

Public Document Pack



MEETING:	Audit Committee
DATE:	Wednesday, 20 March 2019
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

AGENDA

Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 5 - 16*)

To receive the minutes of the meeting held on the 23rd January, 2019.

Items for Discussion/Decision

3. The Council's Medium Term Financial Strategy - 2019/20 Budget Recommendations (*Pages 17 - 296*)

The Committee will receive a report on the Council's Medium Term Financial Strategy – 2019/20 Budget Recommendations which was approved by the Council on the 28th February, 2019.

4. Corporate Financial Performance - Quarter Ending 31st December, 2018 (*Pages 297 - 328*)

The Executive Director Core Services and Service Director Finance (Section 151 Officer) will submit a report that was approved by Cabinet on the 6th March, 2019 on the financial performance of the Authority during the third quarter ended 31st December, 2018 and assessing the implications against the Council's Medium Term Financial Strategy.

5. Capital Programme Performance - Quarter Ending 31st December, 2018 (*Pages 329 - 362*)

The Executive Director Core Services and Service Director Finance (Section 151 Officer) will submit a report that was approved by Cabinet on the 6th March, 2019 on the financial performance of the Council's Capital Programme to the quarter ended 31st December, 2018 and assessing the implications against the Council's Medium Term Financial Strategy.

6. Treasury Management Activities Review - Quarter Ended 31st December, 2018 (*Pages 363 - 376*)

The Executive Director Core Services and Service Director Finance (Section 151 Officer) will submit a report that was approved by Cabinet on the 6th March, 2019 reviewing the Council's Treasury Management Activities carried out during the quarter ended 31st December, 2108 in accordance with statutory guidance.

7. Revision of Contract Procedural Rules 2019 (*Pages 377 - 422*)

The Committee will receive a report outlining proposed changes to the existing

Contract Procedural Rules (which were last reviewed in 2015) to reflect the changes in the Public Contract Regulations 2015.

8. Internal Audit Charter 2018-2020 - Review (*Pages 423 - 442*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report highlighting the minor changes in the Internal Audit Charter 2018-20 which serves as a reminder of the key aspects of the internal Audit Function and as required by the Public Sector Internal Audit Standards.

Items for Information

9. External Audit - Progress Report and Sector Update (*Pages 443 - 462*)

The Council's External Auditor (Grant Thornton) will submit a report giving details about their work as at 8th March, 2019, outlining the audit deliverables for 2018/19 together with a Sector Update summarising emerging national issues and developments.

10. Health and Safety Report 2018/19 - Interim Performance April to September, 2019 (*Pages 463 - 466*)

The Committee will receive a report providing an update on priorities identified in the Health and Safety Report 2017/18 together with interim health and safety statistics for 2018/19.

11. Audit Committee Work Plan 2018/19 and 2019/20 (*Pages 467 - 470*)

The Committee will receive the indicative Audit Committee Work Plan for 2018/19 and 2019/20.

12. Exclusion of the Public and Press

To consider if the public and press should be excluded from this meeting during consideration of the following items because of the likely disclosure of exempt information.

13. Indicative Internal Audit Plan 2019/20 (*Pages 471 - 478*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report presenting the indicative Internal Audit Plan for the financial (audit) year 2019/20, describing the rationale and process for setting the plan, the risk assessment process used and how Internal Audit resources are calculated and deployed.

Reason restricted:

Paragraph (7) Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

14. Corporate Anti-Fraud Team Plan 2019/20 (*Pages 479 - 492*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report

presenting, for approval, the Corporate Anti-Fraud Team Plan for 2019/20 and supporting Anti-Fraud Strategy.

Reason restricted:

Paragraph (7) Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

To: Chair and Members of Audit Committee:-

Councillors Richardson (Chair), Barnard, Clements and Lofts; together with Independent members Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

Diana Terris, Chief Executive

All Executive Directors

Andrew Frosdick, Executive Director Core Services

Rob Winter, Head of Internal Audit

Neil Copley, Service Director Finance (Section 151 Officer)

Ian Rooth, Head of Financial Services

Adrian Hunt, Risk Management Manager

Michael Potter, Service Director Business Improvement and Communications

Louise Booth, Audit Manager

Council Governance Unit – 3 copies

Please contact William Ward on email governance@barnsley.gov.uk

Tuesday, 12 March 2019

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MEETING:	Audit Committee
DATE:	Wednesday, 23 January 2019
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

MINUTES

Present Councillors Richardson (Chair), Barnard and Lofts together with Independent Members - Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

47. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of interest from Members in respect of items on the agenda.

48. MINUTES

The minutes of the meeting held on the 5th December, 2018 were taken as read and signed by the Chair as a correct record.

49. DEVELOPMENT DAY FOR LOCAL AUTHORITY AUDIT COMMITTEES

Mr P Johnson (Independent Member) made a presentation on his attendance, together with the Head of Internal Audit and Corporate Anti-Fraud, at a CIPFA Workshop/Development Day for Local Authority Audit Committees held in London in November, 2018 and highlighting the key points covered at that session.

The day had been led by Diana Melville Legal Advisor from CIPFA and had covered the following four topics:

- a) Developing the Effectiveness of the Audit Committee
- b) A Briefing on Current Governance, Audit and Risk
- c) The Audit Committee and Internal Audit – this had been delivered by the team from Barnsley and, therefore, it was not intended to be covered as part of this presentation
- d) Assurance over Financial Resilience

There had been a variety of attendees who had many different perspectives.

Particular reference was made to the following

- (a) Developing the Effectiveness of the Audit Committee
 - The role of the Co-opted Independent Member
 - A 2016 CIPFA survey in 2016 had indicated that throughout the UK, 39% of Audit Committees had such members, however, these were mandatory for Welsh Councils and Combined Authorities.

- Reference was then made to their role in reinforcing independence and objectivity, supplementing knowledge and experience and providing continuity.
- CIPFA Knowledge and Skills Framework - This assisted in the building the effectiveness of Audit Committee Members particularly in relation to the following which were referred to by Mr Johnson in some detail:
 - roles and responsibilities
 - core skills
 - core knowledge
- where the Committee can influence and add value. It was suggested that an influential Audit Committee could support:
 - good governance and decision making
 - effective risk management
 - improving value for money
 - achievement of goals
 - effective internal controls
 - effective audit assurance
 - embedding ethical values and countering fraud
 - improving public reporting and accountability

(b) Briefing on Governance, Audit and Risk

- A report was provided on the results of auditors work in 2017/18 – reference was made to the number of reports issued within the statutory deadlines but it was noted that the number of reports in relation to Value for Money was significantly lower
- Current risks and resources – particular reference in this regard was made to the following – most of these had already been identified within Barnsley:
 - Commercial Investments with reference to the CIPFA warning on borrowing in advance of need and investments in commercial properties; the security of funds being the primary policy objective of the Treasury Management Activities; and CIPFA concerns that commercial investments should be consistent with the requirements of the Prudential Code and Treasury Management Code
 - Outsourcing and Market risks including provider failure; market fragility; supply chain; and capacity and capability
 - Action for Audit Committees – the importance of ensuring that commissioning procurement and contracting risks are identified and that appropriate mitigations are in place

(c) Assurance over Financial Resilience

- The Challenge for the future included:
 - The continuing pressure on funding
 - The increasing demand pressures particularly in relation to social care, and homelessness
 - The removal of the local authority pay cap
 - How realistic any 'efficiency savings' were in reality
 - Income generation options

- Maintaining acceptable levels of service
- The need to realise the ambitions for the local area
- Staffing pressures and vacancies
- Public concerns
- Ofsted and other external inspections which could impact on the financial resources available for Councils
- The additional assurance that Audit Committees might look for including:
 - The realism of and implementation of savings plans
 - Data quality particularly around critical data on demand
 - The use of benchmarking
 - The viability of business cases and transformation plans
 - The approach to value for money
 - Budget management and reporting
 - Controls over outsourced or commercial arrangements
 - Governance – decision making

The presentation engendered a discussion during which the following matters were raised:

- It was noted that Barnsley was at the vanguard and almost unique in the country with having more independent Members on the Audit Committee. It was surprising that the use of such members had not been made mandatory, however, it was anticipated that External Audit would take a dim view of any authorities which did not use Independent Members as this questioned the degree of independence such Committees had
- Arising out of the above, the Head of Internal Audit and Corporate Anti-Fraud commended on the recent publication of a National Audit Office report which, amongst other things, picked up issues about the efficiency of Audit Committees including the use of Independent Members
- In response to specific questioning, the Service Director Finance commented on the Authority's position with regard to borrowing for commercial purposes. In relation to Financial Resources/Resilience, he commented that CIPFA had produced a useful tool which assisted him and Senior Leadership. The Council had already undertaken work on most of the factors raised in relation to Financial Resilience and appropriate comparisons had also been made with neighbouring authorities. A paper had already been prepared as part of the current budgetary considerations which could be shared with the Committee
- In the light of recent financial difficulties faced by some Authorities, there was a discussion of ways in which such issues could be picked up by Government/External Audit, and of the action that could be taken to address issues identified
- The External Auditor reminded Members that Value for Money was one of the topics that would be covered at the Local Authority Audit Committee Chair and Members event to be held in Leeds on Tuesday 26th February, 2019 to which all Members were invited

RESOLVED that Mr P Johnson be thanked for his most informative presentation.

50. CYBER SECURITY UPDATE

Ms S Hydon (Head of ICT Service Management) and Mr S Marshall (ICT Technical Security Lead) made a presentation updating the Committee on Cyber Security.

Ms Hydon reminded the Committee that following a previous presentation to the Committee prior to Christmas she had been requested to update Members on the current position with regard to Cyber Security. This presentation, therefore, outlined the controls currently in place and those proposed to combat such threats together with the investment opportunities being adopted and strategies being implemented to improve the Authority's Cyber Security arrangements in the future.

