that need to be taken into consideration as outlined below:-

- Excessive balances can be an opportunity cost to the tax payer with additional spending on services not taking place or Council Tax increases being higher than they would otherwise be.
- Retained balances earn income and can provide internal funding for capital expenditure rather than borrowing.
- Balances that are too low may put the organisation at risk if unexpected demands appear at short notice.

A comprehensive review of our available (ie non earmarked) reserves was carried out as part of setting the Council's 2017-20 MTFS.

This review recommended that our Minimum Working Balance (MWB) be increased to £15M. This reflects our good track record of bringing in overall expenditure below budget each year but recognising the increasing difficulty in doing this as the scale and nature of savings required changes. It is recommended that the MWB remains at £15M.

The remaining reserves of £63M were identified for strategic use and were largely committed as part of the budget setting process. This position has since been updated (in the reports attached to this document) but it should be noted that the level of further available reserves is limited in comparison to previous periods.

Maximising Income / Capital Receipts

In light of the position in relation to our MTFS and use of available reserves, a key aspect will remain a focus on ensuring that we maximise our overall resources to support the our priorities.

As part of the national one Public Estate programme, we have established a five year disposal programme to identify future receipts. Moreover work will continue with Directorates and partners to ensure that full consideration is given to the current use of our assets to determine the most appropriate way to deliver services in future.

In addition, research on new funding streams will focus on the areas that will support our priorities. A key source of funding relates to grant that has been allocated to other partnership groups. Building on the successes to date we need to ensure we continue to have a strong focus on accessing resources that will become available to bid into. With this in mind, the current updated forecast includes additional investment in the Highways Service to enable them to be better prepared to bid for future funding opportunities especially in relation to those arising out of the Sheffield City Region.

No assumptions around these funding sources have been made in the forecast at this stage.

Risks / Assumptions underpinning the current forecast

The forecasts are based on policy decisions but also through necessity, a number of assumptions. The key ones are outlined below:

- Pay awards currently based on a 2.0% increase each year and provision for a new national pay spine in 2019/20;
- Contract inflation for major contracts;
- Funding for revenue costs of financing annual prudential borrowing for key priority schemes of £5m;
- Council Tax increases of 4.49% pa in 2018/19 and 3.49% in 2019/20;
- Business rate growth based on inflation at 3.9% in 2018/19 and 3% thereafter;
- RSG to reflect the Government's settlement;
- Provision for known and unknown demographic pressures;
- Ongoing receipt of the Better Care Fund of £10.1m;
- Delivery of £15m of savings over the 2017-20 period.

There are clearly inherent risks in some of the assumptions outlined above which are subject to change and volatility. In addition there are other risks that could impact on our financial position. As previously outlined these issues include Brexit, changes to the current business rate localisation scheme and the national funding formula changes. We also need to consider the local impact of any decision in relation to our continued membership of the Sheffield City Region.

2020/21 & Beyond

While there still remains uncertainties/risks upto and including 2020, our position beyond this date is particularly volatile. As mentioned previously Government have recently indicated its intention to adopt 75% business rate retention in 2020. The details of this have yet to be provided and therefore any impact on our financial position will be worked through at a later date. In addition the Government are carrying out a formula funding review that has not yet been finalised and we are awaiting decisions around other funding streams beyond 2019/20 (ie Better Care Fund). These issues will potentially have major funding implications on our finaces and makes planning beyond the current planning period very difficult.

As such whilst maintaining a balanced approach through to 2020 is very important we need to remain vigilant about the position beyond this date. This may mean identifying further savings and/ or setting aside available reserves for the future as the financial landscape becomes clearer. The need for a proactive business-like approach is more important than ever in order to prepare ourselves for the uncertain planning period beyond 2020.

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

FUTURE COUNCIL 2020 –
UPDATED SUMMARY FORECAST

1. Current Forecast

The financial forecast agreed in February 2017 provided the framework to deliver a balanced budget position for the three year period 2017-2020, whilst acknowledging that this position would remain fluid and be subject to change as with any normal planning cycle. A recent update to the forecast reported into SMT, Cabinet and the Majority Group in October 2017 reported additional pressures requiring consideration (NJC pay spine review) together with a slight change to the profiling of the previously agreed 2020 efficiency programme. These changes are highlighted in the table below:-

		2018/19		**2019/20**
		£M		**£M**
Forecast as at Feb 2017		**0.344**		**(0.703)**
Forecast update as at Oct 2017				
NJC Agreed Pay Spine Review				1.156
2020 efficiency programme		0.170		(0.170)
Revised Forecast as at October 2017		**0.514**		**0.283**

The update also flagged up potential risks around delivering some of the key assumptions within the strategy, though these are assumed to be delivered / addressed in the table above.

Since this time the strategy has again been updated to reflect more up to date information largely stemming from a review of the council tax and business rate tax bases, announcements made in the Chancellor's budget and further reflection on some key emerging strategic priorities. These are discussed below.

2. Updated Income / Efficiency Assumptions

Income

Council Tax – (£3.458M)

The budget for council tax income is set based on a 95% collection rate. The rate for 2016/17 and current forecast for 2017/18 suggests a rate closer to 96% is more achievable. In addition, the forecast growth in Band D equivalent properties during 2017/18 is expected to be in the region of 560 properties (approximately 840 Band A equivalent properties) compared to the assumed increase of 400 properties (approximately 600 Band A equivalent properties) in the current forecast. In addition the revised MTFS also assumes a council tax increase of 4.5% in 2018/19 reflecting the recent announcement by the Secretary of State for Local Government that core council tax can now be increased by a further 1% (from 2% to 3%) in 2018/19 before the requirement to hold a referendum.

Business Rates - (£1.626M)

Business rate income is received in two parts - Local Share (50% retained element) and Top up Grant. Each year inflation on both aspects has been based on the previous years' Retail Price Index (RPI). As at the 30th September 2017 RPI was 3.9% compared to the forecast assumption of 2.4%.

The Chancellor's budget speech announced the Governments' intention to move to Consumer Price Index (CPI) from 1 April 2018 rather than 1 April 2020 as previously proposed. However, the Chancellor also announced that local authorities will be compensated for the difference and therefore the full increase is built in below.

Government also confirmed Section 31 grant funding for the threshold changes to Small Business Rate Relief (SBRR) announced in the 2017 spring budget.

The combination of the additional inflationary uplift and the Section 31 grant relating to SBRR threshold changes is estimated at around £1.6M.

The table below brings together the cumulative impact on the MTFS of the above projected income changes:

Effect of above mitigations		**2018/19**		**2019/20**
		£M		**£M**
Revised Forecast as at October 2017		**0.514**		**0.283**
Additional Council Tax		(3.458)		(3.854)
Additional Business Rate growth from 2.3% to 3.9%		(1.626)		(1.626)
Revised Forecast as at January 2018		**(4.570)**		**(5.197)**

<u>Further Efficiencies</u>

Building Schools for the Future (BSF) PFI Re-Financing – (£0.500M)

Extensive work has been undertaken over the last 18 months to review the existing PFI agreement for the Building Schools for the Future programme. As a result we have been able to re-finance the agreement with prospective savings in borrowing costs estimated to be in the region of £0.5M per annum from 2018/19.

Passenger Transport Executive (PTE) Levy Savings – (£0.041M)

This saving is over and above those planned in the original MTFS and arises as result of previously unallocated Northern Powerhouse Investment Fund (NPIF) grant resources being applied to reduce approved borrowing costs across the PTE capital programme.

Forecast as at January 2018 (after income changes above)		**(4.570)**		**(5.197)**
BSF PFI Refinancing		(0.500)		(0.500)
PTE Levy Saving		(0.041)		(0.041)
Revised Forecast as at January 2018		**(5.111)**		**(5.738)**

3. Additional Pressures

The following paragraphs reflect on a number of emerging strategic priorities / policy changes which could potentially be considered in light of the improved income projections:

Pay Award - £2.412M

The existing forecast currently makes provision for a 1% pay award based on a public sector pay cap that has been in place for a number of years. The National Employers for Local Government Services have recently made a final offer of 2% for 2018/19 and 2019/20 with bottom loading of lower grades. This equates to an additional cost of £2.4M.

Additional Social Worker Positions – Children's Services - £0.585M

Nationally, there is increasing attention being given to Social Worker caseloads as recent evidence suggests that high caseloads impact on the quality of safeguarding services. A recent benchmarking review of caseloads of social workers within Children's Social care has concluded that Barnsley's caseloads are higher than national expectations. In view of this and the impending OFSTED inspection it is proposed to recruit an additional 14 social workers at a Full Year Effect cost of £0.585M.

Care Leaver's Council Tax Discount – £0.024M

Nationally there have been calls to exempt Care Leavers from Council Tax to support them in their transition to adulthood. The Council proposes to award a 100% Council Tax discount / exemption for all young adults (18-21) leaving care.

Highways Feasibility - £0.200M

It is predicted that Government resources for highways improvement works will become much tighter over the planning period with the consequential reduction in workload for the Highways Department. We therefore needs to be on the front foot when bidding for any grants that may potentially become available over the planning period. It is therefore proposed to set aside £0.2M to fund required proactive highways scheme feasibility works to ensure schemes are undertaken based on the greatest need and are 'oven ready' when funding opportunities arise.

Special Educational Needs–Disabilities (SEN-D) - £0.100M

The proposal is to invest in additional resources to improve programme governance within Education and Early Start Prevention to drive the key elements of the SEN-D strategy as well as providing proactive support on training and awareness to enable Environment and Transport to put in place more cost effective solutions on home to school transport related issues.

Additional Provision for Demographics - £1.590M

A provision for demographics of circa £19M was included as part of setting the 2017/18 budget with a further £1M contingency being set aside in the event that it was required. Our quarter 2 monitoring position indicates that this still may not be sufficient to cover the associated pressures that have arisen in year and which are expected to continue on an upward trajectory for future years. In addition the living wage increases announced in the Chancellor's budget need to be reviewed in relation to our external contracts. At this stage it appears to be covered off by our budget projections but further analysis will be carried out. It is therefore considered prudent to provide for a further £1.6M for 2018/19 at this stage.

Minimum Revenue Provision (MRP) - £0.200M

A change in our MRP policy identified £12M of savings based on the existing Government guidance and policy. The Government have released some proposed changes on MRP which are currently being consulted upon. Depending on the outcome, it may be necessary to provide for an annual uplift in our forecast (Treasury Management budget) to maintain the integrity of our current planning assumptions and to avoid the need to identify significant additional savings proposals. An indicative provision has been included at this stage (along with a reserve of around £3.5M) to smooth the impact of any change in the early years.

The net effect of the above changes to income and expenditure projections are shown in the table below:

Effect of above pressures		**2018/19**		**2019/20**
		£M		**£M**
Revised Forecast as at January 18		**(5.111)**		**(5.738)**
Additional Pay Award Provision (increase from 1% to 2%)		2.412		2.502
Additional Social Worker Positions – Children Services		0.585		0.585
Care Leavers – Council Tax Discount		0.024		0.024
Home to School Transport/ SEND		0.100		0.100
Highway Feasibility		0.200		0.200
Additional Provision for Demographic Pressures		1.590		1.590
MRP Provision		0.200		0.420
Revised Forecast as at January 2018		**(0.000)**		**(0.317)**

4 Chancellor's 2017 Budget

In addition to the issues picked up above, there were a number of other announcements in the budget speech that will have an impact on us. For example, there were a number of announcements around infrastructure that are likely to be fed through city region channels:-

- Additional £8 bn funding for Northern Powerhouse Investmnet Fund (total £31 bn) over the next 5 years;
- A new £1.7 bn for Transforming Cities – half allocated to the six areas with elected metro mayors;
- £500m for technology initiatives including broadband;
- An action plan to unlock £20 bn investment in UK 'scale up' businesses including a new fund of £2.5 bn through the British Business Bank;
- A range of measures to promote housing growth totalling £44 bn including a further £2.7 bn for Housing Infrastructure Fund, £1,1 bn to unlock strategic/ urban regeneration sites and £8 bn of financial guarantees to support private house/ rented sector.
- £10 bn capital investment in NHS to support Sustainability and Transformation Plans.

Other initiatives that will impact us directly include:-

- In addition to the change from RPI to CPI , other business rate measures include extending relief schemes to 2019 and revaluation taking place every three years rather than five;
- Changes to council tax and benefits including measures impacting on universal credit and allowing local authorities to charge premiums of up to 100% on empty properties;
- Further funding for schools including a £600 maths premium.

These are just a limited number of measures that the Chancellor announced in his speech. A full analysis will be undertaken over the forthcoming weeks to determine the full impact on our forecast especially as more detail is released.

5 2018/19 Provisional Local Government Settlement

A number of announcements have also been made in the recent 2018/19 provisional settlement:

- The flexibility for Councils to increase council tax by a further 1% (from 2% to 3%) for core services before the need to hold a referendum.
- Calculations for distributing New Homes Bonus largely unchanged (ie baseline remaining at 0.4%) although a slight reduction in the amount expected in 18/19;
- Confirmation that planning fees can be increased by 20% where this additional funding is allocated to planning departments;
- 75% Business Rate Retention to be implemented from 2020/21 with Revenue Support Grant and Public Health Grant being rolled into allocations;
- Consultation of fair funding formula published.

These announcements will be worked through accordingly.

6 Conclusions

A prudent review of our income projections has highlighted the potential to release investment in some strategically important / political priorities moving into 2018/19 as set out in the table above.

This is predicated on all of the remaining assumptions within the forecast (namely the 2020 Future Council efficiency programe and managing demand within available resources) being delivered.

Finally, it should also be noted that we are still considering all of the implications stemming from the Chancellor’s Budget speech and the outcome of the Local Government Finance Settlement. Any further changes will be refelected in the forecast and reported accordingly.

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2020 FUTURE COUNCIL
DETAILED MEDIUM TERM FINANCIAL FORECAST

	FORECAST 2018/19 £m		FORECAST 2019/20 £m	
EXPENDITURE:				
1. Base Net Expenditure (Net of Schools)				
Revised Base Position		**166.201**		**168.988**
2. Fixed and Ongoing (already reported)				
Pay Award, National Insurance and NJC Pay Review in 19/20	3.005		1.739	
Increments	1.131		0.735	
Pension - Actuarial Assessment 2017-2020	0.200		0.330	
National Living Wage /Inflationary Increases	1.715		1.715	
Other Inflation (inc BSF)	0.765		0.923	
Financing Capital New Starts Programme (including FYE from Previous Years)	0.270		0.270	
Education Services Grant - Loss of Grant	0.620			
Housing Benefit admin subsidy grant reduction	0.300		0.300	
Public Health loss of grant	0.463		0.565	
Improved Better Care Fund (BCF)	-4.900		-4.200	
Reinvestment of Better Care Fund potentially required	1.000		0.800	
Change in Minimum Revenue Provision (MRP) policy	-2.114		0.000	
		2.455		3.177
3. Savings Proposals				
2020 Efficiency Programe	-4.404		-6.103	
		-4.404		-6.103
4. Investment & Other Policy Issues				
Waste	0.200		0.200	
Home To School	0.200		0.200	
Adults Social Care (Demographics and other pressures)	0.597		0.419	
Adult Social Care grant - (one off in 2017/18)	1.244			
Children's Social Care (Demographics/base issues)	0.200		0.200	
Town Centre Issues (Market Rents and Loss of Income)	0.137		-0.474	
MRP Provision	0.200		0.220	
Additional Social Worker Requirments	0.585			
Additional Demographic Provision	1.590			
Efficiency on Schools PFI refinancing	-0.500			
PTE Levy Saving	-0.041			
Care Leavers Ctax Discount	0.024			
Home to School/SEND	0.100			
Highways Feasibilty	0.200			
		4.736		0.765
TOTAL EXPENDITURE		**168.988**		**166.827**
RESOURCES:				
8. Core Resources				
Council Tax				
Council Tax Income inc Base	84.712		89.311	
Council Tax Collection Fund Surplus	1.615		3.115	
		86.327		92.426
Business Rates Retention (BRR) scheme				
Local Share - Business Rates (net 50% share)	22.032		22.314	
Local Share - Top Up Grant	30.342		31.640	
S31 Grant for 2% Capping - Top Up	0.384		0.552	
Revenue Support Grant (RSG)	25.261		19.021	
		78.019		73.527
S31 Grant Per NNDR1 form (Business Rates)				
S31 Grant for Small Business Rate Relief	1.855		3.035	
		1.855		3.035
Core Resources b/f		**166.201**		**168.988**
9. Change in Resources				
Council Tax				
Council Tax increase in tax base	0.761		0.545	
Council Tax Collection Fund Surplus	1.500		-0.500	
Council Tax increase (@ 4.5% 18/19 & 3.5% 19/20 inc ASC)	3.838		2.992	
		6.099		3.037
Business Rates Retention (BRR) scheme				
Local Share - Business Rates (net 50% share)	0.282		0.500	
Additional S31 Grant for Policy Changes	1.180			
Top Up Grant @ 3.9% in 18/19 and 3% thereafter	1.298		0.895	
S31 grant for CPI cap - Top Up	0.168			
Revenue Support Grant	-6.240		-6.276	
		-3.312		-4.881
TOTAL RESOURCES		**168.988**		**167.144**
NET SHORTFALL		**0.000**		**-0.317**
SHORTFALL IF PERMANENT SAVINGS ANNUALLY		**0.000**		**-0.317**

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

FUTURE COUNCIL 2020 - RESERVES STRATEGY UPDATE

1. Purpose of Report

1.1 To update the Council's Reserves Strategy to complement and tie into the Council's MTFS.

2. Recommendations

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 £22.7M as identified in the table at 3.6;

2.3 Note the proposals for using the remaining reserves as set out in the 2020 Capital Programme and Use of Balances report elsewhere on this agenda;

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

3. Current Position

3.1 The 2016/17 closure of accounts recorded total earmarked reserves of £80.9M (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 As outlined in January all these earmarked funds are subject to ongoing review but at this point they can be considered committed and therefore not available to fund new initiatives.

3.3 Members will be aware that an exercise was carried out to identify available resources to support priority investment. This was submitted into the budget papers in January 2017 and identified £63.1M to fund capital new starts over the 4 year planning period through to 2019/20. A breakdown of how the £63.1M was arrived at is included in the table overleaf:-

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	TOTAL £M
New Homes Bonus	-	5.265	4.026	3.863	**13.154**
Budget Monitoring Position 2016/17 (as at Q2 monitoring)	-	18.182	-	-	**18.182**
Forecast Reserves & Balances	**-**	**23.447**	**4.026**	**3.863**	**31.336**
'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**
GRAND TOTAL	**21.948**	**23.447**	**8.826**	**8.863**	**63.084**

3.4 The available reserves position has since been updated and has been changed for the following factors:

- The original position was based on the budget monitoring position at Quarter 2 (September 2016). The final outturn position was a net £20.943M underspend, providing a further £2.7M of strategic resources;

- Additional capital receipts of £4.9M have been identified to support priority investment / MTFS over the planning period (over and above the £1.1M originally set aside as part of the £63.1M). This amount is immediately available;

- An adjustment to the NHB allocations announced in the 2018/19 Local Government Settlement; and

- Finally, the above position has been rolled forward to 2020/21 and includes a further income estimate for NHB and borrowing provision to fund capital investment in that year.