Mr Marshall then reported on the following:

- An LGA Cyber Security Stocktake had been undertaken in 2018. This was an independent review and provided feedback under five headings of Leadership, Governance, Partnerships, Technology and Training. The Authority had received an amber rating for, amongst other things, its security measures and the maturity of those measures that were in place
- Based on the outcome of that feedback 4 bids had been submitted for Government Funding to support cyber security improvements, developments and solutions including training and details of these bids were outlined
- Specific training was being prepared for Elected Members as in the past they had been using slightly remodelled training from that delivered to staff
- The Committee was then shown a video which showed how an effective ransomware attack came together and why councils and businesses required effective security controls
- Reference was made to recent social engineering effects and examples were given of the ways in which this could impact on the Council with particular reference in this respect was made to:
 - The recent USA Elections
 - The potential smearing and reputational damage to the Council
 - The impact of the loss of personal and sensitive data
 - The loss of services/productivity
 - Potential implications for Ransom/blackmail
 - Dynamic progression of threat
- A summary of the 'attempts' and 'attacks' the Council had received between 1st January – 31st December, 2018 was provided. This worryingly indicated that the number of attacks was on the increase. It was also pointed out that currently the Authority rejected more emails than it actually received
- A quick reference guide for Information Security Incident reporting was provided. An Information security incident was one which involved the actual or potential failure to meet the requirements of the Data Protection Act 2018, General Data Protection Regulations and/or common law duty of confidentiality
- The Council had currently undertaken work in the following areas
 - There had been an investment in Self Learning Software
 - Vulnerability Scanning was undertaken in order to find and close loopholes
 - Training, awareness and testing was continuing

- Partnership working was undertaken both internally within the Council and with external partners and neighbouring Councils
- The Service was working with National Government Cyber Security programmes from the National Cyber Security Centre and Ministry of Housing, Communities and Local Government
- The Committee was then given an example of the action taken to an actual Phishing Email received by a member of staff. This included, amongst other things:
 - Blocking web links to protect staff and other users
 - Contacting the companies involved
 - Getting content removed
 - Using education to advise how phishing emails could have been spotted
 - Reviewing processes and training to try and prevent or stop this in future

In the ensuing discussion, the following matters were highlighted:

- It was noted that phishing emails came from a variety of sources and countries. Appropriate action was taken as soon as an 'attack' was identified
- Reference was made to the way in which accounts were deleted following a member of staff leaving. Arising out of this reference was made to the 'auto population' of an email address in email clients such as 'Outlook' which may give an indication that an account was still 'live' when in fact it was not. If examples were provided on email addresses/accounts being active when they should have been deleted, this would be investigated by the IT Service Desk as a matter of urgency and action taken to remedy the situation
- Ms Hydon stressed that once a member of staff left the Authority or a Councillor ceased to be a Member of the Authority, accounts were immediately suspended. This information came via individual services or, as a backstop, via SAP employee leavers records

RESOLVED that Ms Hydon and Mr Marshall be thanked for a most informative presentation.

51. INTERNAL AUDIT PROGRESS REPORT - 2018/19

The Head of Internal Audit and Corporate Anti-Fraud submitted a report providing a summary of the Internal Audit Activity completed and key issues arising from it for the period 1st November to 31st December, 2018.

The report, which was presented by Mrs L Booth, Audit Manager, outlined:

- The progress of the internal audit plan up to the end of December analysed by the number of plan assignments producing a report and audit days delivered by the Directorate/Service
- There was a variance of four assignments completed against those planned but these were in the draft stage and meetings were scheduled with officers to discuss outcomes
- There had been no amendments to the Internal Audit Plan over the period

- One audit had been finalised since the last meeting and copies of all final reports were available upon request. A summary of assurances and the number and categorisation of recommendations included in the report was outlined and an Appendix to the report included the definitions of the grading for the assurance opinion together with the recommendations
- A summary of the key issues included in audit reports finalised during the period providing a Limited or No Assurance was provided
- Details were provided of the outcome of other Internal Audit activities concluded not producing a specific assurance opinion
- Tables detailed the other Internal Audit Work undertaken as well as work in progress
- Information on the status of internal audit management actions by directorate due for completion was provided. It was pleasing to note that officers were actively engaging with the service and this was demonstrated by improving statistics
- Details of Internal Audit performance against Performance Indicators indicated that performance was exceeding target levels with only the percentage of final audit reports being issued within 10 days currently not meeting the agreed target. This was largely due to officer availability during the summer period and this would be picked up through the remainder of the year
- Based on the audits reported during the period an overall adequate assurance was considered to be appropriate and this had remained the same in the two previous quarters

In the ensuing discussion particular reference was made to the following:

- There was some concern at the lack of management response in relation to reports for Maintained Schools. It was noted that a meeting had been scheduled with the Executive Director (People) who was following this matter up. Arising out of this reference was made to the responsibilities of Governing Bodies in this respect and, in the light of this, to the action that the Authority could take if Governing Bodies failed to act appropriately
- It was noted that the number of audit days delivered was lower than anticipated in respect of the external clients which was a cause of some concern. The reasons for this were highlighted and appropriate action would be taken

RESOLVED:

- (i) that the issues arising from the completed internal audit work for the period along with the responses received from management be noted;
- (ii) that the assurance opinion on the adequacy and effectiveness of the Authority's Internal Control Framework based on the work of Internal Audit in the period to the end of December, 2018 be noted;
- (iii) that the progress against the Internal Audit Plan for 2018/19 for the period to the end of December, 2018 be noted; and
- (iv) that the performance of the Internal Audit Division for the second quarter be noted.

52. CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT

The Head of Internal Audit and Corporate Anti-Fraud submitted a report providing an account of the work of the Corporate Anti-Fraud Team for the period 1st April to 31st December, 2018.

The report gave details of the action taken and outcome of investigations undertaken in relation:

- Council Tax Support Investigations
- Council Tax Liability Claims
- Right to Buy investigations
- Insurance Checks
- Corporate Investigations

Data matching work was continuing in relation to the National Fraud Initiative and a breakdown of the work undertaken was provided. It was noted that to the end of December, 2018 the total monetary value of the fraud and error identified amounted to £272,081.74. The National Fraud Initiative was a biennial data matching exercise that all UK authorities were required to participate in. An analysis of the NFI outcomes for the four exercises covering the period 2010/11 to 2016/17 was provided.

The Team continued to support an investigative support service to Berneslai Homes to identify potential fraudulent tenancies and a summary of alleged tenancy fraud referrals received for investigation during the period was provided. It was noted that the total amount of cases had doubled when compared to the previous year. In addition, three further complex cases that had been opened in 2016 which were delayed due to legal investigations and technical issues and had yet to be concluded.

Work had been undertaken in relation to Fraud Awareness and the first ever Fraud Awareness Week had been held between the 17th and 21st September, 2018. Due to its success it was hoped that this could be repeated this year involving more teams within the Council.

Training continued to be an important element of the work of the Team and Anti Bribery and Whistleblowing Training Courses had been developed which would be delivered via the Council's online training facility.

Whilst the primary focus of the Team was the Council, it offered a service to the Internal Audit's External Clients where this was in the best interests of both the external client and Council in respect of competing priorities and resources.

In the ensuing discussion, particular reference was made to the following:

- In response to specific questioning, it was noted that information on the Benefits, Taxation and Income Department Single Person Discount review could be provided
- Information was provided in relation to the support given to management in respect of 9 cases investigated. It was noted that these largely related to time

recording for which a Written Warning had been issued. The Head of Internal Audit and Corporate Anti-Fraud outlined the way in which the Team worked with management on such issues and stated that advice would be given to Services if it was thought that a sanction was not appropriate

- In relation to the National Fraud Initiative, reference was made to the overpayments particularly in relation to residential care homes. The reasons for this were outlined and it was noted that the amounts had been fully recovered. Appropriate action had now been taken to minimise the risk of this reoccurring

RESOLVED:

- (i) That the progress made in the development of effective arrangements and measures to minimise the risk of fraud and corruption be noted; and
- (ii) That further regular reports be submitted on internal and external fraud investigated by the Corporate Anti-Fraud Team.

53. CORPORATE WHISTLEBLOWING POLICY - ANNUAL REPORT

The Executive Director Core Services submitted his annual report reviewing the activities and current issues regarding the Council's Corporate Whistleblowing Policy and supporting procedures.

The report, in outlining the background to the development of the policy, indicated that it was timely to undertake a fundamental review alongside the wider review of other ethical framework policies such as the Employee Code of Conduct and the procedures for investigations. The Committee would be kept informed of progress on this review.

The specific whistleblowing arrangements were, of course, only one means of raising concerns and, therefore, the degree and extent of the use of the policy was not considered significant. What was important was to ensure that there were a number of clear and understood routes for raising concerns and that there were suitable resources and arrangements in place to ensure appropriate investigations were undertaken.

With regard to the arrangements during 2017/18 and 2018/19 there had been six referrals. Two of those remained the subject of investigation, 3 had been investigated but closed due to insufficient evidence and 1 had been investigated and remedial action taken. This had not involved the conduct of a specific employee. Of the 6 referrals, 2 had been made anonymously, one of which had not been proven and the other was one of the live cases.

It was noted that whilst this figure was low, it was nevertheless difficult to speculate what would be an appropriate figure.

In the ensuing discussion the following matters were highlighted:

- There was a discussion of the ways in which Whistleblowing referrals could be submitted

- There was a discussion of the reasons for the low number of referrals and the reasons for this. It was noted that there were alternative options for submitting concerns which could be one of the reasons for the low figure. The Head of Internal Audit and Corporate Anti-Fraud commented that referrals could be received via phone call and via the Corporate Anti-Fraud Team. From his perspective, he felt that the culture of the organisation was such that employees felt empowered to raise and discuss their concerns
- In response to questioning about the awareness of the Whistleblowing arrangements it was noted that there was a need to undertake a cultural audit around ethical awareness. The Head of Internal Audit and Corporate Anti-Fraud commented, however, that all new employees were given an induction which included reference to the Whistleblowing arrangements and, in addition, all staff notice boards had posters 'advertising' the arrangements. He felt, therefore, that there was a high level of awareness
- The Audit Manager commented that an internal training course was being developed and would be available via the Authority's online training facility
- There was no evidence to suggest that referrals were vexatious or were not raised in good faith. In addition, employees were always made aware that their anonymity could not be guaranteed (dependent upon the issues investigated)
- It was noted that as part of the planned review, Internal Audit were planning to undertake work around culture and testing the extent to which policies were known about within the Council and particularly if they were trusted. It was hoped that the findings of this review would confirm that what was thought about the current arrangements was correct

RESOLVED:

- (i) that the report, and the assurances that it provides be noted; and
- (ii) that the Committee confirms its commitment to continue to support the Council's overall counter fraud culture and the work of the Corporate Anti-Fraud Team.

54. EXTERNAL AUDIT PLAN 2018/19

The Committee received a report from the External Auditor providing an overview of the planned scope and timing of the statutory audit of the Council.

It was noted that the Council was required to prepare group financial statements that consolidated the financial information for Bernesali Homes.

In relation to significant risks, the External Auditor would communicate any significant findings in relation to Management override of control, Valuation of the Pension Fund Liability and Valuation of land and buildings as well as other significant matters arising from the audit in their Audit Findings Report in July, 2019.

The planning materiality had been determined to be £10m for the Group and £9.9m for the Council's single entity statements which equated to 1.8% of the gross expenditure on the cost of services in the previous year. They would also continue to report uncorrected omissions and misstatements.

Significant Value for Money risks had been identified and this was a key area of focus given the significant financial pressures facing the authority as well as the Glass Woks development which was one of the largest projects undertaken by the Council.

The Interim visit would take place in February, 2019 with the final accounts being presented in June and July. Initial meetings had already taken place with the Service Director Finance and with staff from the Finance Team. The key deliverables were outlined in the Audit Plan and the Audit Findings report and the fee had been set at £104,718 (a reduction from £135,998 in the previous year) but was subject to the Council meeting their requirements.

In response to specific questioning the External Auditor explained the process for finalising reports. Meetings were arranged with appropriate staff and any issues discussed prior to publication.

RESOLVED that the External Audit Plan 2018/19 be noted and, insofar as this Committee is concerned, the action to be taken be supported.

55. EXTERNAL AUDIT - CERTIFICATION OF CLAIMS AND RETURNS - ANNUAL REPORT 2017/18

The Committee received the annual report of the External Auditor summarising the work undertaken on the Council's 2017/18 grant claims and returns and outlining the fees for undertaking this work.

RESOLVED that the annual report be received.

56. AUDIT COMMITTEE WORK PLAN 2018/19

The Committee received a report providing the indicative work plan for the Committee for its proposed scheduled meetings for the remainder of the 2018/19 municipal year and for 2019/20.

The Executive Director Core Services informed Members of the Committee that Ms D Terris (Chief Executive) was to leave the Council at the end of May 2019. Arrangements were, therefore, in hand to recruit to her replacement.

It was noted that it was proposed that the meeting scheduled for the 19th July, 2019 be held at 4.00 pm on Monday 22nd July, 2019. This was due to the change of arrangements for approving the final accounts and receiving the External Audit Governance Report. Prior to that meeting at 3.00pm the Council's External Auditor would present a briefing on the External Audit Governance Report (ISO 260).

The Chair reported that he was unable to attend the meeting scheduled for the 18th September, 2019 as he was attending the Arnhem 75th Commemoration event and he sought permission, therefore, to move that meeting to the 11th September, 2019.

RESOLVED:

- (i) that the core work plan for the remainder of the 2018/19 municipal year and for 2019/20 meetings of the Audit Committee be approved and reviewed on a regular basis;
- (ii) that the following changes to dates of future meetings be approved:
 - **19th July be moved to 22nd July, 2019 at 4.00 pm**
 - **18th September be moved to 11th September, 2019 at 4.00 pm**

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Chair

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Item 3



MEETING:	Full Council
DATE:	Thursday, 28 February 2019

2020 FUTURE COUNCIL – BUDGET PROPOSALS 2019/20

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- 3 Revised Medium Term Financial Strategy (*Pages 25 - 154*)
Appendices
 - a) Updated Forecast
 - b) Capital Investment Strategy 2019/20
 - c) Treasury Management Strategy and Policy Statement 2019/20
 - d) Financial Resilience Position
- 4 2020 Updated Reserves Position (*Pages 155 - 166*)
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- 6 Summary Revenue Budget Plans
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- 7 Summary 2019 - 2022 Capital Investment Priorities (*Pages 181 - 188*)
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 - a) Capital Investment – Accelerating Growth
- 8 Council Tax Options 2019/20 (*Pages 189 - 194*)
- 9 2019/20 Fees and Charges (*Pages 195 - 208*)
- 10 Directorate Key Priorities, Summary Spending Plans and Detailed 2019/20 and 2020/21 Budget Reductions
- 10a Communities Directorate (*Pages 209 - 216*)
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Section 1

BARNSELY METROPOLITAN BOROUGH COUNCIL

Report of the Chief Executive

FUTURE COUNCIL 2020: MAINTAINING OUR MOMENTUM FOR A BRIGHTER FUTURE AND A BETTER BARNSELY

1. Purpose of the report

- 1.1 To provide Members with an update on our continued momentum and progress and to outline the planned change, improvement and growth required to support and develop the organisation to become a modern and 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.**
- 2.2 **That Members note the future planning and development activity required throughout 2019/2020 to take us beyond 2020, including the development of a refreshed Corporate Plan and Organisation Improvement Strategy and an updated Medium Term Financial Strategy (MTFS) post the Government's Comprehensive Spending Review (CSR).**

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, an Organisation Improvement Strategy and a 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**
 - **European Union Exit**
 - **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 In 2018 we have continued our momentum and made excellent progress and performance towards our 2020 outcomes. This has been evidenced through inspections by Ofsted of Children's Social Care and Adult Skills and Community Learning and the Care Quality Commission (CQC) of Reablement Services and Shared Lives, peer reviews of Children's Social Care and of Adult Social Care use

of resources and an Equality Framework for Local Government mock peer challenge.

- 3.5 We also launched Town Spirit in 2018 recognising that if we 'Own It' and work together with our partners, businesses and communities we can achieve so much more and build a brighter future, a better Barnsley.

We launched the eight Town Spirit themes with the following key messages:

- We want to tell our story and showcase our ambition for Barnsley as a great place to live, work, invest and visit.
- We want to help our communities, customers and businesses to understand what we do and don't do to manage their expectations.
- We want to show our communities, customers and businesses how all of our work fits together – removing silos so people can see the links between the services they get from us.
- We want to inspire people to demonstrate community spirit, encouraging innovation and change through real action.

Town Spirit does not replace our corporate plan. It's a way of bringing our priorities, outcomes or brands to life in themes that our communities, customers and businesses will understand. The themes sit alongside our brands helping our customers to see the link between the services that we provide.

- 3.6 In February 2019 we have also invited the Local Government Association (LGA) to undertake a corporate peer challenge over a four day period. The standard areas the challenge will cover are understanding of our local place and priority setting; leadership of place, financial planning and viability, organisational leadership and capacity and capacity to deliver. Additionally we have asked the LGA to focus on our SEND provision, particularly what is driving the comparatively high numbers of children with Education, Health and Care Plans (EHCP) and does the Council's capacity, together with that of its partners, position it effectively to meet need, manage demand and secure good outcomes. We have also asked them that given the current Corporate Plan runs to 2020, what does the future hold and how can the Council grasp the opportunities ahead, whilst mitigating the risks?
- 3.7 The findings and recommendations from the corporate peer challenge, the raft of inspections and audits we have received in 2018 and into 2019, our performance against our corporate plan priorities and outcomes and our ongoing strategic needs assessments, will provide us with a rich base of data and intelligence to inform decision making and development of our new corporate plan and organisation improvement strategy which will both need to be implemented in April 2020.
- 3.8 As we move into this new important period in our planning for the future, this will be led by a new Chief Executive and there will also be other senior management re-alignments and service reviews undertaken between now and the arrival of the new Chief Executive in June 2019.
- 3.9 It is important now more than ever that we continue our momentum and drive for excellence. The next planning period will again be a time of change but we must harness the opportunity that change brings with it and we must be brave, bold and innovative in our decision making. This will no doubt bring with it challenges and difficult decisions but we must not shy away from making them if we are to realise

the cultural and behavioural shifts required both internally and within our communities.

4. Corporate Plan, 2020 Outcomes Framework and Key Drivers

What progress have we made?

4.1 We have continued to drive delivery against our corporate priorities and outcomes:

Thriving and vibrant economy – since April 2018 we have supported 190 businesses to expand and helped to create 712 private sector jobs and 23 existing businesses to move to Barnsley. We have supported and facilitated significant inward investment at Capitol Park Junction 36. Visitors to our museums and attractions and the contribution they make to the local economy continues to grow. Our performance in bringing empty homes back into use is above target. The Town Centre redevelopment is progressing well, with the new market now open for business and we are attracting new retail and leisure businesses to the Glassworks to expand the local offer. Our local plan has been approved which releases 300 hectares of land for employment and growth

People achieving their potential – our Children’s Social Care service has been judged as Good by Ofsted and 20 per cent of all childcare settings are rated as Outstanding, which is higher than the England and the Yorkshire and Humberside average. For the first time GCSE pupils in Barnsley are performing better at maths and English than the national average. 59.1% of school children achieved a score of between 4 and 9 at Key Stage 4 in both of these core subjects, higher than the national figure of 58.5%. The findings of a recent peer challenge on the use of resources and achieving value for money in Adult Services concluded that our service is in a good place and within budget, which is an excellent achievement. We are the first northern town to introduce a smoke free outdoor town centre zone and to introduce a smoke free market. All our key play parks across the borough are now smoke-free.

Strong and resilient communities – there has been continued growth in volunteering and community capacity which supports community resilience within our communities. We are on track to deliver our new Library @theLightbox and this state of the art building will become a hub for communities. Our Digital Champions continue to run regular sessions in community venues such as libraries or job centres, to help people gain the skills and confidence to access services and information online and in 2018 so far they have run 361 sessions and supported nearly 4,000 people. Our Innovative award winning fly tipping campaign #EverybodyThink has helped us to reduce fly tipping and we are working in partnership with coordinated action including waste carrier licence spot checks, clear ups and social media campaigns to publicise enforcement action.