3.5 A summary position is shown below:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	TOTAL £M
New Homes Bonus (After Settlement)	-	-	-0.243	-0.361	3.000	**+2.396**
Capital Investment in MTFS	-	-	-	-	5.000	**+5.000**
2016/17 Outturn (Less Q2 position)	-	2.700	-	-		**+2.700**
Updated Capital Receipts	-	4.900				**+4.900**
Further Forecast Reserves	**-**	**7.600**	**-0.243**	**-0.361**	**8.000**	**+14.996**
Previously Declared Reserves	21.948	23.447	8.826	8.863	-	**63.084**
Revised Reserves Position	**21.948**	**31.047**	**8.583**	**8.502**	**8.000**	**78.080**

** The above position excludes use of the one off ASC grant of £11.0m that was awarded by the Government over a 3 year period. A previous Cabinet report set out the proposed use of this grant.*

3.6 A significant element of the available resources have already been committed as part of approving the 2017/18 capital programme. The revised position is set out against the existing capital programme in the table below. The capital programme is net of schemes totalling £1.1M (Residential Investment Fund / Property Investment Fund) that were deprioritised during the course of the year.

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	TOTAL £M
Revised Reserves Position	**21.948**	**31.047**	**8.583**	**8.502**	**8.000**	**78.080**
Agreed Capital Programme	0.688	4.007	27.631	21.205	1.800	**55.331**
Revised Reserves Position	**21.260**	**27.040**	**(19.048)**	**(12.703)**	**6.200**	**22.749**

APPENDIX 1

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	TOTAL £M
<u>Unavailable: Statutory & Corporate Items</u>					
Minimum Working Balance	15.000	-	-	-	**15.000**
School Balances	3.583	-	-	-	**3.583**
Future Council – Downsizing/ Pressures	7.197	6.196	6.196	-	**19.589**
Academisation Legal Costs	0.520	-	-	-	**0.520**
Insurance Fund Reserve	3.497	-	-	-	**3.497**
Building Schools for the Future	5.200	-	-	-	**5.200**
Other	0.470	-	-	-	**0.470**
Sub-Total - Statutory & Corporate Items	**35.467**	**6.196**	**6.196**	**-**	**47.859**
<u>Unavailable: Investment Decisions Previously Agreed</u>					
Glassworks Development	5.324	14.000	-	-	**19.324**
Invest to Grow Fund	2.745	-	-	-	**2.745**
Customer Services Project	0.500	-	-	-	**0.500**
Jobs & Growth Plan	0.967	-	-	-	**0.967**
Planned Maintenance Schemes	1.388	-	-	-	**1.388**
Area Councils / Ward Alliance	1.380	-	-	-	**1.380**
Public Health Grant	0.848	-	-	-	**0.848**
Adult Social Care - Transformation	0.936	-	-	-	**0.936**
Safer Communities Grant	1.148	-	-	-	**1.148**
Other	3.523	0.301	-	-	**3.824**
Sub-Total - Investment Decisions	**18.759**	**14.301**	**-**	**-**	**33.060**
Sub Total	**54.226**	**20.497**	**6.196**	**-**	**80.919**
<u>Unavailable: Investment Decisions Previously Agreed/ Contingency</u> *					
Resources Previously Earmarked for Capital Priorities	41.106	-	-	-	**41.106**
Sub-Total - Unavailable: Investment Decisions	**41.106**	**-**	**-**	**-**	**41.106**
GRAND TOTAL	**95.332**	**20.497**	**6.196**	**-**	**122.025**

* Resources totalling £41.1M has previously been set aside for the Future Council 2020 capital priorities.

FUTURE COUNCIL 2020

2018/19 BUDGET RECOMMENDATIONS

1. 2018/19 Revenue Budget, Capital Programme and Council Tax

1.1 Further to previous reports submitted by the Executive Director of Core Services and Service Director Finance (S151 Officer).

RECOMMENDED:-

i) that Cabinet are recommended:-

a) that the **Future Council 2020 Strategy** at **Section 1** be noted and implemented accordingly;

b) that the report of the Service Director Finance (S151 Officer), under **section 25 of the Local Government Act 2003 at Section 2** be noted and that the 2018/19 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 plans that ensure the Council's ongoing financial sustainability for 2019/20 and beyond;

c) that the Revised Medium Term Financial Strategy and Forecast for 2018/19 to 2019/20 contained at **Section 3a** and **3b** and the position on Reserves, Provisions and Balances at **Section 3c** be noted and monitored as part of the arrangements for the delivery of the Future Council 2020 Strategy;

d) to consider the budgets for all services and approve, for submission to Council, the 2018/19 budget proposals as separately presented in **Sections 5a, 6 and 7** - subject to the submission of detailed implementation reports as appropriate;

e) that the total additional specific funded capital investment of £65.5M as outlined at **Section 5c Table 5** be included within the capital programme and released subject to further detailed reports on the proposals for its use;

f) that Cabinet notes the £12.5M of cumulative resources available as highlighted at **Section 5c Table 6** and that the allocation of £8.5M for the expenditure requirements outlined at **Section 5c Table 7** be agreed;

g) that the efficiency proposals for 2018/19 in **Sections 7a to 7e** be agreed subject to consideration of any further Equality Impact Assessments;

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

i) that the Aggregated Equality Impact Assessment (**Section 10**) of the proposals be noted and the proposed mitigation actions in the report be approved;

j) to submit to Council for approval the cash limited budgets for each service with overall net expenditure for 2018/19 of £168.988M;

k) that the Chief Executive and SMT, in consultation with Cabinet Spokespersons, be required to submit reports into Cabinet, as a matter of urgency, in relation to the detailed General Fund Revenue Budget for 2018/19 on any further action required to achieve an appropriately balanced budget in addition to those proposals set out above;

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

m) 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;

n) that the Cabinet and Section 151 Officer be authorised to make any necessary technical adjustments to form the 2018/19 budget;

o) 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;

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

2. <u>Council Tax 2018/19</u>

RECOMMENDED:-

that Cabinet note the contents of **Section 5b** (2018/19 Council Tax options) and that:-

a) the Council Tax Collection Fund net surplus as at 31 March 2018 relating to BMBC of £3.115M be used to reduce the 2018/19 Council Tax requirement, in line with statute;

b) the 2018/19 Band D Council Tax increase for Barnsley MBC's services be set at 4.49% (2.99% for Barnsley MBC services and an additional 1.5% 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 and Crime Commissioner and South Yorkshire Fire Authority precepts for 2018/19;

d) the Band D Council Tax for areas of the Borough with Parish / Town Councils be determined following confirmation of individual parish precepts for 2018/19.

BARNSLEY METROPOLITAN BOROUGH COUNCIL

FUTURE COUNCIL 2020 -
Summary of Efficiency Proposals

DIRECTORATE	REQUIRING APPROVAL 2018/19 £	2019/20 £	FYE £
PEOPLE	2,187,000	1,812,000	3,999,000
PLACE	1,215,000	2,240,000	3,455,000
COMMUNITIES	241,406	1,646,118	1,887,524
PUBLIC HEALTH	255,000	96,000	351,000
CORE SERVICES	505,256	309,000	814,256
TOTAL	4,403,662	6,103,118	10,506,780

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL
2018/19 COUNCIL TAX OPTIONS

1. **Introduction**

1.1 This report considers the calculation and options for setting our Council Tax for 2018/19.

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 our Medium Term Financial Strategy of various Council Tax increases;
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 council tax 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 Government's 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 us 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 two years before any further revision would be considered. (Cab.14.1.2015/7.3 refers).

2.6 Due to the pending rollout of universal credit and the uncertainty around how this will impact on the LCTS scheme, there are no proposed changes to the scheme as part of the 2018/19 budget process.

Technical Changes to Council Tax

2.7 Government announced that from 2013/14, local authorities have more discretion to charge Council Tax on second homes and empty properties. We 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. As part of the Chancellor's Autumn Budget it is proposed that this policy will change allowing a 200% premium to be charged from 2019/20. Future reports will update Cabinet on this position.

2.8 A revised Council Tax Base report was submitted in January 2018 (Cab.10.1.2018/8 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 slightly better than forecast during 2017/18. The output from this has resulted in an increase in the collection fund surplus to be built into the 2018/19 budget process (see below). The collection rates will continue to be reviewed and a final update made prior to the setting of the 2018/19 Council Tax.

Step 3 – Potential Council Tax Yields 2018/19

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 (2018/19)

% Increase	**0%**	**1%**	**1.50%**	**2.00%**	**2.50%**	**2.99%**	**3.50%**	**4.00%**	**4.49%**
	£M	**£M**	**£M**	**£M**	**£M**	**£M**	**£M**	**£M**	**£M**
Council Tax Income	**85.473**	86.328	86.755	87.183	87.610	88.029	88.465	88.892	89.311
Collection Fund Surplus	**3.115**	**3.115**	**3.115**	**3.115**	**3.115**	**3.115**	**3.115**	**3.115**	**3.115**
Total Council Tax Income	**88.588**	**89.443**	**89.870**	**90.298**	**90.725**	**91.144**	**91.580**	**92.007**	**92.426**

2.11 Each 1% increase in our Band D Council Tax generates additional income of approximately **£0.855M** per annum recurrently (0.5% = £0.427M).

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

Table 2 –Indicative 2018/19 Council Tax Levels for BMBC Services

% Increase	0.00%	1.00%	1.50%	2.00%	2.50%	2.99%	3.50%	4.49%
Band A-	754.84	762.39	766.16	769.94	773.71	777.41	781.26	788.73
Band A	905.81	914.87	919.40	923.93	928.46	932.89	937.51	946.48
Band B	1,056.78	1,067.35	1,072.63	1,077.92	1,083.20	1,088.38	1,093.77	1,104.23
Band C	1,207.75	1,219.83	1,225.87	1,231.91	1,237.94	1,243.86	1,250.02	1,261.98
Band D	1,358.72	1,372.31	1,379.10	1,385.89	1,392.69	1,399.35	1,406.28	1,419.73
Band E	1,660.66	1,677.27	1,685.57	1,693.87	1,702.18	1,710.31	1,718.78	1,735.22
Band F	1,962.60	1,982.23	1,992.04	2,001.85	2,011.67	2,021.28	2,031.29	2,050.72
Band G	2,264.53	2,287.18	2,298.50	2,309.82	2,321.14	2,332.24	2,343.79	2,366.21
Band H	2,717.44	2,744.62	2,758.20	2,771.78	2,785.38	2,798.70	2,812.56	2,839.46

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 council 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

Options for 2018/19

Council Tax Referendums and 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 The Secretary of State for Communities and Local Government recently announced as part of the 2017 Local Government Settlement, that there would be additional flexibility afforded to councils allowing upto a 3% increase in Council Tax for general (core) services, before the requirement to hold a referendum. This additional flexibility is being allowed to reflect the current rate of inflation together with the increasing pressures and demand for Local Government services. There remains the option to increase Council Tax above 3% and thus hold a referendum. The cost of holding a referendum is estimated to be around £0.4M so any additional income received for increases above 3% would be needed to wholly cover this cost.

2.16 We could agree an increase in Council Tax of say 2.99% without the requirement to hold a referendum. This would result in additional **permanent** base resources of £2.556M per annum.

Additional Flexibility for Adult Social Care Pressures

2.17 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 (ASC) precept. This added flexibility permits authorities to introduce total increases of 6% over the period 2017-2020. The incidence of the increases would be at the discretion of local authorities although the maximum increase in any one year is capped at 3%.

2.18 This flexibility was offered in recognition of the increasing demand for ASC services arising from demographic pressures and the consequential impact on Council budgets. Such pressures clearly impact on Barnsley and we took the decision to implement an ASC precept of 3% as part of the 2017/18 budget process - effectively increasing our Council Tax by 4.9% overall.

2.19 Members can opt to implement further increases for ASC upto 3% over the next 2 years. Such an increase can be in a single year or split over the remaining 2 year period. For example a 1.5% increase would generate an additional £1.3M per annum over and above any agreed increase for general services.

2.21 Table 3 below provides an analysis of the impact of an additional 4.49% increase (1.5% for ASC plus 2.99% for Core Services) on the actual Council Tax for our services for each band.

Table 3 –Indicative 2018/19 Council Tax Levels at 4.49%

		GENERAL INCREASE		ADULT SOCIAL CARE PRECEPT		CUMULATIVE INCREASE		2018/19 TOTAL	
% Increase	**0.00%**	**2.99%**		**1.50%**		**4.49%**			
BAND	**Current Annual Charge**	Annual Increase	Weekly Increase	Annual Increase	Weekly Increase	Annual Increase	Weekly Increase	Annual Cost	Weekly Cost
Band A-	**754.84**	22.57	0.43	11.32	0.22	33.89	0.65	788.73	15.17
Band A	**905.81**	27.08	0.52	13.59	0.26	40.67	0.78	946.48	18.20
Band B	**1,056.78**	31.60	0.61	15.85	0.30	47.45	0.91	1,104.23	21.24
Band C	**1,207.75**	36.11	0.69	18.12	0.35	54.23	1.04	1,261.98	24.27
Band D	**1,358.72**	40.63	0.78	20.38	0.39	61.01	1.17	1,419.73	27.30
Band E	**1,660.66**	49.65	0.95	24.91	0.48	74.56	1.43	1,735.22	33.37
Band F	**1,962.60**	58.68	1.13	29.44	0.57	88.12	1.70	2,050.72	39.44
Band G	**2,264.53**	67.71	1.30	33.97	0.65	101.68	1.95	2,366.21	45.50
Band H	**2,717.44**	81.25	1.56	40.76	0.78	122.01	2.34	2,839.46	54.60

Conclusion

2.22 Given the significant financial pressures that we continue 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;
2. Increase Council Tax upto the existing 3% referendum cap for general (core) services;
3. Take up the flexibility of an additional increase of upto 3% to fund Adult Social Care pressures.

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FUTURE COUNCIL

2020 Capital Programme and Proposed Use of Balances

1. Purpose of Report

1.1 To identify our capital investment needs and resource availability through to 2020/21.

2. Recommendation

It is recommended that:

1 Members note the overall available resources position, outlined in section 3;

2 Members approve the proposed changes to the programme / schemes as set out at 4.4 & 4.5;

3 Members approve the current list of approved schemes identified at 4.6-4.8 and reflects the latest prioritised position in terms of our own capital resources;

4 Members approve the setting aside of a further £8.5M as a contingency for impending pressures and immediate priorities, as outlined in paragraph 4.11 ; and

5 Members approve the decision to defer the use of remaining reserves totalling £4.0M until the summer of 2018 when there should be greater clarity around the cost of the Glassworks scheme and the audited 2017/18 final accounts position. Depending on this position it may also be necessary to review and reprioritise the remainder of the currently approved capital programme at that time. If more urgent decisions are required on the use of the remaining available reserves this will be brought before Members on a case by case basis;

6 Members approve the indicative external resource allocation, as outlined in paragraph 5.2.

3. Overall Resource Position

3.1 Members will be aware that an exercise was carried out to identify available resources to support priority investment, which was submitted into budget papers in February 2017. This identified £63.1M to fund capital new starts over the four year planning period to 2019/20.

3.2 The updated Reserves Strategy, at Section 2c to these budget papers, has identified a further £15.0M of additional resources that will be available to support 2020 Future Council priorities and / or to serve as temporary support to the budget over the planning period.

3.3 The total amount of anticipated resources therefore totals £78.1M which is summarised in table 1 below and shown in detail in paragraph 3.6 of the Reserves Strategy, at section 2c of these budget papers.

Table 1: Total Available Resources

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	TOTAL £M
Revised Reserves Position	**21.948**	**31.047**	**8.583**	**8.502**	**8.000**	**78.080**

4. Current Capital Programme

4.1 As part of the budget papers that were submitted to Cabinet in February 2017, for the 2017/18 financial year, Members approved the Programme and Project Management methodology in respect of prioritisation and approval in respect of utilisation of the Council's available resources.

4.2 Also, as part of the budget papers, a prioritisation exercise was undertaken by members of the Capital Oversight Board, which used a scoring methodology to prioritise the Council requests. Members agreed this initial capital programme.

4.3 Subsequent reports have been submitted to Cabinet as emerging priorities have been identified, in line with the project management methodology agreed. The latest approved capital programme following the approval of the reprioritisation reports is £56.431M.

4.4 This report seeks Members' approval for the de-prioritisation of an element of the Residential Investment Fund totalling £0.750M and an element of the Property/Commercial Land Investment Fund totalling £0.350M to fund a new prioritised scheme – paragraph 4.7 refers. – **Recommendation 2.**

4.5 The capital programme following this approval then totals £55.331M and is shown in Table 2 below:

Table 2: Revised Profile of Capital Programme

	Investment Requirement					
	2016/17 Spent £M	2017/18 Estimated £M	2018/19 Estimated £M	2019/20 Estimated £M	2020/21 Estimated £M	Total Estimated £M
Current Profile of Approved Schemes	**0.688**	**5.107**	**27.631**	**21.205**	**1.800**	**56.431**
Deprioritisation (Paragraph 4.4)	**-**	**(1.100)**	**-**	**-**	**-**	**(1.100)**
Revised Profile of Schemes	**0.688**	**4.007**	**27.631**	**21.205**	**1.800**	**55.331**

Table 3: Available Resources

	TOTAL £M
Net Available (Paragraph 3.3)	**78.080**
Revised Capital Programme (Paragraph 4.5)	**(55.331)**
Total Available Resources For Consideration	**22.749**

4.6 It is recommended that £5.0M of this sum is set aside to increase the contingency on the Glassworks scheme to the level previously set (£10M in total) together with a more reasonable capital programme contingency of £1.5M to mitigate against any unforeseen events across the remainder of the capital programme. – **Recommendation 3.**

4.7 During the course of 2017/18, new emerging priorities have emerged relating to the following three schemes namely:-

- the strategic purchase of a commercial property which sits adjacent to Elsecar Heritage Centre totalling £1.1M;
- the extension of the broadband scheme totalling £0.6M. This will be funded across South Yorkshire by a reduction in levy savings however it is proposed to fund this capital cost via reserves in light of our overall debt position and looming capital spend around the Town Centre / other priorities. The levy saving will be factored into the our MTFS; and
- A mid-term update to our IT strategy suggests that further investment is required on our IT infrastructure and associated licence costs totalling £2.0M.

4.8 The Capital Oversight Board has considered the proposals and subsequently agreed the schemes. The above changes for de-prioritising schemes, approving the new investments and changes to the contingencies are set out in the table below – **Recommendation 3.**

Table 4: Reprioritisation Impact on Investment Requirement

Schemes	Investment Requirement					
	2016/17 Spent £M	2017/18 Estimated £M	2018/19 Estimated £M	2019/20 Estimated £M	2020/21 Estimated £M	Total Estimated £M
Current Profile of Approved Schemes	**0.688**	**4.007**	**27.631**	**21.205**	**1.800**	**55.331**
New Schemes/Resources Prioritised:						
Purchase of Commercial Property – Elsecar	-	1.100	-	-	**-**	**1.100**
Glassworks Phase 2 Contingency	-	-	-	5.000	**-**	**5.000**
Overall Capital Programme Contingency	-	-	1.500	-	**-**	**1.500**
Broadband	-	-	0.300	0.300	**-**	**0.600**
IT Investment	-	-	1.000	1.000	**-**	**2.000**
Total New Schemes/Resources Prioritised	**-**	**1.100**	**2.800**	**6.300**	**-**	**10.200**
Revised Profile Following Reprioritisation	**0.688**	**5.107**	**30.431**	**27.505**	**1.800**	**65.531**

4.9 The revised capital programme, following the approval of the reprioritisation above is shown in table 4 below.

Table 5: Revised Capital Programme

Schemes	Investment Requirement 2016/17 Spent £M	2017/18 Estimated £M	2018/19 Estimated £M	2019/20 Estimated £M	2020/21 Estimated £M	Total Estimated £M
Information Technology:						
Microsoft Licenses	0.347	0.007	-	-	-	**0.354**
Virtual Server Hosts Replacement	0.308	0.282	0.060	-	-	**0.650**
Citrix Replacement	0.033	0.267	-	-	-	**0.300**
Access Layer Equipment	-	-	0.650	-	-	**0.650**
Telephony Refresh	-	-	0.600	-		**0.600**
IT Investment	-	-	1.000	1.000	-	**2.000**
Broadband	-	-	0.300	0.300	-	**0.600**
Better Barnsley / Glassworks:						
Glassworks Scheme	-	1.000	5.400	16.160	-	**22.560**
Town Centre – Jumble Lane Crossing Bridge	-	0.580	2.420	-	-	**3.000**
Public Realm – Phase 1 / 2	-	-	1.800	1.500	1.800	**5.100**
Cultural & Heritage:						
Cannon Hall – Coach House & Cottages	-	0.015	0.200	-	-	**0.215**
Implementation of the Elsecar Masterplan	-	0.160	0.040	0.250	-	**0.450**
Wedding Infrastructure at Cannon Hall	-	-	0.100	-	-	**0.100**
Refit of Shop at Cannon Hall	-	-	0.025	-	-	**0.025**
Purchase of Commercial Property at Elsecar	-	1.100	-	-	-	**1.100**
Economic Regeneration:						
Property/Commercial Land Investment Fund	-	0.075	3.325	-	-	**3.400**
Courthouse Enabling and Development Works	-	0.110	1.200	1.250	-	**2.560**
Housing, Energy & Regulation:						
Longcar Housing Development	-	0.500	3.497	-	-	**3.997**
Residential Investment Fund	-	-	0.250	-	-	**0.250**
Pet Crematorium	-	0.110	0.040	-	-	**0.150**
Highways:						
A61 Old Mill Lane	-	-	2.600	0.750	-	**3.350**
Dodworth Road / Broadway Crossing	-	-	1.814	0.795	-	**2.609**
Communities:					-	
Principal Towns Programme	-	0.211	2.289	2.500	-	**5.000**
People / Schools:						
Youth Zone	-	-	-	3.000	-	**3.000**
Additional School Places – Penistone	-	0.690	1.321	-	-	**2.011**
OVERALL CAPITAL PROGRAMME CONTINGENCY	-	-	1.500	-	-	**1.500**
TOTAL	**0.688**	**5.107**	**30.431**	**27.505**	**1.800**	**65.531**

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

Table 6: Phasing of Resources in Comparison to Phasing of Investment Required

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Potential In Year Resources Available	**21.948**	**31.047**	**8.583**	**8.502**	**8.000**	**78.080**
Anticipated Investment Required	(0.688)	(5.107)	(30.431)	(27.505)	(1.800)	**(65.531)**
Cumulative Resources Available	**21.260**	**47.200**	**25.352**	**6.349**	**12.549**	

4.11 An overall balance of resources totalling £12.5M has been identified at this time which, is proposed to be earmarked for the following - **Recommendation 4**:

Set Aside Reserve for Minimum Revenue Provision (MRP) - £3.5M

A change in our MRP policy identified £12M of savings based on the existing Government guidance and policy. Government have recently released further consultation on MRP which if implemented retrospectively would impact on this assumed saving. Therefore, a reserve of around £3.5M would be needed (along with ongoing provision in the forecast) to smooth the impact of any change in the early years.

Special Education Needs – Disability (SEND) - £5.0M

The High Needs Block for Schools is currently forecasting an overspend of £5.0M. This is currently being dealt with in Schools / Dedicated Schools Grant (DSG) budgets, with a number of actions (through the SEND commissioning strategy) put forward to address the overspend over the long term. However, if this remains an overspend by 1 April 2019 (i.e. three year period) and cannot be contained within the schools' budgets then we are expected to underwrite the outstanding overspend.

4.12 By setting aside the totals set out above this will reduce available reserves to £4.0M as follows:-

Table 7: Available Resources Following Reserves Prioritisation

	TOTAL £M
Net Available Resources	**12.549**
MRP Provision	**(3.500)**
SEND	**(5.000)**
Revised Reserves Position	**4.049**

4.13 A pipeline of schemes has been established to use the remaining reserves and any newly identified resources as they become available with the following scheme considered the highest priority at this stage.

Accelerated Growth - £5.0M

Recent success in growing the business baseline within Barnsley has suggested further investment would be beneficial. A number of strategic sites have been identified within the Local Plan due for publication during 2018/19. An amount of around £5M would be used to support developers in bringing forward these strategic sites which ultimately will create inward investment in the borough in the terms of additional jobs as well as additional business rates.

4.14 However it is recommended that any decision on the remaining £4.0M is deferred until summer 2018. By this date, the tendering for phase 2 of the Glassworks scheme should be complete and our 2017/18 final accounts position will also be known. A review of the currently approved capital programme will also be undertaken should that be necessary - **Recommendation 5.**

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

5. Other Resources

5.1 We also receive annual allocations in respect of capital funding which is ring-fenced 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.

5.2 Specific Funding to be Approved

School Maintenance Programme

Anticipated resources in 2018/19 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

We have 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 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 (LTP)

The estimated indicative resources for the three year period to 2020/21 totals an annual amount of £4.8M relating to specific grants in respect of the LTP. This total is made up of the following (LTP Maintenance Block Allocation £3.1M + LTP Maintenance Block Incentive Funding £0.6M + Integrated Transport Pot £1.1M) which is available to invest in the Barnsley's road maintenance needs.

School Admission / Basic Need Programme

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. No grant funding is currently allocated to Barnsley for pupil places for 2019/20.

Future funding allocations in respect of new School Pupil Places are agreed / allocated on a three year rolling basis and is informed by pupil projections figures provided by LAs via the school capacity (SCAP) survey. The Department for Education has recently approved the revision made to Barnsley's 2017 SCAP return (increasing the planning areas for secondary schools from one to four), which now clearly shows the need for new school places in the town centre / Penistone areas of the Borough. It is anticipated that the next funding allocation cycle would reflect the revised pupil projections figures for Barnsley – this will be confirmed in early 2018. Future reports will update in due course.

5.3 It is recommended that the list of programmes summarised in the table below (funded from specific capital grants) are approved for inclusion in our 2018/19 – 2020/21 Capital Programme. However, it needs to be noted that the allocations are indicative and the approvals will be capped in line with actual allocations.

5.4 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.

5.5 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. **Recommendation 6.**

5.6 The indicative allocations for 2018/19 – 2020/21 are in table 8 overleaf:

Table 8: Indicative Allocations

	2018/19 £M	2019/20 £M	2020/21 £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)	4.790	4.790	4.790	**14.370**
School Admissions Programme (indicative)	0.138	-	-	**0.138**
Total	**8.755**	**6.287**	**4.790**	**19.832**

FUTURE COUNCIL
2018/19 Budget Summary

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	**69,537,963**	3,209,887	(2,187,000)	2,729,000	**73,289,850**
2	PLACE	**32,187,755**	908,477	(1,215,000)	737,000	**32,618,232**
3	COMMUNITIES	**17,274,362**	683,983	(241,406)	-	**17,716,939**
4	PUBLIC HEALTH	**1,355,729**	597,790	(255,000)		**1,698,519**
5	CORE SERVICES	**17,979,088**	1,004,699	(505,256)		**18,478,531**
6	***TOTAL SERVICE EXPENDITURE***	**138,334,897**	**6,404,836**	**(4,403,662)**	**3,466,000**	**143,802,071**
7	LEVIES	**1,120,529**				**1,120,529**
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)		200,000	**13,907,540**
11	CORPORATE ITEMS / PROVISIONS	**10,428,238**	(2,652,000)		1,616,000	**9,392,238**
12	***SUB-TOTAL NON SERVICE EXPENDITURE***	**27,865,957**	**(4,496,000)**	**-**	**1,816,000**	**25,185,957**
13	**TOTAL NET EXPENDITURE**	**166,200,854**	**1,908,836**	**(4,403,662)**	**5,282,000**	**168,988,028**

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FUTURE COUNCIL
2019/20 Budget Summary

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	**73,289,850**	1,715,000	(1,812,000)	619,000	**73,811,850**
2	PLACE	**32,618,232**		(2,240,000)	(74,000)	**30,304,232**
3	COMMUNITIES	**17,716,939**		(1,646,118)		**16,070,821**
4	PUBLIC HEALTH	**1,698,519**	565,000	(96,000)		**2,167,519**
5	CORE SERVICES	**18,478,531**	300,000	(309,000)		**18,469,531**
6	***TOTAL SERVICE EXPENDITURE***	**143,802,071**	**2,580,000**	**(6,103,118)**	**545,000**	**140,823,953**
7	LEVIES	**1,120,529**				**1,120,529**
8	CORPORATE & DEMOCRATIC CORE	**458,335**				**458,335**
9	NON DISTRIBUTED COSTS	**307,315**				**307,315**
10	CAPITAL FINANCING	**13,907,540**	270,000		220,000	**14,397,540**
11	CORPORATE ITEMS / PROVISIONS	**9,392,238**	873,000		(546,000)	**9,719,238**
12	***SUB-TOTAL NON SERVICE EXPENDITURE***	**25,185,957**	**1,143,000**	**-**	**(326,000)**	**26,002,957**
13	**TOTAL NET EXPENDITURE**	**168,988,028**	**3,723,000**	**(6,103,118)**	**219,000**	**166,826,910**

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FUTURE COUNCIL UPDATES

COMMUNITIES

BARNSLEY
Metropolitan Borough Council

Communities: prioritising and targeting our resources

- Digital Transformation
- Review and remodelling of customer services including library service and development of Library@TheLightBox
- All Age Early Help plan
- Homeless prevention plan
- Town centre management – utilising shared resources to best effect
- Testing integrated place based approach in one locality with partners
- Volunteering Strategy and redesigned infrastructure support
- Continued review of provider services

Communities: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2018/19 net £m
Management Team	0.816	(0.014)	0.802
Customer Contact	4.433	(1.030)	3.403
School Catering Services	3.572	(3.886)	(0.314)
Provision of Equipment and Property Adaptations to Vulnerable Adults	3.888	(3.609)	0.279
Provision of in-house care services to vulnerable adults	5.870	(0.722)	5.148
Provision of Registrars Service	0.354	(0.393)	(0.039)
Area Governance and Area Based Commissioning	3.634	(0.247)	3.387
Homeless / Welfare Support	0.889	(0.712)	0.177
Parks Service	0.604	(0.559)	(0.045)
Work with Troubled Families	0.769	(0.796)	(0.027)
Assist communities to tackle unhealthy lifestyles, harm caused by drugs	4.206	(7.189)	(2.893)
Support safer communities (ASB / environmental crime / private sector landlords / tenancy and behaviour standards / victims of crime)	2.887	(1.031)	1.856
IT Support and Information Governance	7.785	(1.802)	5.983
*Total Resource Envelope	39.707	(21.990)	17.717

* Includes KLOE savings detailed on the next page in the pack

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL
COMMUNITIES Efficiency Proposals

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	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.	-	31,486	**31,486**	344,066
BU7 E5	Combine two head of service roles into one.	Management restructure	-	67,000	**67,000**	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 E9	Electronic Kitchen Management System:	Reduction of post following implementation of School Electronic Kitchen Management System and associated savings from transition to paperless systems.	49,167	-	**49,167**	3,818,290
BU7 E10	Day Opportunities and Enablement Teams	Deletion of current vacancies and continue the day opportunities review.	-	84,070	**84,070**	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.	6,000	-	**6,000**	3,818,290
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**	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**	300,567
BU7 E14	Efficiency - Day Ops/Employment &Volunteering and Free to Go Travel/Disabled Facilities Grant	Service Restructure	21,239		**21,239**	107,821
Sub - Total Customer Services			**76,406**	**956,118**	**1,032,524**	

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	GROSS EXPENDITURE
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 2018/19 being subject to Council & DCLG approvals being granted by December 2017.	105,000	-	**105,000**	New Income Generation Proposal - No Current Budget
BU8 E3	Healthier Lifestyle Services: Phase 1 Efficiencies - Healthier Communities	To reduce the funding to Healthier Lifestyle Services by 15% in 2019/20. This allows the current contract to run for 3 years and for the authority to work to embed some of the work sustainably in other areas.	-	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 E9	Reconfigure staff teams across safer and healthier	Restructure following the findings the Community Safety Review and the Welfare Rights Review.	60,000	-	**60,000**	3,209,000
BU8 E12	Healthier Lifestyle Services: Phase 2 Efficiencies - Healthier Communities	Increase the efficiencies against the healthier lifestyle services contract.	-	150,000	**150,000**	1,000,000
Sub - Total Safer, Stronger & Healthier			**165,000**	**690,000**	**855,000**	
TOTAL COMMUNITIES EFFICIENCIES			**241,406**	**1,646,118**	**1,887,524**	

FUTURE COUNCIL UPDATES

PEOPLE

BARNSLEY
Metropolitan Borough Council

People: prioritising and targeting our resources

- Review investment in sector-led school improvement, virtual school looked after children
- SEND strategy and action plan implementation
- Further improve early help pathways for adolescents
- Supporting high quality social care practice
- Placement sufficiency - looked after children and care-leaver placements
- Further integration of adult social care and health
- Managing adult social care funding
- Partnerships with Area Councils to recruit foster carers
- Work with Area Councils and community organisations to tackle cultural barriers to aspiration and success in education
- Develop approaches to co-production with voluntary organisations, parents/carers to deliver change

People: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2018/19 net £m
Schools Budget	95.018	(94.366)	0.651
Early Start, Family Centres and Targeted Youth Support	10.431	(5.260)	5.171
School Evaluation, Inclusion Services & LA functions to schools	13.882	(12.112)	1.770
Adult social Care – Care purchasing budgets (OP/LD/MH)	57.604	(24.484)	33.119
Adult social care - Assessment & care teams (incl CAT, Brokerage, Transitions)	6.906	(0.143)	6.763
Children in Care - Adoption, Fostering, Placements costs and Leaving Care	17.308	(0.883)	16.425
Children Assessment & Care, Disability & Short Breaks and Safeguarding	8.423	(0.389)	8.034
Commissioning, Partnership and Preventive Services	5.187	(4.023)	1.165
Directorate, Service Management and Other Costs	0.464	(0.273)	0.191
*Total Resource Envelope	215.223	(141.933)	73.290

* Includes KLOE savings detailed on the next page in the pack

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL
PEOPLE Efficiency Proposals

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	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 people 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	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	50,000	**60,000**	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.	-	427,000	**427,000**	11,506,557
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 the People Directorate.	-	500,000	**500,000**	-1,500,000
BU1 E11	Two Year Entitlement Administration	Fund the Administration (including central costs) of the Two / Three & Four Year Old Nursery Entitlement from DSG rather than base budget.	155,000	80,000	**235,000**	646,932

2020 FUTURE COUNCIL
PEOPLE Efficiency Proposals

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	GROSS EXPENDITURE
PEOPLE						
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**	
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.	1,000,000		**1,000,000**	
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 children in Barnsley would be undermined as well as the possible impact on the effectiveness of the Barnsley Alliance model of school to school support.	-250,000		**-250,000**	
Sub - Total Education, Early Start & Prevention			**985,000**	**1,254,000**	**2,239,000**	
Adult Social Care & Health						
BU2 E1	Targeted reviews - care packages	Creation of a dedicated review 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 and care packages; 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	552,000	150,000	**702,000**	22,885,400
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 to 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.	200,000	200,000	**400,000**	16,981,500
Sub Total Adult Social Care & Health			**1,202,000**	**350,000**	**1,552,000**	
Childrens Social Care and Safeguarding & Health						
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**	10,047,100
Sub - Total Children's Social Care & Safeguarding			**-**	**208,000**	**208,000**	
TOTAL PEOPLE			**2,187,000**	**1,812,000**	**3,999,000**	

* Full year effect of 17/18 KLOES

FUTURE COUNCIL UPDATES

PLACE

BARNSLEY
Metropolitan Borough Council

Place: prioritising and targeting our resources

- Deliver town centre redevelopment
  procurement, Courthouse, lettings, markets, Library@thelightbox, events, anti-social behaviour

- Accelerate economic development
  local plan, property investment, J36/J37, skills bank, employment opportunities, highways improvement review

- Accelerate level and quality of housing development
  housing investment fund, pipeline, empty homes, review Berneslai Homes, vulnerable groups

- Waste
  South Yorkshire strategy, explore green waste changes, BDR governance/fire risk, increase recycling through behaviour change, Waste Services review

- Culture and visitor economy strategy
  Visitor strategy, marketing and promotions, Wentworth Castle and Gardens, Cannon Hall, Elsecar Heritage

Place: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2018/19 net £m
Planning and Building Control	2.576	(1.843)	0.733
Business Growth and Regeneration	3.698	(2.385)	1.313
Town Centre and Markets	1.151	(0.804)	0.347
Adult Skills, Employability and Community Learning	7.033	(5.524)	1.509
Bereavement	1.151	(2.285)	-1.134
Sports, Culture, Heritage and Arts	4.187	(2.155)	2.032
Housing and Energy Service	1.130	(1.157)	-0.027
Regulatory Services	1.769	(1.286)	0.483
Commercial Services	12.363	(6.696)	5.667
Highways Engineering and Transportation	25.080	(13.725)	11.355
Waste and Recycling	3.730	(0.000)	3.730
Transport	6.848	(2.503)	4.345
Neighbourhood Services	4.183	(1.918)	2.265
*Total Resource Envelope	74.899	(42.281)	32.618