One Council – our current Council Tax Collection Rate is 96.15%, our current Business Rates Collection rate is 96.6% and our directorates are reporting 100% delivery against the £4.4m efficiency savings.

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

- **Facilitating and accelerating growth** – property investment fund phase 2, completion of phase 1 of the town centre programme, supported the delivery of over a thousand new homes, pet crematorium, completion of Barnsley Council led housing developments at Longcar and Belbrooke and the Tour de Yorkshire.
- **Early help** – improved waiting times for simple adaptations, establishment of a carers centre, creation of homeless alliance, re-organisation of early help 0-25 with improved reach to families, managing demand and escalation in adult and children’s social care and the successful restructure of the 0-19 public health nursing service
- **Local devolution and Area Councils** – continued growth in volunteering and community capacity supports our community resilience and targeted partnership project with Directorates such as fostering demonstrate why local matters. Community equality grants have enabled greater diversity of activities and projects such as the principal towns programme enable local solutions to local issues. We have also enabled a merger to deliver a stronger CVS organisation.
- **Supporting behaviour change** – mainstreamed the Safer Neighbourhoods Service resulting in reduction of Anti-Social Behaviour incidents, reducing fly tipping and increased enforcement, launched coaching conversations training programme, highly commended at 2018 LGC Awards for making smoking invisible work and a range of successful prosecutions have been delivered that include health and safety, animal welfare and illicit tobacco.
- **Technology** – created the Digital Leadership Team to drive the #DigitalFirst programme, go-live of income management and employee expenses systems, full IT upgrade of employee devices and implementation of E-bulk system for Disclosure and Barring Service checks resulting in an increased customer base

4.3 What is next for us?

4.3.1 In 2019 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.

4.3.2 Facilitating and accelerating growth

We will:

- Improve skill levels across the borough and focus on improving outcomes and opportunities for employment for people with learning disabilities
- Develop and support the sustainability of adult social care market
- Continue to develop our property investment fund phase pipeline working collaboratively with the Sheffield City Region.
- Continue to invest in sector-led school improvement
- Deliver phase 2 of the Town Centre redevelopment including Market Gate bridge and also deliver the Digital Campus

- Establish the Property Investment Fund phase 3
- Implement the empty homes strategy

4.3.3 Early help

We will:

- Develop the Affordable Warm Homes Service
- Understand and continue to address challenges with private rented sector
- Further improve and support pathways for adolescents
- Implement the SEND strategy and action plan
- Develop both the public health alcohol and resilience plans
- Develop population health management approach and improve healthcare pathways for children, young people and families
- Strengthen the approach to peer support across the borough
- Further develop the early help offer for vulnerable adults in partnership with Adult Social Care
- Develop 'One Team' approach to safety in the Town Centre
- Strengthen the role of the District Libraries in delivering early help

4.3.4 Local devolution and Area Councils

We will:

- Work with our health partners to design integrated care & support
- Harness community capacity to address specific targeted challenges (e.g. reading levels)
- Implement phase one of the principal towns programme
- Reflect on the Area Council governance ensuring maximum value is gained from the model

4.3.5 Supporting behaviour change

We will:

- Implementation and ongoing development of Town Spirit
- Continue to take intelligence led enforcement for fly tipping, illicit tobacco and ASB
- Submit Barnsley's purple flag application
- Continue to make smoking invisible
- Implement the air quality action plan

4.3.6 Technology – Digital First

What progress have we made?

2018 has seen the commencement of our Digital First programme, seeking to modernise our internal systems to bring them in to line with our workforce's expectations whilst developing solutions for our customers that will make them 'digital by choice'.

In a short space of time the programme has already raised the profile of digital via activities including:

- Well attended Digital First themed Talkabout sessions
- Extensive use of easily accessed videos and Straight Talk to promote messages
- Digital First BLT and Leadership Conference sessions
- Members of the Digital Leadership Team promoting appropriate behaviours as part of their role

In terms of technology deliverables the Programme has so far:

- Commenced a data management project to improve the quality of our data resource
- Started to implement industry standard process improvements within the IT service
- Implemented a new cloud based expense claim system which seeks to promote how solutions 'can' look at no cost to the council
- Deployed more mobile devices than ever before, supporting our workforce mobilisation aspirations with 80% of our devices being laptops or tablets and over 2,000 mobile phones deployed with ever increasing functionality
- Commenced procurement of networking technology that supports WiFi connectivity in town centre buildings, and preparation of a business case to revolutionise how we connect our other centres
- Closed down our archive facility at Shortwood creating a financial saving and a more efficient process to access archived paperwork
- Worked hard with partners to understand the appropriate path to modernising our productivity applications and the right level of cloud computing adoption

What is next for us?

2019/20 will see work behind the scenes start to manifest in improved experiences for the workforce and our customers via delivery of multiple projects. To highlight a few:

- We'll be looking to finish work on our Digital Customer Services Platform which will start to see the creation of a true one stop experience rather than multiple logins and systems
- The programme will look to implement a series of digital policies to ensure we procure and build solutions that are future proof
- Our end user devices will be updated and we will start to gain access to the full suite of Microsoft productivity applications including improved remote access and collaborative tools such as Teams software
- Telephony will be updated to make more use of our mobile devices and remove another obstacle to a truly agile workforce while making improvements to the resilience of our contact centres
- End user computing will continue to be moved towards a wholly mobile estate

- Applications rationalisation will commence bringing savings on license and support
- We'll look to vacate the data centre, saving on energy consumption and building occupancy
- Work will commence on giving us intelligence and analytics from our wealth of data resource, moving us to being a data driven organisation
- Our drive to a digital culture will continue through paperless office initiatives, innovation space, promotions and the Digital Leadership Team taking a more central role

5. Organisation Improvement Strategy

What progress have we made?

- 5.1 The Organisation Improvement Board, Strategy and action plan were launched 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 guidance, 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 already delivered and others planned for 2019 through to 2020.
- 5.3 There have been a number of Organisation Improvement actions developed, completed and implemented since 2018, some of which are listed below:
- Self-development site now live on the intranet which includes guidance on job shadowing, job rotation, coaching and mentoring
 - New stream lined performance and development review system on POD
 - Future leaders apprenticeship programme launched and funded through the apprenticeship levy
 - Coaching conversations training programme launched
 - Application submitted to re-join the National Graduate Development Programme

- Launched procurement spend analysis tool
- Digital skills YouTube channel launched
- Undertaken digital skills assessments for approximately 1,300 employees and elected members
- CIPFA Financial Management survey and face to face interviews completed
- Solution implemented to enable cost centre changes to be made to ID badges when moving roles
- Introduction to commercial awareness training course delivered
- Creation of a commercial fund to support innovative commercial projects
- Introduced on-line recruitment approval form
- New process launched for new starter increments
- Launched our commercial clinics

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 commercial skills toolkit and training programme
- Development of the elected members leadership programme
- Review of the essential elements of the elected member development programme
- Review of the Barnsley Offer – workforce development programme to ensure it is fit for purpose for a future council
- End to end review of the apprenticeship levy systems and processes
- Development of a workforce diversity action plan
- Procurement of more cohorts of the leadership and future leaders programmes
- Refresh of the employee wellbeing and mental health action plans
- Review of training charges across the organisation
- Re-launch of the work smart project bringing together assets, digital and organisation development to deliver future proofed workspace, technology, ways of working and culture

5.5 In 2019 we will refresh our Organisation Improvement Strategy as the current strategy runs to 2020. This will be in support of the new corporate plan which will also be developed within 2019 ready to launch in April 2020.

5.6 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.

6.2 In addition, our Future Council strategy and financial planning processes have been developed to ensure that our finite resources are aligned to our priorities and with due consideration of our key drivers, targeted at those areas where the biggest impacts may be achieved.

What is next for us?

6.3 The Council has updated its MTFs through to 2021/22 but this has been undertaken against an outlook for Local Government funding beyond 2020 that remains very uncertain.

6.4 The Government are currently consulting on two key reviews that will impact on how local authorities will receive its funding. The first relates to a proposal to move towards 75% business rates retention (currently 50%) for Local Government in 2020/21. This will involve a significant change to the way local authorities currently receive funding including the 'rolling in' of the Council's remaining Revenue Support Grant (RSG) and Public Health Grant.

6.5 Linked to this, there is an ongoing review of the way in which resources are distributed across local government (the 'Fair Funding Review') which is also proposed to come into effect in 2020/21. The potential impact of both reviews is not yet known but we will continue to closely monitor the progress of both consultations and respond accordingly to ensure that Barnsley's views are appropriately represented.

6.6 The Government are also due to undertake a Comprehensive Spending Review during 2019 which dependent upon the progress of the above reviews may release further forecasted information beyond 2019/20.

6.7 In addition, the funding for Adult Social Care remains uncertain and is the subject of a delayed green paper that has not yet been published at the time of writing this report. The continuation of 'improved' Better Care Funding beyond 2020 has been assumed in the updated MTFs but remains a particular risk to the Authority until the Government outlines its plans.

6.8 Together with the potential upheaval that Brexit will cause to public finances, it is evident that local government is facing a particularly uncertain financial future both in the short and medium term. Moreover, the financial resilience and health of local authorities is increasingly coming under the spotlight with a number of local authorities already reporting financial difficulties – the most high profile example being Northamptonshire County Council.

6.9 Over the next 6-12 months, we will continue to monitor the national and local funding position and update our MTFs and reserves strategies accordingly to ensure that as a Council we remain an effective and sustainable organisation. As such, the need for a proactive and commercial approach is more important than ever to prepare ourselves for the uncertain planning period beyond 2020. We will achieve this in a number of ways but a key strand is our Commercial Strategy.

6.10 The Commercial Strategy aims to embed a more business like approach across the Council to ensure that we improve all the services that we provide to our customers and residents. The Commercial Board oversees the strategy and has put in place key strands to help ensure that our services are 'value for money', operate

effective procurement processes and maximise available income streams wherever possible.

7. Key Challenges

7.1 European Union Exit

7.1.1 We've been working with government and the wider region, such as the Industrial Alliance, to understand the potential impact and risks of the EU exit. It's very clear that we need government to commit to the new Shared Prosperity Fund to ensure that areas like Barnsley do not lose out if European investment funds are withdrawn. These funds have been crucial in helping to provide business growth, skills and employment opportunities.