* Includes KLOE savings detailed on the next page in the pack

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2020 FUTURE COUNCIL
PLACE Efficiency Proposals

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	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.	20,000	-	**20,000**	**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% increase 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 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 costs. 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. The 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 thereby 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 the existing revenue cost of 1 grade 3 role and cover the maintenance cost of supporting IT systems. Estimated realisation date would be 01/04/2019 assuming adoption 2017.	-	28,000	**28,000**	**no current budget - new proposal**

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	GROSS EXPENDITURE
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**

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	GROSS EXPENDITURE
PLACE						
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. 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			**160,000**	**414,000**	**574,000**	
Culture, Housing & Regulatory Services						
BU5-E1	Various Income Generation Proposals	Proposals include:	50,000	50,000	**100,000**	
		- 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	100,000	100,000	**200,000**	**531,932**
		- Barnsley Civic Partnership	15,000	28,000	**43,000**	**233,260**

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	GROSS EXPENDITURE
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.	-	43,000	**43,000**	**1,706,103**
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**
Sub - Total Culture, Housing & Regulatory Services			**165,000**	**271,000**	**436,000**	
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	175,000	200,000	**375,000**	**-6,271,177**

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	GROSS EXPENDITURE
		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				

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	GROSS EXPENDITURE
PLACE						
BU6 -E2	Cross Business Unit Reorgansition/Workforce Planning	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 in 18/19. 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.	400,000	890,000	**1,290,000**	**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**

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	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 South Yorks. -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**	**51,887,635**
BU6 -E7	PTE 3-5 Year strategic plan - Needs determining - with the SYPTE	Reduction in the levy through efficiencies in SYPTE.	240,000	240,000	**480,000**	**10,536,996**
Sub - Total Environment & Transport			**890,000**	**1,555,000**	**2,445,000**	
TOTAL PLACE EFFICIENCIES			**1,215,000**	**2,240,000**	**3,455,000**	

* Full year effect of 17/18 KLOES

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FUTURE COUNCIL UPDATES

PUBLIC HEALTH

BARNSLEY
Metropolitan Borough Council

Public Health: prioritising and targeting our resources

Improve healthy life expectancy and reduce health inequalities

- Renew public health strategy with focus on policy level action rather than individual behaviour change:
  - Alcohol strategy / emotional resilience / food strategy / smoke free ambitions / physical activity, active travel, air quality / oral health / making every contact count
- Health protection
- Public health input to Area Councils and place based working
- Public Health Nursing Service (0-19)
  - Building resilience, early identification, prevention of escalating needs
  - Emotional health and well-being across the life course
- Healthy Lives work stream (at Barnsley and South Yorkshire level)
  - Prevention of heart disease and stroke / social prescribing / work and health

Public Health: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2018/19 net £m
• Public Health Management and Co-ordination	0.750	(0.712)	0.038
• Healthy Child Programme	5.097	(3.436)	1.661
• Integrated Sexual Health Service	2.378	(2.378)	-
• Health Checks	0.250	(0.250)	-
• Other Public Health Protection and Improvement	0.158	(0.158)	-
*Total Resource Envelope	8.633	(6.934)	1.699

* Includes KLOE savings detailed on the next page in the pack

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL
PUBLIC HEALTH Efficiency Proposals

PUBLIC HEALTH						
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.	163,000	96,000	**259,000**	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
TOTAL PUBLIC HEALTH EFFICIENCIES			**255,000**	**96,000**	**351,000**	

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FUTURE COUNCIL UPDATES

CORE

BARNSLEY
Metropolitan Borough Council

Core: prioritising and targeting our resources

- Aligning resources to support the directorates priorities
- Improve service delivery through review of systems, processes and policies
- Recruitment and retention
- Performance dashboard technology
- Further reduction in advocacy outsourcing
- Borough wide marketing campaigns
- Fire risk assessments, flood response, audits and inspections
- ModGov roll out
- Housing Stock Option review
- Category strategy plans

Core: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2018/19 net £m
Asset / Property Portfolio Management	15.105	(7.433)	7.672
FM Contract Management (Inc BSF and PFI)	43.084	(46.128)	-3.044
Shared Services	1.525	(1.774)	-0.249
Procurement and Commissioning Unit	0.631	(0.027)	0.604
Strategic Finance/Budgetary Control	4.435	(1.716)	2.719
Housing Benefit, Council Tax and Business Rates	76.387	(75.553)	0.834
Audit	0.877	(0.472)	0.405
Human Resources and Business Support	4.628	(1.397)	3.231
Health, Safety and Emergency Resilience	0.453	(0.132)	0.321
Business Improvement and Communications	3.753	(1.140)	2.613
Legal Support to the Council	1.536	(0.656)	0.880
Governance and Elected Member Support	1.865	(0.190)	1.675
Elections and Electoral Registration.	0.719	(0.031)	0.688
Joint Authorities	0.498	(0.369)	0.129
Total Resource Envelope	155.496	(137.018)	18.478

* Includes KLOE savings detailed on the next page in the pack

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL
CORE Efficiency Proposals

Ref	Proposal Theme	Brief Description of Proposal	2018/19 Saving £	2019/20 Saving £	Full Year Effect £	GROSS EXPENDITURE
CORE SERVICES						
BU11 E1	Corporate mail and printing re-design	Increasing use of technology, challenging custom & practice, reducing photocopying volumes etc.	14,000	0	**14,000**	1,566,449
BU11 E4	Asset management re-design	Reduction of asset data and mapping technicians by increasing use of GIS. Reduction in surveyors.	0	70,000	**70,000**	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 2019/20 . NB: a further restructuring may be required post 2019/20 depending on the timing of the full roll out of Universal Credit [by Central Government].	374,000	239,000	**613,000**	8,635,404
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.	73,978	-	**73,978**	3,972,162
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**	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	-	**0** **28,278**	1,368,403
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			**505,256**	**309,000**	**814,256**	**20,537,798**

* Full year effect of 17/18 KLOES

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2020 FUTURE COUNCIL

FEES AND CHARGES 2018/19

1. Purpose of The Report

1.1 This report brings together the Council's proposed fees and charges for 2018/19 which are an integral part of 2018/19 Business Unit plans. These are summarised in Appendices 1a – 1d and Appendix 2 to this report.

2. Recommendation

2.1 **It is recommended that:**

- **The fees and charges set out in Appendices 1a – 1d are recommended to Council for approval from 1st April 2018 or later in 2018/19 as applicable;**

- **The new fees and charges listed in Appendix 2 are approved for implementation;**

- **Additional reports are submitted throughout the course of the year, where any further amendments to fees & charges are required;**

- **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 2020 financial outlook for the Future Council framework has been developed around a reducing 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 2018/19 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 there may be further changes to fees and charges to be finalised as 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 Localism Act 2012.

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 should not exceed the cost of providing the relevant service. Where the charges do exceed the cost of provision evidence is required to be provided that this additional income is reinvested in the service(s).

3.10 In addition to the charging powers outlined above, the 2011 Act expressly addressed the issue of trading purely 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 across 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 of our **Commercial Activities**.

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;

- 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 3.11 will be achieved.

3.16 With the above in mind a full review of all existing charges has been undertaken by respective business units. New opportunities have also been considered and reviewed. The outcome of these reviews is presented in sections 4 and 5 below, with full details of all charges at Appendix 1 and 2 to this report

4. Existing Fees and Charges

4.1 All business units have undertaken a full review of the current fees and charges under their control. The following changes are proposed based on a fundamental value for money review of the existing service provision and current charges being made:

Charge	Basis of changes proposed
Bereavement Fees	2% increase reflecting inflationary pressures
Pitch (site) rents at Traveller Sites	2% increase
Special Bulky Collection	Charge based on part cost recovery considering other issues (fly tipping)
Pest Control Charges	Fundamental review of all charges based on full cost recovery
Weighbridge Charges	Increased by 20% to reflect current market place
Transport to Day Care	Charge not increased for a number of years. Increase reflects increased running costs (fuel etc) of service though charge still less than public transport

4.2 All other charges have also been reviewed and either increased in line with inflation or no changes have been made (e.g. where the charges are set by statute).

4.3 It should be noted that the proposed commercial waste charges are excluded from this report due to the commercial sensitivity. These will be submitted as a private item at a later date.

4.4 In accordance with the overall review of all fees and charges it is recommended that the schedule of existing fees and charges as set out in Appendix 1a – 1d are implemented from the 1st April 2018 or later in 2018/19 as applicable.

5. New Fees and Charges

5.1 In line with the Council's Commercial Strategy, a review of all new opportunities open to the Council for which a charge can be levied in accordance with Section 3 of the Local Government Act 2003 has been undertaken.

5.2 This review has identified the following new proposed fees and charges:

Charge	Basis of charges
Pet Cremation Fees	Per size/type of animal
Food Hygiene re-inspections	Per Inspection
Second Hand Dealer registrations	Per registration
Commercial Waste Bin Delivery	Per delivery
Road Closures by not for profit organisations	Per road closure – charge to recover cost of council advertising only
Construction of Highways to be adopted	Per actual costs incurred
S181 Developer charges for ongoing drainage maintenance	Commuted sums per drain adopted
Assisted Living Care Line/Peripheral equipment	Access to the service (charged on a weekly basis)

5.3 It is recommended that these are implemented from 1st April 2018 as set out in Appendix 2 to this report.

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EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PEOPLE DIRECTORATE

	PROPOSED INCOME 2018/19	
DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	**Basis of charge**	**Proposed charge for 2018/19**
Education & Early Start Prevention		
Education Welfare Schools: Additional provision	Per delegate Per Hour	S175 safeguarding training-£400 prim & £500 sec. EWO Buy Back £26 per Hour for maintained schools / academies plus vat where applicable (reduction in schools buy back)
School Workforce Modernisation Tuition Fees - Governor Development	Per Governor	£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
School Organisation & Governance Governor Clerking for schools	Per annum	Full service primary £1,435 Additional committee service £1,031 Full secondary service £1,747 Partial secondary service Penistone foundation
Admission services (Academy)	Charge per pupil	£9.20 Appeals: £42 pp on roll + £354 per 1/2 day hearing
Outdoor Education Educational Visits & Journeys (Academies, VA and Trust Schools)	Per Acad/VA/trust school: Secondary+Special per annum	£299 flat fee + £1 pp on roll £1,995

Education Psychology Schools: Additional provision	Per Day	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
Adult Assessment & Care Management		
Client Care Contributions - covers charges made by service users eligible for social care support towards their assessed care costs (residential, nursing and community based care e.g. homecare).	Fees based on ability to pay	Amount paid by service users are based on the outcome of the financial assessment and are linked to the fairer charging policy (for non-residential care) or to issued national guidance CRAG (in the case of residential / nursing care). The maximum cap £150 per week payable by users for non-residential care has been removed (now based on ability to pay subject to financial assessment)
Community Based Support Shared Lives	Board Payment per week HB claim payment per week	£50 £51.50
Children Assessment & Care Management		
Safeguarding Multi-agency child protection and safeguarding training - academies	per licence for e-learning No Change per person for non attendance at training courses and not cancelling within the agreement of the Cancellation Policy No Change	£30.00 £75.00
Newsome Avenue Respite Care Daycare / Overnight stays for Children with Disabilities from other Authorities	Respite care per night Day Care per hour	£450 £20

Fees and Charges To Be Agreed Via This Report

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19 Basis of charge	proposed charge for 2018/19
Economic Regeneration		
CLIS / Adult Learning		
Tuition / Course Fees	Hourly Rate	£2.90 with SFA public subsidy £5.80 per hour without. £1.45 (or £2.90) for clients on means tested benefits excluding JSA & ESA (WRAG)
Building Control.		
Searches	Per Search	Searches
Building Control Fees		
BUILDING REGULATION APPLICATION CHARGES		
NEW HOUSING		
No. of Dwellings		
1	1 Dwelling	515
2	2 Dwelling	700
3	3 Dwelling	885
4	4 Dwelling	1,065
5	5 Dwelling	1,250
6 or more	6 or more Dwellings	Individually Determined Charge
DOMESTIC BUILDING WORKS		
Attached/detached garage or carport, n.e. 36m2	Dometic Building Tupe	215
Attached/detached garage or carport, 36-100m2	Dometic Building Tupe	265
Extension 40 - 60m²	Dometic Building Tupe	500
Extension 60 - 100m²	Dometic Building Tupe	550
Replacement window/s & door/s to one property	Dometic Building Tupe	75
Replacement window/s & door/s to more than one property		Individually Determined Charge
Controlled domestic electrical work (not CPS)	Dometic Building Tupe	250
Renovation of a thermal element (non-structural)	Dometic Building Tupe	75
Renovation of a thermal element (structural)	Dometic Building Tupe	135
Rooms in a roofspace including means of access	Dometic Building Tupe	385
Additional rooms in a roof space excluding means of access	Dometic Building Tupe	320
Other domestic work - estimated cost < £2,000	Dometic Building Tupe	140
Other domestic work - estimated cost £25,000 - £50,000	Dometic Building Tupe	450
Other domestic work - estimated cost > £50,000		Individually Determined Charge
NON-DOMESTIC BUILDING WORKS		
Installation of < 20 windows and doors	Non Dometic Building Tupe	150
Installation of 20 - 50 windows and doors	Non Dometic Building Tupe	Individually Determined Charge
Other non-domestic work - estimated cost < £2,000	Non Dometic Building Tupe	200
Other non-domestic work - estimated cost £2,000 - £5,000	Non Dometic Building Tupe	225
Other non-domestic work - estimated cost £5,000 - £10,000	Non Dometic Building Tupe	300
Other non-domestic work - estimated cost £10,000 - £25,000	Non Dometic Building Tupe	420
Other non-domestic work - estimated > £50,000	Non Dometic Building Tupe	Individually Determined Charge

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19 Basis of charge	proposed charge for 2018/19
STREET NAMING & PROPERTY NUMBERING CHARGES		
New property addresses on existing steet		
1	1 property	50
2 to 5	2 to 5 properties	80
6 to 10	6 to 10 properties	100
11 to 50	11 to 50 properties	150
51+	51+ properties	200
Change to a new development after notification		
1	1 property	50
2 to 5	2 to 5 properties	80
6 to 10	6 to 10 properties	100
11 to 50	11 to 50 properties	150
51+	51+ properties	200
Re-addressing of properties on existing street (per property)	per property	120
New property addresses requiring new street names		
1	1 property	70
2 to 5	2 to 5 properties	100
6 to 10	6 to 10 properties	140
11 to 50	11 to 50 properties	200
51+	51+ properties	270
MUSIC SERVICE		
Instrument Hire (per term)	per term	15
Contin Lessons per term	per term	32
Group Lessons per term	per term	48
20 minute Individual Lessons per term	per term	96
30 minute Individual Lessons per term	per term	138
KS11 projects per year	per year	1,140
KS2 full year projects	per year	700
Development Management.		
Planning Application Fees (Statutory)		Statutory Fees set by Government
Non Statutory Fees:		
Householder Enquiry Forms	Per enquiry	Non Statutory Fees approved and
Minor Pre-application Advice	Hourly Rate	to be implemented from
Listed Building & Conservation Area Advice	Hourly Rate	1st January 2015
Sec 106 Legal Agreement Enquies	Hourly Rate	
Planning Policy Evidence Based & Land Allocation Discussions	Hourly Rate	(Delegated approval received in November 2014)
Business Centres Rent Income	TBD	TBD
Property Investment Fund Income	TBD	TBD
Markets		
Barnsley Open Market		
All Stalls	Day Rate	20
Barnsley Central Sunday Market		
All 8ft stalls	Day Rate	£10.00
Pitches 1-4	Day Rate	£5.00
Pitch 5	Day Rate	£5.00
Shutter pitches	Day Rate	£10.00
Barnsley May Day Green Market - all days		NOTE charges below are subject to change mid year following move to new market development
All Stalls	Day Rate	£20
Storage Boxes at the Market Hall		
Standard per week	per week	£10.00
Large per week	per week	£12.50

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19 Basis of charge	PROPOSED INCOME 2018-19 proposed charge for 2018/19
Charges for electricity Where metered standard and unit charges are automatically reviewed in accordance with YEB non domestic charges. Semi-open market stalls ;- standard charge of £1.50 for the first 4 lights now incorporated into the stall charge. A charge of 10p per light to be charged over the first 4 used. Other charges not listed.	Day Rate	Semi-open market every extra light 10p per day. Any fridge or major electrical appliance 30p per day. No change to other charges recommended.
District Markets		
Wombwell		
Stall 10 x 8	Day Rate	£13.22
Hoyland		
A 11' stall	Day Rate	£12.00
B 11' stall	Day Rate	£12.00
C 11' stall	Day Rate	£12.00
Goldthorpe		
A 9' stall	Day Rate	£10.00
B 9' stall	Day Rate	£10.00
C 9' stall	Day Rate	£10.00
Penistone		
2 metre stall	Day Rate	£10.00
3 metre stall	Day Rate	£15.00
Building Hire	1/2 day rate	£50.00
Trader car parking		
Standard trader bay	Day Rate	£2.50
Town centre space management - pricing structure		
Cheapside		
Daily rate Mon, Tue, Wed & Fri.	Day Rate	£150.00
Daily on Thursday or Sunday	Day Rate	£100.00
Daily on Saturday	Day Rate	£200.00
Weekly rate	Per Week	£700.00
Queen Street		
Daily rate Mon, Tue, Wed & Fri.	Day Rate	£100.00
Daily on Thursday or Sunday	Day Rate	£75.00
Daily on Saturday	Day Rate	£150.00
Weekly rate	Per Week	£500.00
Peel Square		
Daily rate Mon, Tue, Wed & Fri.	Day Rate	£150.00
Daily on Thursday or Sunday	Day Rate	£100.00
Daily on Saturday	Day Rate	£200.00
Weekly rate	Per Week	£700.00
Mayday Green		
Daily rate Mon, Tue, Wed & Fri.	Day Rate	£100.00
Daily on Thursday or Sunday	Day Rate	£75.00
Daily on Saturday	Day Rate	£150.00
Weekly rate	Per Week	£500.00
Stall 1 & 2 May Day Green – Adjacent to Car Phone Warehouse	per bay per day	£20.00
Stall 3 & 4 – May Day Green – Adjacent to Metropolitan Centre	per bay per day	£20.00

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19 Basis of charge	proposed charge for 2018/19
Albert Street, East Street and Market Street		
Daily rate Mon, Tue, Wed & Fri.	Day Rate	£50.00
Daily on Thursday or Sunday	Day Rate	£30.00
Daily on Saturday	Day Rate	£100.00
Weekly rate	Per Week	£250.00
The Arcade		
Daily rate Mon, Tue, Wed & Fri.	Day Rate	£50.00
Daily on Thursday or Sunday	Day Rate	£10.00
Daily on Saturday	Day Rate	£75.00
Weekly rate	Per Week	£200.00
Commercial Space Management		
Barnsley 4m x 4m	Day Rate	£100.00
Barnsley 6m x 4m	Day Rate	£130.00
Barnsley 8m x 4m	Day Rate	£150.00
Wombwell	Day Rate	£65.00
Hoyland	Day Rate	£30.00
Goldthorpe	Day Rate	£30.00
Penistone	Day Rate	£30.00
Book to roam (leaflets)	Per distributor	£15.00
Culture, Housing & Regulation Services		
Dog Warden Fees		
Dog Release Fee	Per Dog	£50.00
Dog Surrender Fee	Per Dog	£100.00
Pollution Control		
PPC Permits	Cost Recovery	Statutory Fee - Individual charge to each company based on an Annual Risk Assessment
Local Site Operator Contracts	Tendered Contract	Fixed Annual Contracts - Varying terms
Entertainment Licenses		
Licence Fees - Premises, Alcohol & Gambling	Per establishment	Statutory fees set by Government, except sex establishments. New charges for sex establishments:- new application - £234, renewal application £112, variation £234, transfer £34.
Hackney Carriage Licenses		
Private Hire & Hackney Vehicle, Driver & Operator Licensing	Per Licence	Can only recover fees to recover total cost of service. The cost of 3 year licences is currently under review
Trading Standards		
Stamping Fees		No change recommended.

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19 Basis of charge	proposed charge for 2018/19
Animal Health - Licence Fees		
Home Dog Boarders	Per Licence	£107.00
Performing Animals	Per Licence	£107.00
Dangerous Wild Animals (+ vets fees)	Per Licence	£107.00
Dog Day Care (Low Volume)	Per Licence	£107.00
Dog Day Care (High Volume)	Per Licence	£139.00
Dog Breeders	Per Licence	£139.00
Pet Shops	Per Licence	£130.00
Boarding Kennels (Dogs / Cats)	Per Licence	£159.00
Greyhound Racing Track	Per Licence	£139.00
Riding Schools (+ vets fees)	Per Licence (plus rechargeable vets fees)	£139.00
Zoo (+ vets fees)	Per Licence (plus rechargeable vets fees)	£203.00
Museums and Heritage Centres	At cost - this includes charges for car parking , room hire etc.	At cost - this includes charges for car parking , room hire etc.
Cooper Gallery		
	Per Day	£220.00
	Per hr outside core hrs	£50.00
	Charities -full day	£150.00
	Per hr outside core hrs	£30.00
	Gallery Hire (2 hours)	£500.00
	Sadler for Weddings (depends on length of time)	£400.00 - £700.00
	Sadler (1 hour)	£100.00
	Commission on Artists work sales	35%
Cannon Hall		
	Spencer Wing Conference Hire	
	Full day	£220.00
	Per Hour	£75.00
	Charities full day, £30 per hr outside core hrs	£150.00
	Charities per hour	£30.00
	Victorian Wing	
	per day	£50 - £100
	per hr weekends	£70
	per day (charities)	£30 - £75
	per hr weekends (Charities)	30
	Ballroom Hire for ceremony	£840 - £1,000 +VAT
	Deer Shelter for Ceremony	£840 - £1,000 + vat
	Library Hire for ceremony	£500 - £840
	Ballroom Hire for private functions	from £800 + VAT
	Gallery Hire for functions £500 (2 hours)	£500
	Drink Functions (walled garden/Spencer wing) per hr	£50

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19 Basis of charge	proposed charge for 2018/19
Museums and Heritage Centres (cont)	**Car Parking**	
Cannon Hall	up to 2 hours or £3 all day cars and minibuses	£1.00
	All Day	£3.00
	Coaches	£5.00
	Motorcycles	free
	Season Ticket	£100 (incl VAT)
	Land Hire per day	1,250
	per day per pitch (charities)	£50 (£25 charities)
Elsecar		
	Building 21 Hire per hour /all day	£50 -£1000 + vat
	Hard based space outside	£250 +vat
	Stage Hire	500
	Seating	250
	Trestle tables - per table	£2 - £6
	Additional chairs(over 50) per chair	£2.00
	Crash barriers per barrier per day	£5.00
	Visitor Centre Meeting Room	
	Private & Commercial Mon-Fri per day.	£220.00
	Weekends and evenings per hour	£50.00
Worsbro Mill		
	Season Ticket (incl VAT)	£100 (incl VAT)
	Car Parking	
	per hour	£1.00
	per day	£3.00
	per day coaches	£5.00
	Land Hire per day	£1000.00
	pitch per day (charities)	£50.00 (£25 charities)
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 - first broadcast VAT	£360.00
	for subsequent repeats	£180.00

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE		PROPOSED INCOME 2018-19 Basis of charge	proposed charge for 2018/19
		School Visits	
		Visits per child (full day)	£8.99
		Half day per child	£4.99
		Outreach in classroom	£150.00
		Handling boxes per week	£50.00
		Use of Learning Lab per hour	£25.00
		Talks and Tours on Site	
		(10:00am -4:00 pm)	£80.00
		(after 4:00pm)	£150.00
		Talk off site - + expenses	£150.00
		Professional consultancy rates - per day + expenses	From £250
Sports			
Passport to Leisure		Per Annum	£5.00
Golf Course			
Green Fees		Per Round	£8.00
Season Tickets		Per Annum	£615.00
Bereavement Services			
Burial & Cremation fees		Per Burial/Cremation	various fees - see separate listing
Housing			
Landlords Accreditation Scheme			
Landlords with more than 1 property		Per Landlord	£50.00
Gypsy Sites			Fee increase formula based on amendment to formula used for council house rent increases until 2016/17. CPI AS AT Sept 2017 3%-1% = 2% rent increase
Pitch rents at Smithies Lane Gypsy & Traveller site (Small improved pitch)		per week per pitch	£75.71
Pitch rents at Smithies Lane Gypsy & Traveller site (Large improved pitch)		per week per pitch	£98.41
Hire of caravans (Ings Road site etc)		per week - 28ft caravan	£61.42
		per week - 35ft caravan	£68.02
Environment & Transport			
Waste			
Commercial waste collection			
Assisted Collection Registration Fee		per registration	£10.00
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

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19	
	Basis of charge	proposed charge for 2018/19
Commercial Waste Bin delivery	Per Bin	£20.00
Bin delivery charges	Per Bin	£20.00
Special (bulky) collection	up to 4 items	£20.00
1 to 4 items	each item above 4 (upto 12)	£5.00
2 items	Above 12	indivdiual priced with customer
Premium Upgrade	Premium Upgrade	£10.00
Additional premium item	Additional premium item	£5.00
Fleet		
MOT fees - taxi	Inspection	£45.00
	ReTest	£20.00
MOT fees - general public	Per Inspection	£45.00
	ReTest	Nil
Neighbourhood Services		
External income		Individually priced jobs dependant upon work required
Disposal of dead animals following RTA	per Animal	£30.00
Transport		
Transport (Day Care) per Journey	Per Journey	£2.00
Stores		
Sales of scrap metal and timber		Individually priced per material and tonnage purchased
Sale of Recycled Materials		individulaly priced reflecting market forces
Tipping		Individually priced per type of material
Weighbridge	per use	£12
Engineers		
Street Lighting - external		Individually priced jobs dependant upon work required
Other (dropped crossings)		Individually priced jobs dependant upon work required
Other (signs)		Individually priced jobs dependant upon work required
Other (Engineering Services external works)		Individually priced jobs dependant upon work required
Mechanical sweeping - external	per hour	£66.42
Cesspit emptying - domestic	per visit	£281.14
Cesspit emptying - industrial	per hour + disposal costs + vat	£99.42
Drain Clearance - 9:00am - 5:00am	per hour + vat	£99.42
Drain Clearance - outside normal hours	per hour + vat	£202.34
Preparation & site induction for mechanical sweeping & cesspit emtying where required	actual costs +10%	actual costs +10%
Recycling	Per ton per material	individually priced

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19 Basis of charge	proposed charge for 2018/19
Highways Licences, Permits and Services		
Licensing of builders' skips placed on the highway	Licence	£24.00
Licensing of builder's skips placed on the highway - retrospective license	Licence	£81.00
Licence charge for scaffolding and other structures on highways (Fixed)	First week (subsequent weeks)	£186 (£67 for subsequent weeks)
Licence charge for scaffolding and other structures on highways (Mobile)	Licence	£56.00
Licensing of builder's materials deposited on the highway	Licence	£12.00
License to dispense with erection of a hoarding	Licence	£83.00
Site inspections to monitor compliance with duties relating to the erection of hoardings	Licence	£53.00
Section 50 license to instal private apparatus in the highway	Licence	£439.00
Retrospective Section 50 Licence	Licence	£518.00
Various licences to make openings in the street or footway for constructing works, cellars or the admission of light into premises	Licence	£194.00
Section 171 licenceto carry out highways works	Licence	£201.00
Additional Fee for retrospective issues of section 171 or 184 notice	Licence	£79.00
License to construct a vehicle crossing - use of private contractors	Licence	£200.85
License to construct a vehicle crossing - use of BMBC Engineering Services or private contractors	Licence	67
Clearance of accident debris	Actual costs +10%	Actual costs +10%
Road Closure Orders (Planned)	Road Closure Order	£984.00
Road Closure Notice (Emergency)	Road Closure Notice	£721.00
Road Closure to the benefit of the highway authority carried out by a third party on a not for profit basis	Road Closure	£200.00
Road Closure Order (Special Events)	Road Closure Order	£984.00
Application for a traffic sign to specified land or premises (permanent)	Application	£52.00
Application for a traffic sign to specified land or premises (temporary)	Application	£54.00
Placing of traffic sign for specified land or premises		
Pavement café licences	Licence	£439.00
Consideration of applications for consent for overhead beams, Rails, wires, banners etc above the highway	Application	£97.00
Licence to Oversail the Highway with Tower Cranes etc	Licence	£92.00
Consideration of applications to buildings, structures, balconies etc over the highway	Application	£600.00
Licence to non-Statutory Undertakers to place and maintain apparatus in the Highway (New Roads and Street works Act)	Licence	£439.00
Construction of highways to be adopted (section 38 Highways Act 1980) HIGHWAY DC ONLY		
Charges for Demolition Notices	Demolition Notice	£300.00
Penalty charges to Statutory Undertakers for exceeding permitted licence to occupy the Highway (Section 74 New Roads and Street works Act)	Variable	Variable
Bus lane enforcement	Per enfraction	£60 for driving in a bus lane with 50% discount for early payment and 50% enhancement for late payment.
Increased Highways Act enforcement	Actual costs to clear the highway	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.
Licensing of builder's skips placed on the highway - retrospective license	per skip	£80.00
Weekly Inspection of Scaffolding and hording	Inspection	£67.00
Retrospective Licenses for S184, S50 & Scaffold licenses would incur a charge of £70 additional to the normal license fee.	Licence	£78.00

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

PLACE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19: Basis of charge	PROPOSED INCOME 2018-19: proposed charge for 2018/19
Highways Licences, Permits and Services Cont		
Road Closure Orders (Planned) PROW Initial fee - dependant on dwelling numbers, sliding scale for more than 1 dwelling	Road closure order	£520.00
Road Closure Orders (Planned) PROW weekly fee	Road closure order	£100.00
Road Closure Orders (Planned) PROW Extension	Road closure order	£260.00
Road Closure Notice (Emergency) PROW	Road closure order	£260.00
Public Path Orders (Diversion Orders) - dependant on dwelling numbers, sliding scale for more than 1 dwelling	Public Path Diversion Order	minimum charge of £3200 risng to maximum £5500. variable upon scale of of order required = based upon work involved
Pavement café licences (continuation fee)	Licence	£218.00
Water Course Consenting	Per Consent	£50.00
Section 81 Demolition Notices under the Building Act	per demolition notice	£300.00
Status Enquiries	per status enquiry	£59.00
Status Enquiries incl Highways DC	per status enquiry	£85.00
Residents Parking Zones		
Residents - First Permit	Residents - First Permit	£20.00
Residents - Second Permit	Residents - Second Permit	£40.00
Business - First Permit	Business - First Permit	£30.00
Business - Second Permit	Business - Second Permit	£60.00
Car Parking		
Off Street Parking		
Market Gate;Pontefract Road		
Lambra Rd		
Burleigh St, Joseph St, Pitt St		
St Marys Place; Grahams Orchard		
John St; Sackville St		
Curchfield; County Way/Court House; Multi Storey; Mark Street	**SUBJECT TO SEPARATE REPORT**	
West Road Pogmoor		
Wellington House		
On Street parking		
Public Season Tickets	Public Season Ticket	£22pw, £82pm, £230 qtr, £770yr
Staff Discounted Season Tickets	Staf Season Ticket	£17.50 to £35.00 per month
Charges for Fixed Penalty Notices	Fixed Penalty Notice	£50 or £70 depending on severity of offence 50% discount if paid within 14 days
Parking place suspension	Parking place suspension	Estimated loss of parking revenue plus 10% to cover administration costs
Pest Control & Drainage		
Pest Control Fees (Owner occupiers, B Homes, Private contracts)		
Rats & Mice (3 visits)	Rats & Mice (3 visits)	£99.00
Wasps, Bees, Flies Ants (1 visit)	Wasps, Bees, Flies Ants (1 visit)	£52.50
Fleas (1 visits)	Fleas (1 visits)	£99.50
Moles (3 visits)	Moles (3 visits)	£199.00
Cockroaches (2 visits)	Cockroaches (2 visits)	£199.00
Bed Bugs (2 visits)	Bed Bugs (2 visits)	£199.00
Squirrels (2 visits)	Squirrels (2 visits)	£199.00
Others (per hour)	Others (per hour)	£60.00
Premium Upgrade	Premium Upgrade	£20.00

Fees and Charges To Be Agreed Via This Report

EXISTING FEES & CHARGES REVISIONS FOR 2018/19

COMMUNITIES

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19 Basis of Charge	Proposed Charge 2018/19
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.	Individually priced per school
Day Opportunities		
Transport (Day Care)	per journey	£1.00
Laundry/Bathing (At Day Centre)	per load	£1.05
Lunch (At Day Centre)	per meal	£3.00
Barnsley Library & Information Service		
Fines, Sales and Receipts (Book fines,	Various Charges	Various Charges
video & CD hire, obsolete stock etc)		
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	Based on number of transactions attributable to BH over the various locality settings and specific costs for out of hours support and Contact Centre
Other		
Statutory Fees		
General Search	General Search	£18.50
Certificates	Certificates	£10.00
Marriages (Register Office)	Marriages (Register Office)	£45.00
Non Statutory Fees	**Non Statutory Fees**	
Marriages / Ceremonies (Ceremony Suite)	Per Ceremony	
- Monday - Thursday	- Monday - Thursday	£113.00
- Friday	- Friday	£135.50
- Saturday	- Saturday	£163.00
- Friday	- Friday	£348.50
- Saturday	- Saturday	£444.50
- Sunday	- Sunday	£452.50
- Bank Holiday	- Bank Holiday	£452.50
Advanced Booking Fee	Advanced Booking Fee	£452.50
Safer, Stronger & Healthier Communities		
Public Health and Drainage		
Works in Default	Charged @ Cost Rechargeable works a/c	Variable
Parks Services		
Fairs & Circuses		No change recommended.
Playground Inspections	Per Inspection	58
Football Pitch Rent Income	per season	No change recommended.
Cricket Pitch Rent Income	per season	No change recommended.

Fees and Charges To Be Agreed Via This Report

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EXISTING FEES & CHARGES REVISIONS FOR 2018/19

CORE SERVICES

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19 Basis of Charge	 proposed charge for 2018/19
Assets		
Property and Procurement		
Land and Building Rent; Maintenance, Service Charges	Market Value	Increase of 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.
Allotment Rent income	Per allotment	£73.14 per plot with water access/ £36.04 with no access to water.
Garage Rent Income	per site	£47.00
Finance		
Summons	Per Order	£28.00
Benefits/Taxation - Liability Order	Per Summons	£52.00
Commercial - Prompt Payment Discount Scheme	Percentage Discount dependant on payment terms	upto 1.5% of invoice value dependant on indivdoual agreemenst with companies
Commercial - Finance Support to Schools	Per number of visits	Visits per annum ; £400 one off, £780pa quarterly, £1,170pa 6 visits, £2,340pa monthly, £5,070pa
Commercial - payroll for schools	per payslip	£4 (discounted if finance support customer)
Commercial - BACS service for Rotherham	per BACS File	£5, less a 5% discount for loyal customers
HR		
Human Resources / Performance / Comm's		
Recruitment - DBS Checks	DBS Checks (per check)	Enhanced DBS Check £53.95 for Schools, ;
	DBS Checks (per check)	Berneslai Homes, Other organisations & £64 for taxi drivers
	DBS Checks (per check)	Standard DBS Check £35.95 for Civil Enforcement.
Business Advisory - Pre-Employment Checks	Pre employment checks (per check)	Engage £16.25 & £33.53 for Nurse follow up
Barnsley HR Services - Provision of HR Services	per employee	£126 per employee for Fixed Fee Service, £65-75p/h Consultancy
Health and Safety - Training Courses	Per course	variable depending on total cost of course
Research and Business Intelligence	SLA	Indvidually priced per SLA
Workforce Development - Training Fees	Per delegate	variable depending on total cost of course
Legal Services		
Legal, Elections, Governance		
Land Charge Searches - Various Types	Various Charges Dependant on type of Search	All Fees are set by parliament

Fees and Charges To Be Agreed Via This Report

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NEW FEES & CHARGES TO BE IMPLEMENTED FROM 1st APRIL 2018

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	Charge Basis	proposed charge for 2018/19
Culture, Housing & Regulation		
Pet Cremation Fees		
Rabbits & Small Pets	Per animal	£40.00
Small Dog or Cat	Per animal	£80.00
Medium Sized Dog	Per animal	£120.00
Large Dog	Per animal	£150.00
Pest Control Premium Upgrade	per inspection	£20.00
Second Hand Dealer 3 Year Registrations	per registration	£16.50
Charges for Food Hygiene reinspection	per re-inspection	£176.00
Environment & Transport		
Commercial Waste Bin delivery	per delivery	£20.00
Third part road closures carried out on a not for profit basis	per road closure	£200.00
Construction of highways to be adopted (section 38 Highways Act 1980)		
HIGHWAY DC ONLY	per application/design	Charges based on actual costs
s167 APPROVALS AND AIPs arising from s38 or s278 Agreements	per highway	Charges to be based on actual charge out rates
Drainage checks and inspections , eg: tanks under the highway, pipes >900mm diameter, soakaways, SUDS	Per inspection	Charges to be based on actual charge out rates
s181 Developer to pay commuted sums, including fees for administration and checking, for culverts under the highway to remove the liability of the Council as Highway Asset owner, becoming responsible for the future maintetance through riparian ownership	commuted sum	Variable
Developers paying for Zero Passes arising for new developments.	per zero pass per term	580
Customer Services		
Access to the Assisted Living Careline	per week	£1.00
Peripheral Equipment	Per item per week	£0.55