7.1.2 We are proactive in bringing in further inward investment via the property investment fund, including a further injection of funding from the Council and the Sheffield City Region Jessica fund. We are also supporting businesses through Enterprising Barnsley on customs checks and supply chains.

7.1.3 Barnsley is taking a lead role in the Local Resilience Forum (LRF) and is responsible for chairing the regular strategic coordinating groups, in collaboration with the Sheffield City Region.

7.1.4 In addition, we have well-established community engagement arrangements through our area council and ward alliance structures. We track community cohesion tensions and have an extensive programme of community campaigns.

7.1.5 We'll continue to analyse the impact and risks of the EU exit moving forward and look to ensure a positive future for Barnsley and our residents.

7.2 Devolution

7.2.1 We are continuing to work with and be part of the Sheffield City Region. The outcomes of the LEP boundaries review will result in us withdrawing from the Leeds City Region in the near future.

7.2.2 Along with 17 other local authorities in Yorkshire and the Mayor of the Sheffield City Region, we're pursuing a devolution agreement with the Government, known as 'One Yorkshire'.

7.2.3 The One Yorkshire agreement would:

- see the creation of a Mayor of Yorkshire in 2020
- enable decisions currently taken by Government in London, to be made in the region
- allow Yorkshire access to funding and benefits similar to other areas with devolution agreements (like Greater Manchester and the West Midlands)

7.2.4 It's estimated that a One Yorkshire devolution agreement could help create 200,000 additional jobs and raise incomes by £500 per person over and above current economic forecasts.

7.3 Integrated Care

7.3.1 The Clinical Commissioning Group (CCG) is exploring the best way to develop integrated care which they hope will deliver a more seamless experience for residents. They recognise that residents receive care and support from different organisations and sometimes this care isn't delivered in a seamless way. The CCG's proposals for integrated care are seeking to do improve this by removing some of the organisational barriers that can exist for people.

7.3.2 The council supports the principle of integrated and seamless care, and is seeking assurance that any proposals will improve outcomes for people, and that any risks resulting from the different routes to achieving integrated care are fully assessed and mitigated. The council is working closely with its health partners to ensure the focus is always on improving the health and wellbeing of Barnsley residents and reducing health inequalities.

7.4 Performance

7.4.1 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 2018 we received a number of awards and successful outcomes from inspections and audits:

- Our latest Ofsted inspection into Barnsley Council's Children's Social Care was judged good across the board
- Winner of the LGC award for best community involvement project for work on the Dearne Valley Landscape Partnership.
- Highly commended by the LGC for public health category for our 'make smoking invisible' work.
- Highly commended by the LGC for campaign of the year - #Everybodythink, the recent campaign that has reduced fly tipping by almost 20 per cent
- Highly commended by the LGC for the public/private partnership – the project to rescue and reuse bikes in Penistone, which was also shortlisted for a Public Sector Transformation Award
- Adult Skills and Community Learning rated as good across the board by Ofsted
- Yorkshire Property Awards - Industrial Deal of the Year award for the Gateway 36 scheme.
- Hearts for the Arts Awards 2018 - shortlisted for the best local authority arts initiative category.

- Markets won national award for Best Indoor Market in the Country at the National Association of British Market Authorities annual awards and is one of the top ten in the running for Britain's favourite market
- Elsecar has been shortlisted for the title 'England's favourite conservation area'; one of only 18 to be selected from nearly 250 nominations across the country.
- ADASS Mystery Shopper Report 17/18 found the Overall Access to Social Care advice, information and service rating has improved from Fair to Good in 2017/18
- Website Evaluation of Access via Barnsley.gov.uk is rated as Excellent
- Barnsley Fostering and Assessment Team were shortlisted as a finalist in the Social Worker of the Year Awards 2018 as a result of their outstanding work with children and families.
- Women in IT Excellence Awards 2018 – Shortlisted in 7 categories and Emma Jenkins won the Award for Software Engineer of the Year
- Cyber Security Compliance – PSN connection compliance certificate attained from the Cabinet Office

9. Implications

9.1 Employee Implications

- 9.1.1 The financial savings required between 2019 and 2021 will inevitably lead to a further reduction in our workforce but the organisation will do its utmost to avoid compulsory redundancies. Any reorganisations required will be dealt with consistently through the Managing Change Policy and process.
- 9.1.2 Through the work of the Organisation Improvement Board we will continue to develop and implement improvements that will enable us to become a future council and employer of choice. We will also continue to support our existing workforce through our workforce development offer, our employee wellbeing and mental health programmes and our employee benefits package Just4You.

9.2 Financial Implications

- 9.2.1 As mentioned at para 6.3, we have put in place our medium term financial plan for the period 2019-2022. This shows a balanced position until 2020/21 with plans already being drawn up to address the relatively modest and manageable deficit in 2021/22. We have managed to do this through the foundations of a Future Council framework that is based on an effective, efficient and sustainable model. This has enabled us to build on our existing strong financial planning processes and establish a relatively stable 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 2019-2021 period. We remain vigilant to our financial position and continually review these risks and our plans as part of updating our MTFS .
- 9.2.3 This approach is also complemented by an accompanying Reserves Strategy that seeks to utilise our reserves and balances on one off investments that deliver the

priorities of Future Council. This approach will also prudently set aside a contingency to deal with the general uncertainty facing local government as a result of Brexit and other major funding changes that are looming for local authorities.

- 9.2.4 An updated MTFs and Reserves Strategy will be submitted into Cabinet in due course and certainly after the Government's releases its CSR (currently scheduled for Spring 2019).

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 One of our future key areas of development is the Barnsley Leadership Programme for elected members. This will enable them to be leaders in every aspect, will help with future succession planning, and help them to be more confident and effective as political and community leaders, who are appropriately self-aware, self-managed, resilient and proactive.
- 9.3.3 Further to this, a key priority for the council's member development programme is to drive forward the digital leadership of its members, through developing members' own digital skills as well as developing their understanding of the importance of embracing new digital ways of working to enable the council to achieve its future digital ambitions. This key skill development area along with the Barnsley Leadership Programme for elected members will ensure that the right political leadership is in place to deliver meaningful transformation which will help the council to improve outcomes for the borough (now and in the future).
- 9.3.4 Successful achievement of The Member Development Charter / Charter Plus Award will also ensure that the member development programme provides the appropriate training and support to ensure members become effective 21st century councillors and are able to deliver within their various roles on the council.

9.4 Communications Implications

- 9.4.1 In April 2019, we are launching our communications and marketing strategy which sets out our approach to supporting the delivery of the council's priorities, outcomes and Town Spirit, 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 enables us to take a managed approach to campaign delivery, providing informed and planned activity with allocated resources and detailed evaluations.

9.4.3 Communications and Marketing have a vital role in making sure the key messages from high profile, external influences such as the Budget, Brexit, Devolution and HS2 are communicated to our customers in a clear and easy to read format.

9.5 Town Spirit

9.5.1 Our ambition is for Barnsley to be a great place to live, work, invest and visit. Town Spirit shows the work we're doing to make Barnsley a better place. 2019 will see the start of our work to introduce Town Spirit to our communities. We'll harness the enthusiasm from the launch and our talkabouts to embed Town Spirit as an integral part of the council working and we'll work with our partners to make Town Spirit part of our joint projects, helping to widen our reach of key messages.

9.5.2 Communications and Marketing will work closely with area-based teams and services across the council to disseminate key messages throughout their networks.

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 commissioned a research project. This project has recently reported its findings and recommendations, suggesting ways we can improve our equality impact assessment process and support informed decision-making around budget efficiencies. This report is currently being considered by Senior Management Team and will result in the development of an Improvement Plan.

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

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: Improvement, Growth and Sustainability (7.2.2018/6)
- 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: Chief Executive

Date: 16th January 2019

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Section 2

BARNSELEY METROPOLITAN BOROUGH COUNCIL

FUTURE COUNCIL 2020

LOCAL GOVERNMENT ACT 2003, SECTION 25 REPORT ON THE 2019/2020 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 2019/20 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; and
 - 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 5** of the Future Council 2020 report suite.

Robustness of the Estimates

- 3.2 As Members are aware, the setting of the 2019/20 Revenue and Capital budgets is part of the Council's Medium Term Financial Strategy that forms the framework for the budget for the period 2019-2022.
- 3.3 Emphasis has been given to ensure that any risks associated with the budget have been clearly identified so that properly informed and prioritised decisions are made. This is particularly relevant, given the difficult financial climate that local government continues to face, and especially in light of the ongoing political and economic upheaval surrounding Brexit.
- 3.4 In addition, the Government has not yet indicated what resources local government is likely to receive beyond 2019/20. This will be covered through the Government's Comprehensive Spending Review (currently due in the spring of

2019) which provides forecast spend for all Government Departments. There are also a number of other Government reviews that will impact on the Council's financial position, most notably the Fair Funding Review and the move to 75% Business Rate Retention, which are both currently scheduled to be implemented within this planning period. This makes it very difficult to assess the Council's future funding position beyond 2019/20 and is identified as a key risk facing the Council moving forwards.

- 3.5 In addition, there are other financial risks facing the Council that Members need to be aware of and, where necessary, provide for. One specific risk relates to the way the Council receives the majority of our income under the Business Rate Retention (BRR) model. Whereas previously, our funding used to be largely grant dependent, it is now much more localised and thereby increasingly dependent upon the actual rate of collection. This means our primary sources of income (e.g. Business Rates, Council Tax) are subject to greater volatility than prior to the introduction of the BRR model which, in turn, makes financial planning and forecasting more difficult to predict.
- 3.6 My Section 25 report reflects this changing financial environment, in addition to the specific proposals contained within the budget. In terms of the estimates which are included in the proposed 2019/20 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 Support scheme and any potential impact of the move to Universal Credit (which again appears to be delayed). 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 49% of the total income collected. As previously mentioned, 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 £22.8M 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.

(iii) ***Pay Inflation Assumptions***

A provision for a pay award equating to a 2% increase has been included in the 2019/20 budget and the forecast for 2020-2022. 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 increase in the National Living Wage on external contracts. The full impact will need to be monitored and managed during the year.