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FUTURE COUNCIL 2020

HR IMPLICATIONS

BARNSLEY
Metropolitan Borough Council

HR implications in numbers

2018/2019 - number of potential redundancies

Business Unit	Directorate	Service Director	Number of staff affected	Number of potential redundancies	Number of Notice Letters Issued
BU 1 - Education, Early Start and Prevention	People	Margaret Libreri	22	4	1
BU6 - Environment and Transport	Place	Paul Castle	17	6	0
BU7 - Customer Services	Communities	Ann O'Flynn	2	2	2
BU14 - HR and Business Support	Core	Alison Brown	3	3	2
BU15 - Business Improvement and Communications	Core	Michael Potter	1	1	0
BU19 - Council Governance and Member Support	Core	Ian Turner	4	1	1
Elections	Core	Peter Clark	4	1	0
TOTAL			**53**	**18**	**6**

Timeline for implementation of 2018/19 proposals

Date	Proposal
8 October 2017	Formal consultation commences . Letters to be issued
October to December 2017	Consultation with Trade Unions, employees and undertake change process in accordance with Managing Change Policy
5 January 2018	Consultation period ends
6 January 2018 (effective from 7 January 2018)	12 weeks notice period commences and issue termination letters
31 March 2018	End of 12 weeks notice period

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

Aggregated Equality Implications of Budget Efficiency Proposals 2018/19

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

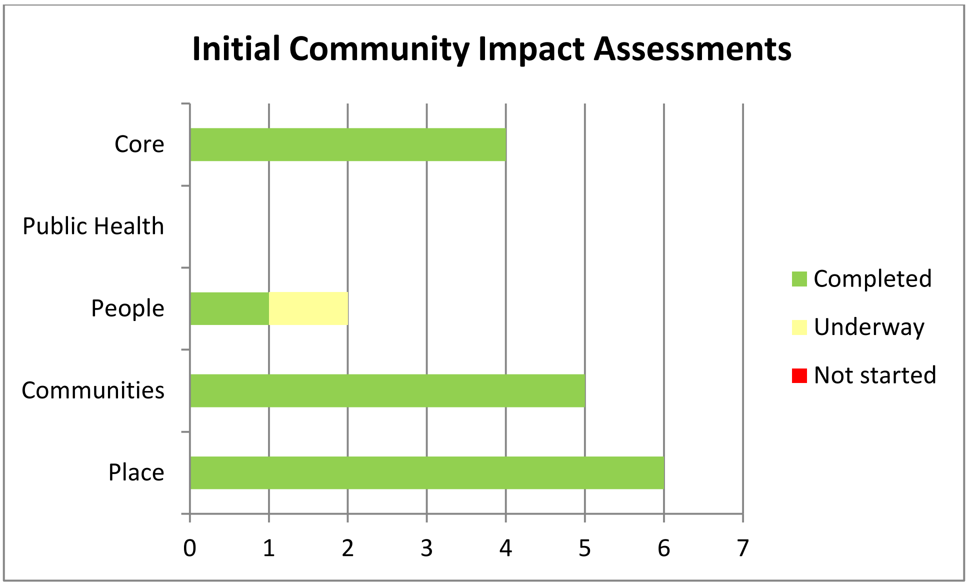
2.1 The budget efficiency process is clearly an area where we need to evidence that we have given "due regard" to the equality impact of our decisions and avoid any unfair and/or disproportionate impact on key equality groups. Therefore, we have embedded an EIA into the process of identifying, evaluating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

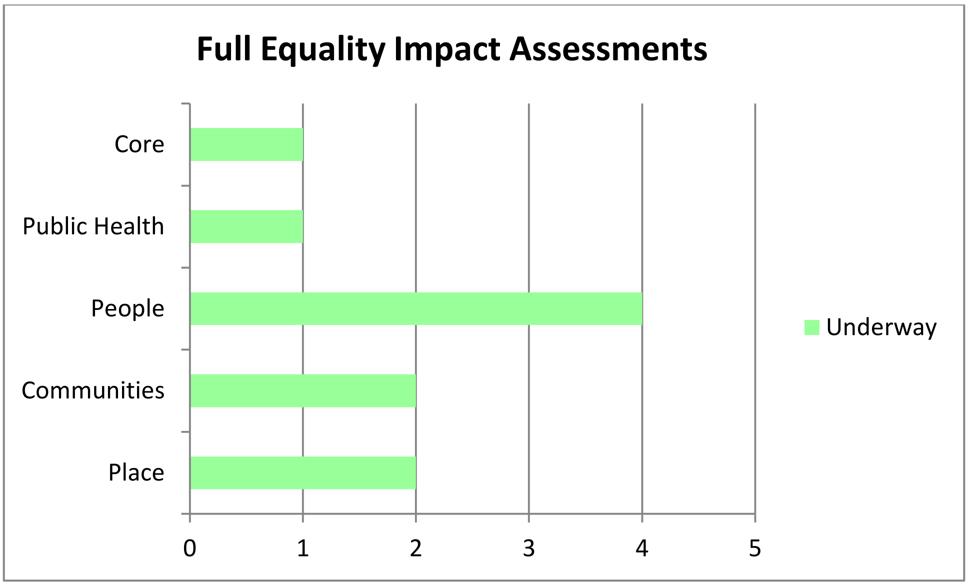
B. Stage One – Initial Community Impact Assessment (CIA)

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 started for all 17 budget efficiency proposals with savings identified for 2018/19 and of these 16 have been completed. The efficiency proposal that has not completed the Initial CIA will instead be addressing any outstanding issues as part of the review of the Full EIA completed for the proposal in 2017.



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 17 budget saving proposals where an Initial CIA has been started, 10 have been identified as requiring a full EIA to be completed before the proposals are implemented from 1st April 2018. Of these, all 10 are underway and will be completed by the end of January 2018.



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 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 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 consider 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.

2.13 The predicted impacts of the budget efficiency proposals to be implemented in 2018/19 do not suggest any significant difference to those assessed in January 2017 to be implemented during the full three-year period 2017 to 2020.

3. Aggregated Impacts 2018 / 2019

3.1 The “Aggregated Equality Impact Assessment 2017” report (Cab.8.2.2017/7) highlighted 21 savings proposals for the period where there was an identified significant impact associated with their protected characteristic. Each of these completed a full EIA during 2017 and identified mitigating actions where appropriate.

3.2 In 2018/19 there are a further 9 budget efficiency proposals that either require a full Equality Impact Assessment to be undertaken or for the EIA carried out last year to be reviewed for savings due to implemented in 2018/19.

3.3 The Full EIAs for these budget efficiency proposals are now underway and will be completed (with any appropriate mitigating actions also considered) before the efficiencies are implemented from April 2018. However, the following table summarises the initial impacts identified, and the EIA process being undertaken:

Ref	Title	Predicted impact	EIA process and mitigation
Communities Directorate			
BU7 E12	Efficiency - Digital Development	Low impact on older people, disabled people and BME people.	These proposals will reduce the resources currently aligned to the development of the council's web site and online presence as well as the dedicated support available for developing digital confidence within the community. The remaining resource envelope will focus on maintaining web content, ensuring it is accurate and up to date. An EIA is currently being devised for the whole of the Customer Services Redesign (anticipated to be completed in Jan 2018) and will place emphasis on a process of monitoring and review in order to better understand the real time impacts of any changes, as well as to better understand any presenting issues/areas of need or any need for service targeting.
BU7 E13	Customer Service Development	Low impact on disabled and older people, revised to no impact as a result of further development of proposal.	
BU2 E10	Shared Lives	Medium impact for disabled people and young people.	The EIA for this efficiency was completed in 2016/17 but will continue to be reviewed alongside its implementation..
People Directorate			
BU2 E1	Targeted reviews.	Medium impact on disabled and older people.	This saving will ensure that all care packages are appropriate and meet eligible needs, as per Care Act 2014. Service users will be contacted to ensure they are aware of the changes and understand the criteria. EIA will be subject to an ongoing review alongside implementation.
BU2 E5	Social Care Contracts	Medium impact on disabled and older people	All contracts will be reviewed to identify potential savings and implemented from 2018/19. A full EIA will be completed before implementation.
Place Directorate			
BU6 E2	Cross Business Unit Restructure	Medium impact – no specific groups identified as yet.	These efficiencies are being addressed together through a series of service reviews (Neighbourhood Services, Highways, Waste Collection, Stores and Fleet Services). Detailed proposals are not yet place and so, although significant impacts are possible, the specific impacts cannot be confirmed as yet, but these will be subject to full EIAs before implementation.
BU6 E3	Service Delivery Re-design		

Public Health Directorate

PH E2	Review of Contracts and Commissioning	Potential for medium impact on all diverse communities.	There are three key lines of enquiry. 1) The re-procurement of NHS Health Checks. The new service will continue to provide NHS Health Checks in accordance with national best practice guidance. Checks will also now be available through arrangements within workplaces. The new contract will enable improved targeting of invitations to those most at risk of CVD and better quality assurance and monitoring of longer-term outcomes particularly for diverse groups at higher risk. 2) Integrated Sexual Health Service. At this moment in time the impact of efficiencies is unclear. A needs assessment is underway to inform future commissioning and the EIA will be reviewed as part of this process (Jan/Feb 2018). 3) 0-19 Health Child Programme. A service review and re-design is necessary 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.

Core Services Directorate

BU18 E6	Deletion of Outreach Officer Post	Medium impact predicted on older and disabled People revised to no impact following mitigation.	An alternative strategy for reaching older people and disabled people in residential care will ensure these groups are unaffected by the saving.

3.4 From this summary it is clear that disabled people and older people continue to be those most at risk of negative impacts as a result of the budget efficiency proposals. This is to be expected given that a large part of Council expenditure is either focused on social care for disabled or older people. Other efficiency proposals, especially those associated with the redesign of customer services, mean that some disabled people or older people may find it harder to access services on-line than they do current services, even though other disabled people and older people will directly benefit from these developments.

4. Proposed Mitigation

4.1 In 2017 two mitigating actions were identified to address the aggregated impacts which anticipated to affect disabled people and older people more than other sections of the community. Given the aggregated impacts of budget efficiencies for 2018/19 are also expected to affect these groups, these mitigating actions will be further developed and implemented in 2018.

4.2 Mitigation 2: 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.

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.

Current progress:

This research project is currently subject to a tender process. A contract will be agreed with the successful tenderer by March 2018 so the project can report its findings in August 2018.

4.3 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.

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.

Current progress:

This research project is currently in its pilot project phase, developing access improvements for Deaf people and to assess their individual access needs. This pilot project will be used to inform the roll-out of the project to other groups such as those with learning disabilities and sensory impairments.

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

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

Report Ref:

Cabinet: **Report of the Service Director Finance**

TREASURY STRATEGY AND POLICY STATEMENT 2018/19

1. Purpose of Report

1.1 The purpose of this report is to present for approval the 2018/19 Treasury Management Strategy and Policy Statement (TMSPS) attached to this report.

2. Recommendations

2.1 It is recommended that: -

- **Members note the main Treasury Management Policy Statement attached at Appendix A of the TMSPS.**
- **Members approve the proposed Treasury Management Strategy for 2018/19 including:-**

  - The borrowing strategy for 2018/19 at Section 3 of the TMSPS including the full suite of Prudential and Treasury Indicators at Appendix F.

  - The revised Minimum Revenue Provision (MRP) Statement at Appendix C.

  - The Annual Investment Strategy for 2018/19 at Section 4 of the TMSPS.

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 Management Strategy and Policy Statements for 2018/19 have been prepared in compliance with the revised Code.

4. Consultations

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

5. Risk Implications

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

5.2 Credit, interest rate and refinancing risk are the most relevant to the Council at the current time. The following 2018/19 TMSPS sets out how the Council intends to address these risks. An additional Appendix has also been included (Appendix H) within the TMSPS which further examines the risks faced by the Council and the mitigations used to address these risks.

5.3 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.

5.4 In addition, the 2018/19 TMSPS and other treasury reports are also submitted into Audit Committee for further scrutiny.

6. Reduction of Crime and Disorder

6.1 None arising directly from this report.

7. Employee Implications

7.1 None arising directly from this report.

8. Financial Implications

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

9. Background Papers

9.1 The following documents/ publications were used in preparation of the TMSPS:-

- CIPFA Treasury Management Code (2017);
- 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: Neil Copley Tel: 3237 Date: 24 January 2018

TREASURY MANAGEMENT STRATEGY AND POLICY STATEMENT 2018/19

INDEX

1 EXECUTIVE SUMMARY

1.1 This document has been prepared in accordance with the requirements of the Local Government Act 2003, which stipulates that local authorities must 'have regard to' the following statutory codes:

- CIPFA Prudential Code (2017);
- CIPFA Treasury Management Code (2017);
- CLG Guidance on Minimum Revenue Provision (MRP)*, and
- CLG Guidance on Local Authority Investments*.

** Latest version out for consultation*

1.2 In broad terms it sets out the following:

- the Council's **Treasury Management Policy** (the key objectives for its treasury management activities) - *Appendix A refers*;
- the Council's **capital expenditure plans** and related indicators - *section 2 refers*;
- the Council's **MRP Policy** (how its debt repayments will be provided for over time) – *Appendix C refers*;
- the Council's **borrowing strategy** (how the Council's borrowings are to be organised) - *paragraph 1.3 refers*, and
- the Council's **Annual Investment Strategy** (the parameters on how investments are to be managed) - *paragraph 1.4 refers*

BORROWING STRATEGY

1.3 The proposed borrowing strategy in section 3 can be summarised as follows:

- **De-risk the Council's debt portfolio,** by actively reducing interest rate exposure throughout the reporting period (2018/19 – 2020/21);
- **Address any additional borrowing requirement** resulting from anticipated future capital investment, and
- Within this context, **maintain the Council's under-borrowed position as far as possible**, to keep financing costs to a minimum.

ANNUAL INVESTMENT STRATEGY

1.4 The proposed investment strategy in section 4 can be summarised as follows:

- **Keep investment balances to a minimum** and **invest only in secure counterparties**, to mitigate security risk;
- **Maintain a minimum balance of liquid funds** to address liquidity risk, and
- **Within this context, seeking optimum performance** in terms of yield.

2 STRATEGY FRAMEWORK

2.1 The statutory codes referred to in paragraph 1.1 provide a framework for the Council's treasury management activities. This section covers the **key indicators and limits** set out within these codes, maintaining separate disclosures for the General Fund (GF) and Housing Revenue Account (HRA) - the full suite of indicators can be found in Appendix F.

2.2 The Prudential Code provides a framework for local authority capital investment decisions. It sets out a number of indicators to assess the prudence and affordability of the Council's capital expenditure plans and external debt.

2.3 The Treasury Management Code provides a framework of best practice for local authority treasury management. It also recommends a range of treasury indicators which assess the Council's exposure to interest rate and refinancing risk.

2.4 The CLG guidance on MRP outlines the principles that local authoriities should consider when setting a prudent provision for the repayment of debt, including four recommended methodologies for calculation.

2.5 The CLG guidance on local authority investments covers the practices that local authorities should consider when making investment decisions, including the investment priorities of **Security**, **Liquidity** and **Yield**.

CAPITAL EXPENDITURE

Estimates of Capital Expenditure (General Fund and HRA)

2.6 This Prudential Indicator looks at the Council's capital expenditure plans, which are a key driver of its treasury management activity.

2.7 The table below shows the Council's approved capital expenditure plans (as at the 31st December 2017) and the extent to which these are financed from Council resources (e.g. Capital Receipts, Capital Grants and Reserves) - any shortfall of Council resources will result in a net financing (borrowing) need.

Capital Expenditure and Net Financing Need (£000)	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
General Fund (GF)	41,411	68,601	34,895	6,009	4,040
Housing Revenue Account (HRA)	27,218	24,564	24,580	10,802	6,650
Total Capital Expenditure	**68,629**	**93,165**	**59,475**	**16,811**	**10,690**
General Fund (GF)	(26,604)	(53,023)	(22,017)	(4,187)	(4,040)
Housing Revenue Account (HRA)	(27,218)	(24,564)	(24,580)	(10,802)	(6,650)
Total Resources Utilised	**(53,822)**	**(77,587)**	**(46,597)**	**(14,989)**	**(10,690)**
Approved Net Financing Need	**14,807**	**15,578**	**12,878**	**1,822**	**-**

2.8 The table above indicates an increasing net financing need between 2017/18 and 2020/21, which is one of the driving factors behind this year's borrowing strategy (as discussed in section 3).

2.9 In addition to the approved capital programme, the borrowing strategy considers any capital expenditure plans which have yet to be formally approved, but could impact on the Council's future financing need. This has been summarised in the table below:

Capital Expenditure and Net Financing Need (£000)	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	Total
Approved Net Financing Need	**15,578**	**12,878**	**1,822**	**-**	**30,278**
Anticipated Future Financing Need	593	19,314	45,572	35,563	**101,042**
Total Estimated Net Financing Need	**16,171**	**32,192**	**47,394**	**35,563**	**131,320**

Estimates of Capital Financing Requirement (General Fund and HRA)

2.10 The second prudential indicator is the Capital Financing Requirement (CFR), which is essentially a measure of the Council's underlying borrowing need.

2.11 In accordance with best practice, the Council does not link borrowing to specific capital schemes and adopts an integrated treasury management strategy. In day to day cash management terms, no distinction can be made between revenue cash and capital cash and external borrowing may arise as a consequence of all the financial transactions of the Authority.

2.12 In contrast, the CFR is based on historic and future capital expenditure. Capital expenditure which has not been financed from the Council's own resourceswill produce an increase in the CFR.

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

Capital Financing Requirement (£000)	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
CFR Opening Balance*	937,290	940,585	945,549	967,276	1,003,812
Add Estimated Net Financing Need	14,807	16,171	32,192	47,394	35,563
Less Minimum Revenue Provision (MRP)	(11,512)	(11,207)	(10,465)	(10,858)	(12,264)
CFR Closing Balance*	**940,585**	**945,549**	**967,276**	**1,003,812**	**1,027,111**
General Fund (GF)	663,489	673,482	701,237	744,192	774,415
Housing Revenue Account (HRA)	277,096	272,067	266,039	259,620	252,696

**Includes long term liabilities such as PFI schemes and finance leases.*

MRP

2.14 The Minimum Revenue Provision (MRP) is a charge to the revenue account in relation to capital expenditure financed by borrowing, as required by the Local Authorities (Capital Finance and Accounting) Regulations 2003. The Council is required to determine an amount of MRP which it considers to be prudent - this amount reduces the CFR.

2.15 The amount set aside in the table above is based on draft CLG guidance which is currently out for consultation. Any variation to this guidance will be addressed through the mid-year update reports, in the form of a revised MRP Policy Statement. The proposed MRP Policy for 2018/19 is set out in Appendix C.

EXTERNAL DEBT

The Authorised Limit for External Debt (General Fund and HRA)

2.16 A further key prudential indicator represents a control on the maximum level of borrowing, including transferred debt. This 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; and represents a limit beyond which external debt is prohibited. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. The Government retains an option to control borrowing although this power has not yet been exercised.

2.17 This limit must separately identify borrowing from other long term liabilities such as leasing. Whilst these increase the Council's overall CFR, each arrangement contains its own borrowing facility; therefore the Council is not required to borrow separately.

2.18 Members are asked to approve the following Authorised Limit; and to delegate to the S151 Officer to affect movement within the total limit in accordance with option appraisal and best value for money for the Authority:

Authorised Limit (£000)	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Debt	737,711	760,928	798,627	823,549
Other Long Term Liabilities	237,838	236,348	235,185	233,562
Total	**975,549**	**997,276**	**1,033,812**	**1,057,111**

HRA Debt Cap

2.19 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This is referred to in Appendix E and F.

Gross Debt and the Capital Financing Requirement (General Fund and HRA)

2.20 The table below measures the Council's overall external debt position (including leasing) against its underlying capital borrowing need (based on the information available as at the 31st December 2017), to highlight the extent to which the Council is under or over-borrowed. A more detailed forecast is provided in Appendix F.

2.21 This indicator is designed to ensure that total debt does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current 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.

Gross Debt and CFR (£000)	**2016/17 Actual**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**
Gross External Debt	779,380	802,113	797,714	729,381	704,909
CFR	940,585	945,549	967,276	1,003,812	1,027,111
Under / (Over) Borrowing	**161,205**	**143,436**	**169,562**	**274,431**	**322,202**
% of CFR	**17%**	**15%**	**18%**	**27%**	**31%**

2.22 As shown in the table above, the Council was significantly under-borrowed at the end of 2016/17. This position is expectedto continue into 2020/21 (rising steeply in 2019/20 as the Council's variable rate PWLB loans mature). This is based on the assumption that any temporary loans will be fully refinanced as they mature, in line with the Council's overarching borrowing strategy.

2.23 The two tables below show the level of useable reserves available to support the Council's under-borrowed position (**also refered to as internal borrowing**), and the extent to which the Council will need to borrow externally. This informs the 2018/19strategy objective of addressing the anticipated future borrowing requirement:

<u>GENERAL FUND</u>

External Borrowing Need (£000)	**2016/17 Actual**	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**
Under / (Over) Borrowing	155,861	130,069	160,581	222,269	275,281
Useable Reserves	146,297	79,562	39,774	16,140	15,000
External Borrowing Need	**9,564**	**50,507**	**120,807**	**206,129**	**260,281**
% of CFR	**1%**	**7%**	**17%**	**28%**	**34%**

2.24 The table above assumes that the Authority's current level of "banked" reserves will be utilised over the reporting period, except for reserves totalling £15M relating to a minimum working balance and other statutory functions . It also does not assume any replenishment of these reserves, on a prudent basis.

HRA

External Borrowing Need£000)	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Under / (Over) Borrowing	5,344	13,367	8,981	52,162	46,921
Useable Reserves	44,453	38,080	24,271	14,241	6,299
External Borrowing Need	**-**	**-**	**-**	**37,921**	**40,622**
% of CFR	**0%**	**0%**	**0%**	**15%**	**16%**

3 ANNUAL BORROWING STRATEGY

CONTEXT

3.1 The Council's general policy objective is to ensure it's level of debt is prudent and sustainable (i.e. **keeping financing costs to a minimum**) whilst **addressing the key associated risks**:

- Interest Rate Risk
- Refinancing Risk

3.2 Previous strategies have been to maintain the Council's under-borrowed position, **UNLESS** it was felt that there was a significant risk of a much sharper RISE in long and short term rates. As outlined below, interest rates are expected to rise in the near future, thus the 2018/19 strategy adopts a change of approach.

Prospects for Interest Rates

3.3 The table below outlines the latest base rate projections provided by the Council's treasury management advisors - these projections are important as the base rate influences what borrowing rates are available to the Authority.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Base Rate										
Link	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%
Capital Eco.	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	2.00%

3.4 The projections from Link suggest that a further rate increase is unlikely to happen until Q3 of 2018/19 after the Brexit negotiations have been concluded (a more detailed economic and interest rate forecast provided by Link is attached at Appendix I).

3.5 Capital Economics, an independent advisory group, suggest that rate rises will be more accelerated, with the next rise being forecast in Q1 of 2018/19 and a series of further increases over the following financial year.

3.6 This difference in opinion demonstrates the uncertainty that exists in the financial markets, which again demonstrates the importance of maintaining a prudent stance towards interest rate and refinancing risk.

Interest Rate Risk

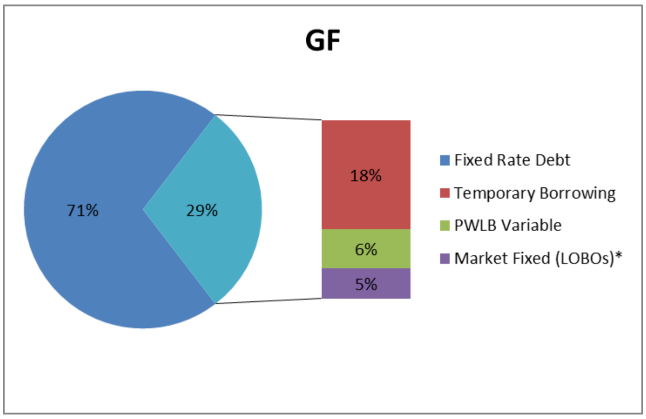
3.7 In the context of borrowing, this is the risk of an adverse movement in interest rates, leading to an increase in financing costs or lost opportunity costs. The two indicators relevant to interest rate risk are the upper limits on fixed and variable interest rate exposures.

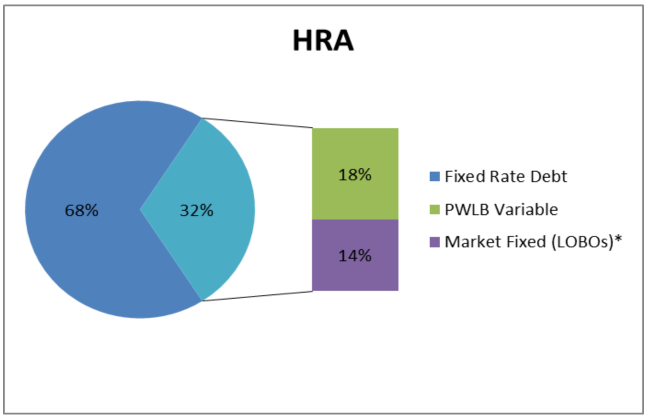
3.8 As the table below illustrates, a significant proportion of the Council’s debt portolio is subject to some degree of interest rate risk. This approach has worked for a number of years owing to the low interest rate environment, however recent events (such as the increase in base rate from November 2017) indicate a change of direction, therefore it is vital that the Council maintains a prudent stance towards interest rate risk in the foreseeable future:

External Debt Structure	**Estimated Values at 31.03.18 (£000)**		
	GF	**HRA**	**TOTAL**
Market Fixed (LOBOs)*	27,003	35,997	63,000
PWLB Variable	34,675	46,225	80,900
Temporary Borrowing	96,703	-	96,703
Variable Rate Debt (Subject to Interest Rate Risk)	**158,381**	**82,222**	**240,603**
Fixed Rate Debt	**385,032**	**176,478**	**561,510**
Gross External Debt	**543,413**	**258,700**	**802,113**

% of Portfolio		
GF	**HRA**	**TOTAL**
5%	14%	8%
6%	18%	10%
18%	-	12%
29%	**32%**	**30%**
71%	**68%**	**70%**
100%	**100%**	**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.





3.9 The recommended target is to reduce the proportion of actual debt subject to interest rate risk to 25% of the overall portfolio.

Interest Rate Risk Exposure	**Estimated Values at 31.03.18 (£000)**		
	GF	**HRA**	**TOTAL**
Total Exposure to Interest Rate Risk (Inc. Internal Borrowing)	288,450	95,589	384,039
Fixed Rate Debt	385,032	176,478	561,510
Borrowing CFR	**673,482**	**272,067**	**945,549**

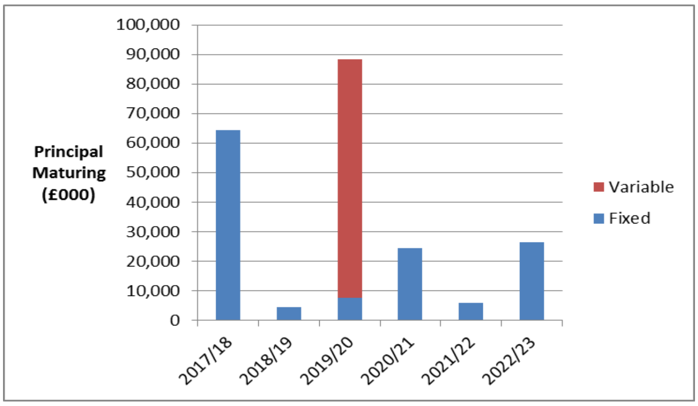
% of CFR		
GF	**HRA**	**TOTAL**
43%	35%	41%
57%	65%	59%
100%	**100%**	**100%**

3.10 The recommended target is to reduce overall interest rate risk exposure to 35% of the borrowing CFR.

Refinancing Risk

3.11 Refinancing risk is the risk of refinancing debt on unfavourable terms, due to either a lack of availability of replacement financing or an increase in interest rates. The key indicator relevant to refinancing risk is the maturity structure of borrowing. From 2018/19, this indicator will include variable rate debt.

3.12 As shown overleaf, a large sum of borrowing is due to mature within the next few years, that the Council will need to refinance. Given that interest rates are expected to increase in the near future, it may be prudent therefore to borrow in advance of their maturity dates whilst interest rates are still relatively low.



Financial Year	Fixed / Variable	GF (£000)	HRA (£000)	Total (£000)
2017/18	Fixed	27,551	36,711	64,262
2018/19	Fixed	2,757	1,642	4,399
2019/20	Fixed	4,058	3,376	7,434
	Variable	34,675	46,225	80,900
2020/21	Fixed	22,789	1,683	24,472
2021/22	Fixed	4,972	991	5,963
2022/23	Fixed	20,292	6,016	26,308

3.13 In theory the Council's market loans (also referred to as LOBOs) could be uplifted or recalled at the end of 2017/18 when they are next reviewed, which could mean borrowing up to £63M to replace these. However, considering interest rates are expected to stay relatively low (in comparison to the current LOBO rate of 4.75%), this is unlikely to be the case in the near future. There may be an opportunity to repay the LOBO loans in the future, which will depend on the penalties imposed by the current funders in order to break the loan conditions. Officers will continue to assess any opportunities as they arise.

3.14 A further issue to address is the variable rate debt maturing in 2019/20 (totalling £81M). These loans are currently running at less than 1%, therefore any replacement financing (except with further variable rate debt) is likely to attract additional costs. Options for replacing these loans, which aim to find a balance between certainty and cost, are set out from paragraph 3.19.

STRATEGY

3.15 The Council is currently maintaining an under-borrowed position (see table above at paragraph 2.22), which means that the Council's borrowing need (CFR), has not been fully funded with loan debt since cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure.

3.16 This strategy continues to pay dividends and support budget savings in the current economic environment - by postponing borrowing, the Council benefitted from an unexpected fall in fixed borrowing rates.)

3.17 However it exposes the Council to a high level of risk, particularly in relation to an uplift in interest rates. In addition, there are plans to utlise the Authority's useable reserves which currently support this under-borrowed position (paragraph 2.24 refers). These reserves will ultimately need replacing with external financing.

3.18 Whilst maintaining an under-borrowed position will remain a key aspect of the Council's borrowing strategy, it is increasingly important in the current economic climate to explore other borrowing options. As such, a debt options analysis has been carried out to assess the GF and HRA requirements over the next 5 years; the results of this anaylsis are set out below.

Borrowing Options

3.19 **Replace maturing loans with fixed, longer dated debt:**

- **GF** - Replacing maturing loans with fixed, longer dated debt would reduce interest rate risk exposure and therefore de-risk the Council's debt portfolio. It would however introduce additional financing costs (fixed-rate debt attracts a higher interest rate).
- **HRA** - The high proportion of fixed rate debt already maintained means that further fixed, longer dated debt is not ideal. The HRA could look to replace this with temporary borrowing instead, which would keep interest costs low in the short-term, whilst allowing some flexibility to borrow longer term should interest rates start to rise sharply.

3.20 **Restructure variable rate debt:**

- **GF** - Similarly, the Council could consider switching some of the variable rate debt to fixed, longer dated debt (the variable rate debt would not incur any penalties if repaid early). This option would reduce interest rate risk exposure, but clearly will introduce additional costs to refinance. Each £10m rescheduled will cost roughly £200k p.a.
- **HRA** - Again due to the high proportion of fixed rate debt this would be less suitable for the HRA.

3.21 **Risk Spreading:**

- **GF -** This involves borrowing in small tranches to cover the loans maturing over the next two years (either from the PWLB or from other local authorities who may be able to offer better rates over the short-term). This would mitigate refinancing risk whilst also addressing the Council's borrowing need. Borrowing in smaller tranches may be beneficial due to uncertainty and volatility of rates.
- **HRA -** This could also be a suitable approach for the HRA while officers assess the longer-term options available.

3.22 **Deferred Loans:**

- **GF** - There are offers in the market of deferred loans, giving the option to fix the interest rate now for a period of up to 4 years in advance, protecting the Council against any sudden rate rises. The risk is that the Council is committed to the funds once agreed and market rates could potentially be cheaper at a future point in time, however considering the interest rate projections in paragraph 3.3, this is unlikely. The Council has recently entered an agreement to draw down £20M in March 2020 (as approved by Cabinet on 29/11/2017), which covers a large proportion of the variable rate loans maturing later that month. Should further suitable arrangements be identified, a report will be released to Cabinet for approval.
- **HRA** - This option would suit the HRA, however a smaller amount would be recommended considering the high proportion of fixed rate debt (and therefore certainty) within its current portfolio.

3.23 **PWLB Borrowing:**

- **GF** - The default source of borrowing for local authorities is the Public Works Loans Board - a statutory body operating within the UK Debt Management Office (an Executive Agency of HM Treasury). The Council could look to fix out some longer-term debt with the PWLB in 2018/19 whilst interest rates are still relatively low. This could be used to replace temporary borrowing or address the Council's under-borrowed position.
- **HRA** - Again due to the high proportion of fixed rate debt this would be less suitable for the HRA.

3.24 **Municipal Bond Agency:**

- **GF** - The Agency has been established to provide an alternative source of funding for Local Authorities from the PWLB. The Agency is targeting its first bond issue for the first quarter of 2018/19. Should this materialise, further funding may become available to the Council in the near future. This could be used to replace temporary borrowing or to address the Council's under-borrowed position.
- **HRA** - This could also be a suitable option for the HRA.

3.25 **PFI Refinancing:**

- **GF** - The Council is looking to refinance its BSF programme to take advantage of more advantageous rates in the current environment compared to the rates when the BSF deals were first agreed in 2009 and 2010. Phase 2 and 3 have been reviewed and completed with the aim of reviewing Phase 1 at the end of 2017/18 or the early part of 2018/19. These delivered and estmated savings have been built into the Council's MTFS.
- **HRA** - The HRA has no PFI liabilities therefore this option does not apply.

3.26 **Leasing:**

- **GF - T**his 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.
- **HRA -** Given the nature of the HRA assets, this approach would not be suitable.

RECOMMENDATION

3.27 To protect the Council from interest rate and refinancing risk, the recommended strategy is to:

- **De-risk the Council's debt portfolio**, by actively reducing interest rate exposure throughout the reporting period (2018/19 – 2020/21), with the following targets:
  - **≤ 25**% of the Council's debt portfolio (GF currently **29**%; HRA currently **32**%)
  - **≤ 35**% of the Council's CFR (GF currently **43**%; HRA currently **35**%)
- **Address any additional borrowing requirement** resulting from anticipated future capital investment, and
- Within this context, **maintain the Council's under-borrowed position as far as possible**, to keep financing costs to a minimum.

4 ANNUAL INVESTMENT STRATEGY

CONTEXT

4.1 The Council's general policy objective is to invest its surplus funds prudently, which involves managing a number of risks as outlined later in this section. The Authority's investment priorities (in order) are as follows:

- the **security of capital**;
- the **liquidity of investments**, and
- **optimum yield commensurate with the above**

4.2 The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

STRATEGY

4.3 As outlined in the previous section, the Council is currently maintaining an under-borrowed position; and is likely to continue this strategy in 2018/19. By borrowing internally, the Council is able to keep its investment balances low, thereby reducing its exposure to security risk.

Credit and Counterparty Risk (Security)

4.4 In the context of investments, this refers to the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

4.5 The Council maintains a list of approved investment counterparties based on the creditworthiness service provided by Link Asset Services Limited. This service employs 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.

4.6 Members are asked to approve the investment counterparties and limits overleaf:

	Maximum Amount	Maximum Duration
UK Government Debt	Unlimited	5 yrs.
Banks (subject to Link rating: minimum F1 / A-)*	Single - £10m Group - £15m	2 yrs.
Barclays Bank – the Council's Banker	£10m	liquid
Building Societies (subject to Creditworthiness Policy)	£5m	6 mths.
Local Authorities	£10m	1 yr.
Money Market Funds (AAA-mmf rated)**	£10m	liquid

**Specific banks will be subject to maximum durations depending on Link's Credit List.*

***Excluding LVNAV funds as referred to in paragraph 4.10.*

4.7 All credit ratings will be monitored on weekly basis and officers are alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service on a daily basis:-

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

4.8 The Council's Creditworthiness Policy can be found in Appendix G.

Price Risk (Security)

4.9 In the context of investments, this refers to the risk that, through adverse market fluctuations in the value of the principal sums an organisation invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. In other words the Council fails to protect itself against a loss or fall in value of principal sums invested.

4.10 One upcoming reform which may introduce an element of price risk is the **Money Market Fund (MMF) Reforms**, which introduce a new structural fund - the Low Volatility Net Asset Value (LVNAV) Fund - and other changes to the existing Money Market Funds. These regulations will apply to new funds from July 2018 and existing funds from January 2019. Although the advice the Council has received suggests that the probability of funds fluctuating is very low nevertheless the principal amount invested in LVNAV funds may reduce from time to time**. For this reason, the overriding recommendation of the Investment Strategy is not to invest in LVNAV funds or any other MMF funds where the principal invested is subject to variation**.