(iv) ***Interest Rate Assumptions***

A prudent view of interest rates has been taken in constructing estimates for interest charges in 2019/20 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.

(v) ***Service/ Demand Pressures***

Both the budget for 2019/20 and the forecast for 2020-2022 contain some significant increases in expenditure that result from increasing demand on services. Changes in demand / demographics are already particularly acute in adult and children's services and create financial pressures. It is highly likely that our financial position may also be impacted by current Government reviews of social care, when these are concluded. Moreover, similar impacts are being felt across other services, such as waste and home to school transport. Whilst these have been quantified as far as is possible, the nature of the services means that demand can be difficult to predict. I have no reason to believe that the current assumptions are not robust but it is vital that these areas are monitored closely during the year so that any action required can be taken in a timely manner.

Adequacy of Reserves

- 3.7 **Section 4** of the Future Council 2020 agenda sets out the Council's position in relation to the current level of provisions, reserves and balances available to the Authority.
- 3.8 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.
- 3.9 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 earmarking's where appropriate. I consider the current levels to be adequate, subject to my comment at paragraph 3.12 below.

- 3.10 The current strategic reserves strategy has identified resources that may be potentially available over the planning period of £59.2M. The Council's capital investment priorities over the period to 2022 have also been considered and it is recommended that £41.2M of these potentially available resources, be earmarked for the identified commitments, along with a further £1.9M that have specific spending conditions attached to them (Housing related). This leaves £16.1M remaining for strategic purposes.
- 3.11 Bearing in mind the financial uncertainty facing the Council, as outlined at paragraph 3.4, I believe it is prudent to set aside the remaining available strategic reserves of £16.1M as a contingency. This will assist the Council in preparing for the ongoing uncertainty of 'Brexit', particularly in light of the major economic regeneration schemes / projects, such as the Glassworks scheme, that the Council is committed to taking forward in this next planning period.
- 3.12 It should also be noted that not all resources have yet been received and available resources need to be 'banked' before being committed to future investments. I will ensure that this position is reviewed and reported through future monitoring reports. In addition, I also consider it appropriate and necessary to continually monitor reserve levels in the light of the changing circumstances facing the Council and as such, a further detailed review will be carried out as an integral part of the 2018/19 accounts closure and when the Council has final clarity around the cost of the Glassworks scheme.

Prudence and Affordability

- 3.13 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.
- 3.14 Consideration of the revenue impact of all new capital schemes is therefore undertaken alongside other operational service issues to ensure that resources are allocated in accordance with the Authority's overall priorities and within the overall resources available.
- 3.15 The 2019/20 budget includes provision for £5.0M of prudential borrowing which has already been earmarked to support the Glassworks redevelopment. My advice is that due to the significant borrowing necessary to complete the Glassworks scheme, that only prudent and modest additional borrowing be considered for the remainder of the planning period, in order that the Council can effectively manage its risk exposure over the life of the MTFS.

Medium Term Financial Strategy (MTFS) and Budget Reduction Measures

- 3.16 A balanced 2019/20 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 3.17 to 3.20 below.

- 3.17 The draft budget for 2019/20 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. This equally applies to the budget reduction measures proposed to deliver a balanced budget in 2020/21.
- 3.18 In addition, 2019/20 represents the final year of the Government's four year offer and there remains considerable uncertainty around the overall level of resources available to local authorities beyond this date - particularly in light of the various Government funding reviews mentioned at paragraph 3.4. There are also the ongoing risks around the economy, especially in relation to Brexit, that may impact on the assumptions set out in this report.
- 3.19 Although the medium term plan provides for known pressures over the planning period, any additional pressures that are 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 MTFS paper at Section 3) is likely to deteriorate and necessitate an urgent review of both our MTFS and Reserves Strategy respectively.
- 3.20 The Council has a strong financial planning and control framework in place to deliver a balanced position both in 2019/20 and over the medium term. This has been evidenced by the recent Financial Resilience index that CIPFA have proposed to try to establish the financial health of individual local authorities in the light of a number of recent local authority failures. I have reviewed the Council's position using the CIPFA index and other factors and can report that, in my opinion, the Council is a financially resilient authority. However, I say this in the context of an uncertain and volatile outlook, arising from Brexit and ongoing Government reviews, and as a result I will keep our financial position under constant review and report any updates into Cabinet and the wider Council accordingly.

4. **Budget Recommendations**

- 4.1 As indicated in the 3 year forecast at **Section 3 Appendix A** based on the Budget Recommendations a balanced budget would be set for 2019/20.
- 4.2 This would see the Minimum Working Balance being maintained at £15.0M and a further £16.1M set aside as a 'Brexit' contingency after approving priority capital investment schemes 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 a balanced position achieved for 2019-2021, based on the current assumptions.

- 4.4 However, it is evident that these assumptions will change and therefore further action may be needed to ensure that the plan not only delivers a balanced position in 2019/20 but remains on track to deliver a balanced position over the full planning period.
- 4.5 **In summarising my advice, I would stress that the robustness of the estimates and adequacy of the reserves which the budget will provide are satisfactory. However, this is contingent upon the requirements outlined at paragraphs 3.17 – 3.20 and reiterated at paragraph 4.4 above being delivered.**

N Copley CPFA
Service Director Finance and S151 Officer

**MEDIUM TERM
FINANCIAL STRATEGY**

2019/20-2021/22

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SECTION A – OVERVIEW

Never has the financial resilience and health of local government come under sharper focus. Local authorities have suffered extensive government funding cuts since austerity commenced in 2010 and there are now repeated headlines of local authorities facing severe financial difficulties. Northamptonshire County Council is the most obvious example but the cuts are being felt by authorities up and down the country.

Moreover, the financial future for local government remains decidedly uncertain. In addition to the political and economic upheaval around Brexit, there are some significant and ongoing Government reviews that will impact on the Council's financial position. More details are provided in Section B but the key reviews include:-

- Comprehensive Spending Review (CSR) due to be released in April 2019;
- Fair Funding Review – due for implementation in 2020/21;
- 75% Business Rate Retention (from 50% currently) - due for implementation in 2020/21;
- Adult Social Care Green paper – originally due in the summer of 2018 but not yet released.

Against this backdrop, the Council's Medium Term Financial Strategy (MTFS) is a vital tool in understanding our financial position and driving our financial strategy forward.

It is a key document in identifying how the Council will align its existing and future resources to the agreed priorities underpinning Future Council. Although our Corporate Plan is currently being updated to extend our Future Council strategy through to 2021/22, it will nevertheless continue to set a framework to enable our communities and stakeholders to help themselves whilst ensuring that our most vulnerable residents are looked after.

In addition, the Future Council model will also continue to put in place a structure to ensure that, as a Council, we are effective, efficient, high performing and sustainable. By doing this, we will reduce any unnecessary costs, maximise our income and ensure we focus our depleted resources on our key priorities.

The MTFS has been developed to put in place a solid financial platform to support and deliver our Corporate Plan against an uncertain financial outlook. As such, the following document sets out the context for our 3 year financial position and outlines our approach for ensuring that the Council can deliver its key priorities in a sustainable way.

SECTION B – THE NATIONAL CONTEXT

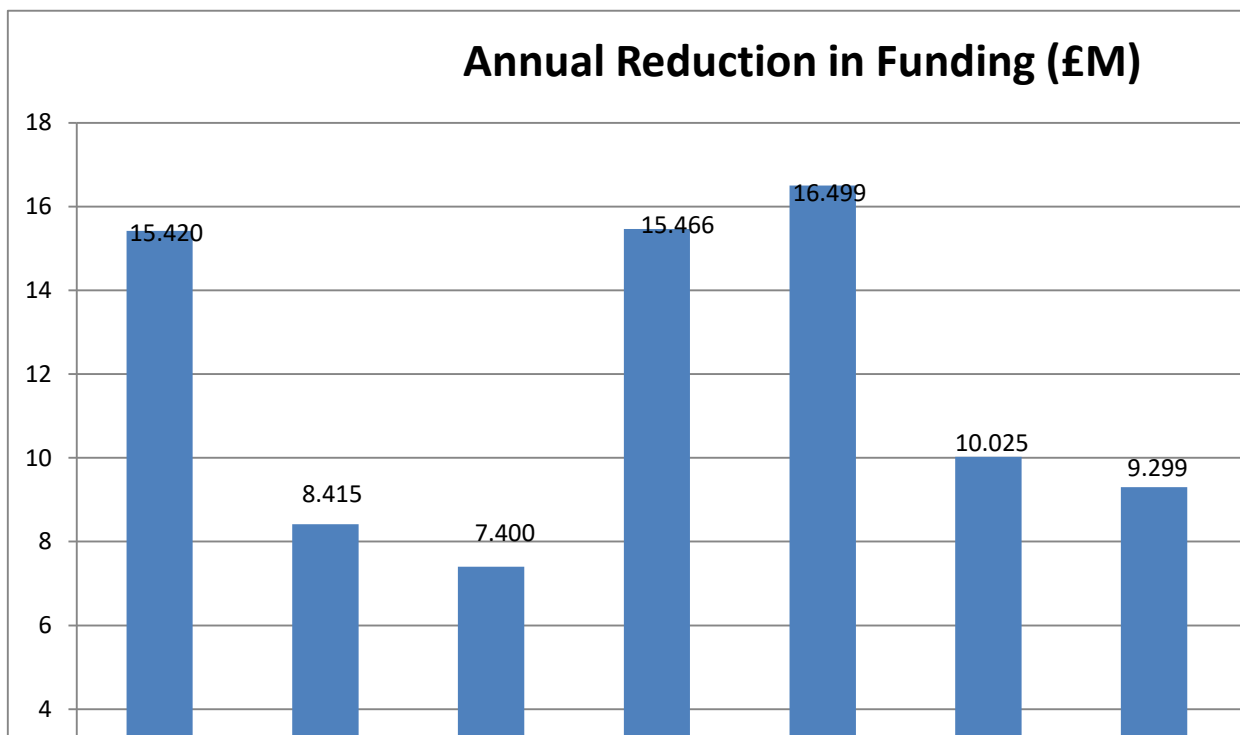
Whilst Barnsley's Future Council model seeks to establish itself as a sustainable organisation, we nevertheless remain dependent upon the national agenda and more specifically, central government decisions around our future funding.