Legal and Regulatory Risk (Security)

4.11 This is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

4.12 One recent regulatory change which may impact on the Council's future investment activities is the **Markets in Financial Institutions Directive (MiFiD II)**. Effective from the 3rd January 2018, this introduced a number of key changes to client categorisation, meaning local authorities (including Police and Fire Authorities) have to opt- up to professional client status (with individual counterparties) in order to access certain products. The opt-up process involved the Council being assessed against a number of qualitative and quantitative tests. To date, officers have received confirmation of professional client status from all but two counterparties. It is expected that business will continue as usual for the foreseeable future, however officers will continue to monitor the situation and report on any risks to the criteria being met.

4.13 Another upcoming change is the introduction of **IFRS9 - Financial Instruments**, which changes the way that investments are accounted for. This is a new requirement for 2018/19 which could potentially impact the Council's general fund balances in two ways:

- The change of accounting treatment of certain instruments, which can introduce an element of market volatility to investment valuations
- The introduction of an expected credit losses model, in which the Authority must recognise potential losses (as opposed to the current requirement to recognise actual losses)

4.14 Given the current size and nature of the Council's investment portfolio, the impact of is expected to be fairly low, however this is subject to the outcome of a recent CIPFA consultation.

Liquidity Risk

4.15 This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.

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, which is reflected in the maturity periods specified in paragraph 4.6.

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. As shown in paragraph 3.3, the base rate is expected to increase at least once before the end of 2018/19, and could rise as far as 1.50% by quarter 2 2019/20. Investment yields are therefore likely to increase as a result.

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 Link 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 the table at paragraph 4.6.

Berneslai Homes

4.22 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.

LIST OF APPENDICES

APPENDIX A

TREASURY MANAGEMENT POLICY STATEMENT 2018/19

1 Introduction & Background

1.1 The Treasury Management Code of Practice requires local authorities to produce a Treasury Management Policy and Strategy 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 codes. Therefore, the Treasury Policy Statement for 2018/19 has been prepared in compliance with the latest 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 Management 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 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.

2.7 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.

2.8 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.

APPENDIX B

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 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.

2018/19 MINIMUM REVENUE PROVISION (MRP) STATEMENT

The Authority 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 2018/19: Options 1 and 2 may only be used 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 Authority chooses).

The MRP Statement is required to be submitted to the Authority before the start of the financial year for approval. Any revision of which must also be submitted to the Authority for approval. The Authority is recommended to approve the following statement:

1. **For capital expenditure incurred before 1st April 2008, MRP will be determined in accordance with Option 3;**
2. **For supported capital expenditure incurred after 1st April 2008, MRP will be determined in accordance with Option 3;**

a) **For non-supported (prudentially borrowed) capital expenditure incurred after 1st April 2008, MRP will be determined in accordance with Option 3;**
b) **Within Option 3, MRP is permitted to be calculated in one of two ways – equal instalments or on an annuity basis. The Authority has chosen to calculate MRP on an annuity basis;**
c) **MRP will normally commence in the financial year following the one in which expenditure is incurred. However, MRP Guidance permits local authorities to defer MRP until the financial year following the one in which the asset becomes operational. The Authority has chosen to employ this "MRP Holiday" on the significant qualifying projects.**

MRP in respect of on balance sheet leases 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.

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.

Housing Revenue Account (HRA)
Borrowing Strategy
2018/19

1 Executive Summary

1.1 This year's borrowing strategy is driven by two key issues:

- The PWLB variable loans (£46M) maturing in 2019/20;
- A reducing Capital Financing Requirement (CFR),and
- The recent increase in the Bank of England (BoE) base rate; and the prospect of further rate rises in the not-so-distant future

1.2 Several borrowing options are being considered (section 5 refers) which seek to optimise the HRA debt position in relation to risk and cost (i.e. improving certainty whilst keeping the cost of carry to a minimum). Whilst the HRA has a high proportion of fixed rate debt already, the changing interest rate environment is an important issue to respond to.

Recommendations

1.3 It is recommended that members note:

- the borrowing options outlined in Section 5
- the prudential indicators set out on pages 35-36

2 Background

2.1 CIPFA's Prudential Code for Capital Finance in Local Authorities (Prudential Code) sets out a number of reporting requirements, including the receipt and approval of an annual Treasury Management Policy and Strategy Statement (TMSS), which covers a range of Prudential and Treasury Management indicators. Subject to upcoming reforms - in relation to the Prudential and Treasury Management Codes - the Council (as an HRA authority) must disclose separate HRA and non-HRA indicators.

2.2 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.

2.3 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.

2.4 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.

3 <u>Current Portfolio Position</u>

Borrowing Need / Capital Financing Requirement (CFR)

3.1 One of the key prudential indicators is the Capital Financing Requirement (CFR), which 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 HRA CFR has been reduced from £291M at the implementation of Self-financing, to £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 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.

3.3 In the July 2015 Emergency Budget, the Chancellor of the Exchequer stated that social housing rents would decrease by 1% per annum for the next 4 years (from 2016/17 to 2019/20), with the aim of reducing the Housing Benefit bill. As a result the HRA debt can no longer be repaid within the 30 Year Business Plan. From 2020/21 to 2024/25, housing rents will be allowed to increase by the Consumer Price Index of inflation (CPI) plus 1%, however this is insufficient to negate the impact of the previous 4 years' reductions.

3.4 The table below outlines the HRA's projected borrowing need over the next 3 years, compared to the opening position for 2017/18. This includes the planned expenditure per the approved capital programme, together with approved resources yet to be allocated to schemes:

	2017/18 Estimate (£M)	**2018/19 Estimate (£M)**	**2019/20 Estimate (£M)**	**2020/21 Estimate (£M)**
Opening Capital Financing Requirement	**277**	**272**	**266**	**260**
Capital Investment	25	37	27	26
Resources Utilised	(25)	(37)	(27)	(26)
Increase in CFR from In Year Capital Investment	-	-	-	-
Amount Set Aside to Repay Debt	(5)	(6)	(6)	(7)
Closing Capital Financing Requirement	**272**	**266**	**260**	**253**
External Debt Position	259	257	208	206
Under-Borrowed Position (Internal Borrowing)	13	9	52	47

3.5 There is no statutory requirement to charge a Minimum Revenue Provision (MRP) as with the GF CFR; however the table above assumes a voluntary set aside amount of £2M per year, in line with the debt repayment policy approved in early 2016. It also assumes a capital receipts set aside (from the sale of Right-to-Buy assets) of around £4M per year.

Comparison to HRA Debt Cap

3.6 Another indicator compares the HRA's CFR projections to the debt cap of £301M, as set by the Department for Communities and Local Government (DCLG). Current projections would leave headroom of approximately £29M at the end of 2017/18, rising to £48M by 2020/21 (see table below). However in the new financial environment, additional borrowing to fund extra capital investment is unlikely to be affordable.

	2017/18 Estimate (£M)	**2018/19 Estimate (£M)**	**2019/20 Estimate (£M)**	**2020/21 Estimate (£M)**
HRA Debt Cap	301	301	301	301
HRA CFR	272	266	260	253
Headroom	**29**	**35**	**41**	**48**

3.7 In the 2017 Autumn Budget, the Chancellor announced the removal of the HRA debt cap for high-need areas. These high-need areas are yet to be defined, however as shown above the debt cap is not expected to be an issue for the near future.

Internal Borrowing as a % of CFR

3.8 Another useful comparator is the under-borrowed (internal borrowing) position as a percentage (%) of the CFR. This shows how the HRA's exposure to interest rate and refinancing risk is expected to change over the coming years. Based on current projections, this % is expected to rise to 20% as some of its existing debt matures:

	2017/18 Estimate (£M)	**2018/19 Estimate (£M)**	**2019/20 Estimate (£M)**	**2020/21 Estimate (£M)**
HRA CFR	272	266	260	253
Internal Borrowing	13	9	52	47
As % of CFR	**5%**	**3%**	**20%**	**19%**

4 Key Treasury Risks

Interest Rate Risk

3.1 Interest rate risk (borrowing) is the risk of an adverse movement in interest rates, leading to an increase in financing costs or lost opportunity costs. The two indicators relevant to interest rate risk are the upper limits on fixed and variable interest rate exposures.

3.2 The table below provides a breakdown of the estimated debt portfolio at the end of 2017/18. Based on current projections, it is anticipated that 18% of the HRA debt portfolio will be sensitive to interest rate fluctuations:

Borrowing Method	Estimate at 31.03.18 (£M)	% of Portfolio	Subject to Interest Rate Risk?
PWLB Fixed	177	68	N
Market Fixed*	36	14	N
PWLB Variable	46	18	Y
TOTAL	**259**	**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.*

3.3 The PWLB variable loans (£46M) continue to represent excellent value at rates of 0.37% (£28M) and 0.42% (£18M). Whilst these loans are subject to interest rate risk (particularly in light of the recent base rate increase), the semi-annual rate fixing provides some protection against potential increases.

3.4 In addition to this - as identified in paragraph 3.4 - the HRA is maintaining an under-borrowed position. Assuming this under-borrowed amount is subject to interest rate fluctuations, it would take the variable interest rate exposure to up to 22%:

Borrowing Method	Estimate at 31.03.18 (£M)	% of Portfolio	Subject to Interest Rate Risk?
PWLB Fixed	177	65	N
Market Fixed*	36	13	N
PWLB Variable	46	17	Y
Internal Borrowing	13	5	Y
TOTAL	**272**	**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.*

3.5 Whilst this figure is within the upper limit for variable rate exposure (see page 36), interest rates are expected to rise following the recent base rate increase. It is therefore important to monitor this position throughout the year. The table below shows the interest rate forecasts from our advisors (Link Asset Services) and Capital Economics - an independent advisory group specialising in the financial markets.

Bank Rate	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Link	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%
Capital Eco.	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%	1.50%

Refinancing Risk

3.6 Refinancing risk is the risk of refinancing debt under unfavourable terms, either due to a lack of availability of replacement financing or an increase in interest rates. The key indicator relevant to refinancing risk is the maturity structure of borrowing. From 2018/19, this indicator will include variable rate debt.

3.7 The table below shows the estimated maturity profile of fixed (and variable) rate debt as at the end of 2017/18. Current projections suggest there is little risk of breaching these limits:

	Lower Limit (%)	Upper Limit (%)	Estimated Profile as at 31.03.18		
			Fixed (%)	Variable (%)	Overall (%)
Maturity Structure of Rate Borrowing – (HRA)					
Under 12 months	0	50	1	0	1
12 months to 2 years	0	25	1	18	19
2 to 5 years	0	25	3	0	3
5 to 10 years	0	25	8	0	8
10 to 20 years	0	75	5	0	5
20 to 30 years	0	75	12	0	12
30 to 40 years	0	75	29	0	29
40 to 50 years	0	75	23	0	23

3.8 The table below compares the projected internal borrowing position to the level of useable reserves, to show the HRA's estimated net borrowing requirement over the next 3 years. Current projections would result in a net borrowing requirement of £38M in 2019/20, extending to £41M in 2020/21:

	2017/18 Estimate (£M)	**2018/19 Estimate (£M)**	**2019/20 Estimate (£M)**	**2020/21 Estimate (£M)**
Internal Borrowing	13	9	52	47
Usable Reserves	38	24	14	6
Net Borrowing Requirement	**(25)**	**(15)**	**38**	**41**

3.9 Paragraph 4.2 refers to fixed market loans of £36M (often referred to as LOBOs), which are (in theory) subject to interest rate fluctuations. Due to the low interest rates experienced in recent times, the rate associated with these LOBOs (4.75%) is above current PWLB levels; therefore these loans are unlikely to be called in 2018/19. However it is important to monitor this position throughout the year in light of interest rate expectations (see paragraph 4.5).

4 Borrowing Strategy for 2018/19

4.1 The key aim of the HRA borrowing strategy is to manage the affordability of debt repayments within the 30 year business plan. It also seeks to mitigate the HRA's exposure to interest rate and refinancing risk (section 4 refers). The Director of Corporate Services for Berneslai Homes will be consulted on any borrowing decisions to ensure the impact on the HRA, and the 30 year business plan, are fully understood. The options are set out below:

Borrowing on Need / Temporary Borrowing

4.2 As shown in paragraph 4.8, the HRA is in an under-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 the cost of external debt.

4.3 Whilst there is a limited borrowing requirement in the immediate future (the amount of useable reserves exceeds the internal borrowing position), this is expected to change in 2019/20 as the PWLB variable loans (£46M) mature.

4.4 Given the limited borrowing requirement, recent strategies have been to monitor the HRA treasury position and to borrow short-term should any need arise. However considering the latest interest rate expectations, a more proactive approach may be required for 2018/19 (some alternative options are set out from below).

Premature Redemption of Debt

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

Borrowing in Advance of Need

4.6 Authorities are permitted to borrow up to 3 years in advance of need for planned capital investment.

4.7 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.

Charging of Debt Interest Costs

4.8 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.

4.9 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. 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.

Risk Spreading

4.10 Borrow in small tranches to cover the debt maturing over the next 3-5 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.

Forward / Deferred Loans

4.11 There are offers in the market of deferred loans, giving the option to fix the rate now for a period of up to 4 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 that once agreed, the Authority is committed to the funds and the market rates could potentially be lower at the point of drawdown.

Municipal Bond Agency

4.12 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 authorities and the Local Government Association.

HRA Prudential Indicators

The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce a suite of Prudential and Treasury Management Indicators. In accordance with the principle of a developing a distinct borrowing strategy for the HRA, a separate suite of indicators have been produced for 2018/19 to 2020/21. These indicators are subject to the upcoming reforms in relation to the Prudential and Treasury Management Codes.

Compulsory Indicators

1. Capital Expenditure

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£M	£M	£M	£M
HRA	25	37	27	26

2. Capital Financing Requirement

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£M	£M	£M	£M
HRA	272	266	260	253

3. HRA Limit on Indebtedness

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£M	£M	£M	£M
HRA CFR	272	266	260	253
CLG HRA Debt Cap	301	301	301	301
Headroom	29	35	41	48

4. Gross Debt and the Capital Financing Requirement

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£M	£M	£M	£M
Gross Debt	259	257	207	206
Capital Financing Requirement	272	266	260	253
Under Borrowing	**13**	**9**	**53**	**47**

5. Ratio of Financing Costs to Net Revenue Stream

	2017/18 Approved	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	%	%	%	%
HRA	43.8	44.9	46.8	46.8

6. Upper Limit on Fixed and Variable Interest Rate Exposures

	2018/19	2019/20	2020/21
	%	%	%
Upper Limit for Fixed Interest Rate Exposure	100	100	100
Upper Limit for Variable Rate Exposure	25	25	25

7. Maturity Structure of (Fixed and Variable Rate) Borrowing

	Lower Limit	Upper Limit	Estimated Profile as at 31.03.18		
			Fixed	Variable	Overall
	%	%	%	%	%
Less than 12 months	0	50	1	0	1
12 months & within 24 months	0	25	1	18	19
24 months & within 5 years	0	25	3	0	3
5 years & within 10 years	0	25	8	0	8
10 years & within 20 years	0	75	5	0	5
20 years and within 30 years	0	75	12	0	12
30 years and within 40 years	0	75	29	0	29
40 years and within 50 years	0	75	23	0	23
50 years and above	0	75	0	0	0

PRUDENTIAL AND TREASURY INDICATORS 2018/19 - 2020/21

Estimates of Capital Expenditure (General Fund and HRA)

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	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
General Fund	41,411	68,601	34,895	6,009	4,040
HRA	27,218	24,564	24,580	10,802	6,650
Total	**68,629**	**93,165**	**59,475**	**16,811**	**10,690**

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 (General Fund and HRA)

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	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
CFR – GF	663,489	673,482	701,237	744,192	774,415
CFR – HRA	277,096	272,067	266,039	259,620	252,696
Total CFR	**940,585**	**945,549**	**967,276**	**1,003,812**	**1,027,111**

Limits to Borrowing Activity

The Operational Boundary (General Fund and HRA)

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	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Debt	707,711	730,928	768,627	793,549
Other Long Term Liabilities	237,838	236,348	235,185	233,562
Total	**945,549**	**967,276**	**1,003,812**	**1,027,111**

The Authorised Limit for External Debt (General Fund and HRA)

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	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**
Debt	737,711	760,928	798,627	823,549
Other Long Term Liabilities	237,838	236,348	235,185	233,562
Total	**975,549**	**997,276**	**1,033,812**	**1,057,111**

HRA Debt Cap

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime, which currently stands at £301M for Barnsley. The table below shows the HRA's expected level of headroom compared to this limit:

HRA Debt Limit (£000)	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**
HRA Debt Cap	301,000	301,000	301,000	301,000
HRA CFR	272,067	266,039	259,620	252,696
Headroom	**28,933**	**34,961**	**41,380**	**48,304**

Interest Rate Exposure and Maturity Structure of Borrowing (General Fund and HRA)

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	2018/19	2019/20	2020/21
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	2018/19	2019/20	2020/21
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 365 Days (General Fund)

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 > 365 days			
£m	**2018/19**	**2019/20**	**2020/21**
Principal Sums Invested > 365 Days	£m 20	£m 20	£m 20

Ratio of Financing Costs to Net Revenue Stream(General Fund and HRA)

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.

%	2017/18 Approved	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
GF	9.4	8.2	8.6	8.8
HRA	43.8	44.9	46.8	46.8

Gross Debt and the Capital Financing Requirement(General Fund and HRA)

Gross Debt & CFR	2018/19 Estimate
	£M
Outstanding Borrowing	570
Other Long-Term Liabilities	228
Gross Debt	**798**
Max CFR	967
Headroom	**169**

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. On-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 (e.g. 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.

APPENDIX H

RISK SCHEDULE / 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: There are a number of regulatory changes being introduced in 2018/19, however the Council receives professional advice from Treasury Management advisers and officers receive regular training updates.

Probability: Medium
Impact: High

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 I

LINK ECONOMIC & INTEREST RATE FORECAST NOVEMBER 2017

Part of Link's service as treasury advisors is to assist the Council in formulating a view on interest rates. This appendix sets out the latest information provided by Link on interest rates:

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%.The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Fed. Has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Fed. has started raising interest rates and this trend is expected to continue during 2018 and 2019.These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

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

- The Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- Germany is still without an effective government after the inconclusive result of the general election in October. In addition, Italy is to hold a general election on 4 March and the anti EU populist Five Star party is currently in the lead in the polls, although it is unlikely to get a working majority on its own. Both situations could pose major challenges to the overall leadership and direction of the EU as a whole and of the individual respective countries. Hungary will hold a general election in April 2018.
- The result of the October 2017 Austrian general election has now resulted in a strongly anti-immigrant coalition government. In addition, the Czech ANO party became the largest party in the October 2017 general election on a platform of being strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump
- A sharp Chinese downturn and its impact on emerging market countries

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

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

Investment and borrowing rates

- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.

- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Since then, borrowing rates have eased back again somewhat. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;

- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

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 Executive Director – Core Services

2018/2019 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 2018/2019 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 Human Resources, 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.

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