As such, our MTFS is set within the context of Brexit and its impact on the economy as well the Government's challenging macro-economic policy and public sector expenditure plans. These have had, and will continue to have, a fundamental impact on Local Government with the key issues set out in more detail below.

2019/20 Local Government Finance Settlement

The Local Government financial settlement received in December 2018 confirmed the following:-

- Reduction in RSG of £6.276M which is in line with the 4 year offer. Since 2010 our RSG has fallen by some £95M (equating to a 58% cash cut);



In addition, the settlement also confirmed the following decisions (the majority of which were announced in the Chancellor's Autumn budget):-

- 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;
- The basis for calculating the distribution of New Homes Bonus remains unchanged although we received a slight increase in the amount expected in 2019/20;

- Specific grant for winter pressures and other social care pressures confirmed at £3.3M and the improved Better Care Fund at £11.8M (£5.6M in 2019/20);
- Additional £0.9M one off funding announced from the Government's Business Rates Levy Account Surplus Fund;
- Additional funding announced for Special Educational Needs (SEN) of £1.1M for the period 2018/19 and 2019/20; and
- Further consultations released on the proposed fair funding formula and 75% business rate retention proposals.

The position for schools funding has also been updated and this includes 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 national funding formula (NFF) for schools and high needs has been used to determine DSG funding allocations for 2019/20 and updated with the latest pupil numbers / data;
- Total provisional DSG allocation for Barnsley for 2019/20 is £180.5M (including funding for Academies and the additional SEN funding). This equates to an £6.9M increase in funding compared to the updated 2018/19 funding;
- The increase in funding can be explained by the following: impact of the new schools and high needs NFF (£3.7M) and increase in pupil numbers / other data changes (£3.2M);
- Pupil premium funding rates per pupil have been protected at the current level as follows: free school meals pupils £1,320 (primary), £935 (secondary); Looked after children and those previously in care £2,300 and military service children £300; and
- The recommendation to approve the 2019/20 schools budgets, particularly the changes to the Barnsley funding formula following the consultation with schools on the NFF, will be included in the budget papers.

Beyond 2019/20, the outlook is far more uncertain especially with Brexit as a backdrop. The Government are proposing some significant changes to the way local authorities receive their funding in future and these are outlined below.

Comprehensive Spending Review (CSR)

The Chancellor of the Exchequer has previously announced that there will be a full spending review across Government which is due to be published in 2019. This is a comprehensive re-assessment of the Government's spending plans with the aim of setting the national fiscal context for the next five years.

The spending review usually sets out the total level of public spending for the period from 2020 onwards as well as indicative spending allocations across Government departments. However, as the review of local government finance is ongoing (see below) and a resolution to the current Brexit situation is not yet known, it is highly possible that the CSR may either be delayed and/or be less detailed than previous spending reviews. This will only add to the financial uncertainty facing local authorities.

Fair Funding Review

The Ministry for Housing, Communities & Local Government (MHCLG) is currently in the process of reviewing the formula that determines baseline funding levels for all local authorities. The results of this review are currently uncertain for the Council.

There are potential drawbacks to our position if parts of the formula that currently benefit the Council (e.g. the funding for population density) are, in the round, decreased in favour of less-advantageous measures to Barnsley (eg sparsity). This, of course, could work in reverse and be to the Council's advantage.

Similarly the quantum of Government funding allocated to local authorities will also impact the Council's position irrespective of the final distribution formula/mechanism.

The new baseline funding model, currently under review, is scheduled to be implemented in 2020/21. Officers are continuing to represent the Council during each phase of consultation.

Business Rate Retention (BRR)

The Local Government Finance Settlement for 2018/19 announced the Government's intention to increase the retention of business rates by local authorities from 50% to 75%.

The Council's current MTFs prudently assumes that any growth in retained rates will be matched by reductions in Government grants or additional responsibilities i.e. a neutral effect.

An increased retention rate does present the Council with the opportunity of benefitting from additional growth. However, the downside is that the Council would suffer a greater impact of any BBR decline as well as picking up a larger share of any successful appeals. An increase to 75% will make the Council's future income streams even more susceptible to volatility than it is presently and make our financial projections harder to predict.

It is also our experience that the new BRR system hasn't really benefitted the Council compared to other authorities. We have experienced fairly low growth since its introduction in 2013 and whilst the new Glassworks project should help improve this position, the Council fundamentally does not believe that a model based on business rates retention is reflective of local needs. The Council has made/ will be making this point as part of our Fair Funding consultation responses.

Adult Social Care Green Paper

The Government intend to publish a green paper on care and support for older people. This was originally scheduled for the summer 2018 but has been delayed.

The paper will set out plans for how the Government proposes to improve care and support for older people and tackle the challenge of putting in place long term sustainable solutions for an ageing population. The Government has also recognised the possible funding implications of this policy by stating that they

intend to build on the funding they have already provided in the last 3 years.

Once the green paper is published, it will be subject to a full public consultation.

Children Services

The Council has seen a significant increase in demand for children services over the past few years, e.g. rise in looked after children, children / families in need of support, children with special educational needs etc. This increasing demand is exerting pressure on our budgets (e.g. high needs, home to school transport) despite increased investment by the Council in children's safeguarding.

The budget submission by the Local Government Association identified a national funding gap for children services in the region of £2bn. Whilst additional non-recurrent funding has been provided for children services by the Government in 2019/20, a long term funding solution to address the funding gap is still required but at this point in time, has not yet been announced.

Financial Resilience

Currently there is significant attention on the financial health of local government as a result of the stringent cuts faced since 2010 which is specifically focusing on how local authorities have dealt with the funding reductions from a financial management perspective. The National Audit Office produced a report on the 'financial sustainability of local authorities 2018' which highlighted a number of key conclusions such as:-

- The funding position for local authorities has deteriorated since their previous report in 2014;
- The financial resilience of local authorities varies considerably with some authorities having much reduced reserve levels to deal with unforeseen events;
- The demands on local authorities have radically increased especially around adult and children's social care issues;
- The Government need to introduce longer term proposals to address the funding and demand issues rather than the short term measures currently being adopted.

In addition, CIPFA have also proposed an index to assess the financial resilience of authorities. This is currently out to consultation but the Council has assessed its position against this index and other broader measures of resilience (listed below) to determine our own position:-

- Level of reserves. The Council has a Minimum Working Balance of £15M which represents 9% of our net expenditure. This is based on a recommendation by the s151 officer which takes into account the prevailing situation and risks faced by the Council and along with our Reserves Strategy, is deemed an adequate level for any unforeseen events;
- Use of reserves. The strategy is geared towards using reserves for one off

investment and not to be used to fund any ongoing costs or deficits. This is a prudent approach that is recommended by CIPFA;

- Delivering efficiencies . A track record of delivering efficiency savings in line with targets since the onset of austerity in 2010;
- Current year position. The Council's latest 2018/19 forecast is not only showing an overall underspend but crucially, is showing an underspend for our Service spend which demonstrates that 'in year' pressures are being effectively managed;
- Long term planning. Detailed proposals to deliver a balanced 2 year position for 2019/20 and 2020/21 are in place with plans in place to address the modest deficit forecast for 2021/22; and
- Commercial approach. This approach is the process of being embedded for all projects and services to ensure we maximise our income and minimise our costs e.g. returns from the Property Investment Fund (PIF) scheme are helping to contribute to the Council's financial sustainability.

On the basis of the above and our strong financial planning approach (see Section F), the Section 151 Officer believes that Barnsley is a 'financially resilient' Council. However in the current uncertain environment, this needs constant review to ensure that the current robust financial position and our strong financial standing is maintained.

SECTION C – THE COUNCIL’S KEY PRIORITIES

Future Council 2020

The Council continues to reshape our Future Council model to ensure we are both effective and adaptable and thereby capable of delivering our 4 key priorities:-

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

Our key priorities also seek to deliver 13 outcomes and these are the basis for determining our corporate objectives and re-aligning our budgets. The Council's budgets are set on both a service basis and an outcome basis and budget monitoring is reported into Cabinet quarterly on both bases. This allows Members to review spend against key priorities and re-align funding where necessary to enable our objectives to be delivered (see section F).

As mentioned in the overview, our Corporate Plan is currently being updated and extended through to 2021/22 to ensure that it is adaptable to our ever changing environment. Our MTFS has also been developed on a similar flexible basis to incorporate any changes to our priorities as well as address the uncertain financial outlook.

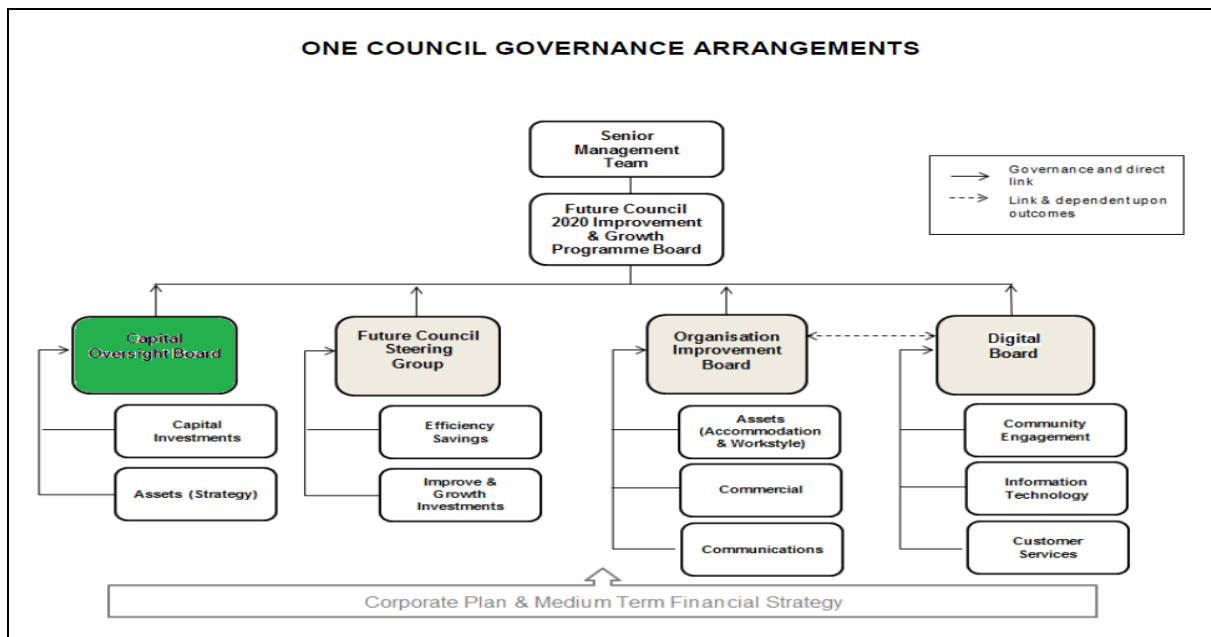
Our Future Council model is built upon an overarching objective that seeks to enable our communities and businesses to help themselves whilst ensuring that our most vulnerable are looked after. This is underpinned by key strategies that will deliver our priorities as summarised in the table below:-

The Council's Key Strategies	Description
Barnsley SEND Strategy 2016-18	Working towards improving the delivery of Special Educational Needs and Disability (SEND) and helping to improve the lives of our children and young people in Barnsley with special educational needs and disabilities. This strategy is currently being updated.
Adults Social Care	The demand for adult social care services, based on current and future needs, is outlined in the Council's <i>Market Position Statement</i> . This is informed by other corporate strategies/plans such as the: <i>Health & Wellbeing Board strategy</i> and the <i>Joint Strategic Needs Assessment (JNSA)</i> .
Carers Strategy 2017-2020	A strategy for carers by carers. Helping to support carers to recognise that they are one of our most valuable assets.
Children and Young People's Plan 2016-19	Plans to make sure all Barnsley children and young people are given the best start in life and everyone enjoys a happy healthy life - regardless of who they are and where they live.
Community Engagement Strategy 2017-2020	Engages with our customers to help us to make decisions on the services that we provide. Working together with people that live in the borough to create a better Barnsley.

Employment and Skills Strategy: More and Better Jobs	Aims to create both more/ better jobs in Barnsley and increase people's skills, training and qualifications.
Health and Wellbeing Strategy 2016-2020	To enhance integration to improve our services and specifically join up care and support people in Barnsley to take control of their health and wellbeing. This approach strives to make sure people in Barnsley enjoy happy, healthy and longer lives in safer and stronger communities - whoever they are and wherever they live.
Health and Care - The Barnsley Plan 2016-2020	To help the people of Barnsley to take control of their health and wellbeing and enjoy happy, healthy and longer lives.
Housing Strategy 2014-2033	To support the building of new houses and reduce the number of empty homes. Support young adults, the elderly and the vulnerable to live independently.
Improving Education Strategy 2016-18	To improve the education and learning of children, young people and their families. By improving education it will help with good job prospects, better health and the well-being of people in Barnsley to help to create a thriving community. This strategy is currently being updated.
Placement and Sufficiency Strategy 2016-2019	Aims to make sure that the right children are admitted to care at the right time to secure the best possible outcomes for them. To support each of them as individuals to achieve their full potential.
Safer Barnsley Partnership Plan	To make continuous improvements to ensure people feel safe in their homes, neighbourhoods and communities.
Transport Strategy 2014-2033	To improve transport links and public transport offered in our area.

Section E outlines how the financial forecast incorporates the priorities arising out of our key strategies and ensures that our future demands are managed effectively.

The Future Council was also set up to ensure that we are an effective, efficient, high performing and sustainable Council. To deliver this, we have established a governance framework organised around the following structure:-



This structure oversees the key strategies that underpin the Council’s modernisation agenda which are outlined below:-

- Commercial Strategy. Embedding a more business-like culture to continually improve Council services for our customers and residents. This approach not only seeks to increase income and deliver value for money for the Council but also instil a more commercial mind set across the organisation.
- Asset Management Strategy. As part of the national one Public Estate programme, we have established a five year programme that seeks to assess the best use of our assets. Working with Directorates and partners, the programme aims to review our assets to determine the most appropriate way to deliver services in future. A disposal programme has also been established to sell any surplus assets as a result of the review of our One Public Estate.
- Digital First Programme. This is a fundamental redesign of our existing technology to digitally empower our citizens and employees and build a more confident and capable Council. The Digital First programme aims to put ‘digital’ at the heart of everything we do.

Accompanying this framework is a clear principle that we match ongoing spending requirements with ongoing income. This means that we will use our reserves for one off revenue or capital investment that supports our priorities and strategies. Any use of reserves as a short term bridging strategy will only be used in very exceptional circumstances and this has not been necessary for a number of years.

In addition, services strive to identify and deliver efficiencies and/or commercial opportunities on an ongoing basis not just at budget setting times. This approach not only aims to ensure that all our business units spend within their resource envelopes but also identify ongoing savings that can be ‘freed up’ to fund our corporate priorities. The Commercial Board, set up to deliver

the commercial strategy, oversees business cases for new investment and the Authority's leadership team oversees delivery of the Council's efficiency proposals on an ongoing basis.

The framework set out above seeks to ensure that we maximise our overall resources in support of our priorities. The Asset Management Strategy is a key facet of this approach but in addition, we are also developing the Council's external funding strategy. This will focus on funding opportunities that will support our priorities especially funding 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 influencing and accessing resources that will become available to bid into especially in relation to devolution and health funding. This will include identifying/ establishing our investment priorities that will attract funding from these available resources and also lever in additional funding (ie private/ third party contributions).

Finally, a key principle of our financial planning framework is that all our capital and revenue decisions are fully integrated and made simultaneously. This is an important strand of our strategy since it ensures that Members understand and prioritise competing commitments irrespective of whether they are of a revenue or capital nature.

SECTION D – THE COUNCIL’S RESOURCES

Core Resources

The introduction of the Business Rate Retention (BRR) model in 2013/14 changed the way that local authorities receive their funding. Whereas business rates were previously pooled nationally and redistributed to local authorities based on need, the new system allows local authorities to retain 50% of locally collected business rates.

From 2013/14, Barnsley has received its core funding in 3 ways:-

- Government funding through the BRR model;
- Retained Business Rates; and
- Council Tax.

Our ‘core’ resource totals for the next 3 years are shown in the table below and covered in more detail in the following sections:-

	2019/20 £M	2020/21 £M	2021/22 £M
Government Funding (BRR)			
- RSG	12.7	8.5	6.1
- Top Up Grant	32.8	33.4	34.0
- S31 Grant	3.0	3.0	3.0
Retained Business Rates	22.8	23.6*	24.6*
Council Tax	97.7	100.3	103.7
Sub Total	169.0	168.8	171.5

*assumes a neutral impact of the 75% retention proposals

Government Funding (BRR model)

Government funding is received in line with calculations through the BRR model. The model makes an assessment of how much business rate income each local authority will raise and allocates grant on the following basis:-

- Revenue Support Grant (RSG);
- Top Up Grant; and
- Section 31 Grant.

Revenue Support Grant (RSG): This is the traditional way that Government has supported local authorities.

Assumptions: 2019/20 RSG is based on the draft 2019/20 Finance Settlement. The forecast for 2020-2022 is based on the same trajectory of cuts (%) as has occurred over the previous 4 year period (2016-2020). Despite the growing uncertainty, this projection is considered prudent by the s151 officer particularly in comparison to assumptions made with other neighbouring authorities.

Top Up Grant: When the BRR model was introduced in 2013/14 the new system benefitted some authorities at the expense of others. A self-financing

mechanism was introduced to ensure that the introduction of the new scheme would be broadly neutral with 'losing' authorities such as Barnsley receiving 'top up' payments from 'gaining' authorities who pay a tariff.

Assumptions: Top up grant is inflated based on September CPI figures. Estimates of 2% have been made for 2020/21 and 2021/22.

Section 31 Grant: This largely relates to compensation payments from Government when they introduce a policy change that leaves a local authority in a worse financial position than it would otherwise be in e.g. awarding business rate reliefs to small businesses.

Assumption: No changes to the 2019/20 allocation assumed for 2020/21 and 2021/22.

Retained Business Rates

Barnsley currently retains 50% of its locally collected business rates (including 1% that is paid over to the SY Fire and Rescue Authority) with the remaining 50% paid over to Central Government. Although the Government make an assessment around how much they expect the Council to collect, this is only undertaken to assess how much RSG to pay to local authorities. Our business rates income is derived from what we actually collect not via Government grant.

Compared to government grant, business rates income represents a much more volatile income stream for the Council.

The Council benefits if we collect more than we are estimated to (based on Government forecasts) although this has not been our experience since the BRR model was first introduced in 2013. We have witnessed very little growth in that time and had to contend with issues that affect how we plan for future business rate income. These include academies (and potentially NHS trusts) receiving charitable relief from paying business rates and appeals by businesses against their bills which can be backdated over a long period of time.

So not only have we failed to benefit from this system to date, it has made planning for our future resources much more difficult to forecast as a result of the issues outlined above. That said, the forecast does build in some growth within this planning period to reflect the implementation of the Glassworks scheme.

Assumptions: Limited growth in the business rate tax base and overall income assumed to be rising in line with inflation (calculated on the same basis as Top Up grant as above).

Council Tax

The revised projections in the updated forecast reflect the national context that the Government has set for Council Tax increases.

The Government establish a threshold to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase. The referendum threshold set by the Government for 2019/20 is 3%. This is the same as 2018/19 but for many years prior to 2018/19, capping has been set at a maximum of 2% with some years having a Council Tax freeze.

As part of the 4 year settlement, the Government also announced that they would allow Authorities with Adult Social Care (ASC) responsibilities to raise Council Tax by a further 6% over a 3 year period (2017-2020). Like other authorities, Barnsley has taken advantage of this additional flexibility to address its burgeoning ASC pressures and raised 4.5% over 2017/18 to 2018/19. It proposes to use the remaining allocation of 1.5% in 2019/20.

For illustrative purposes the current forecast assumes:-

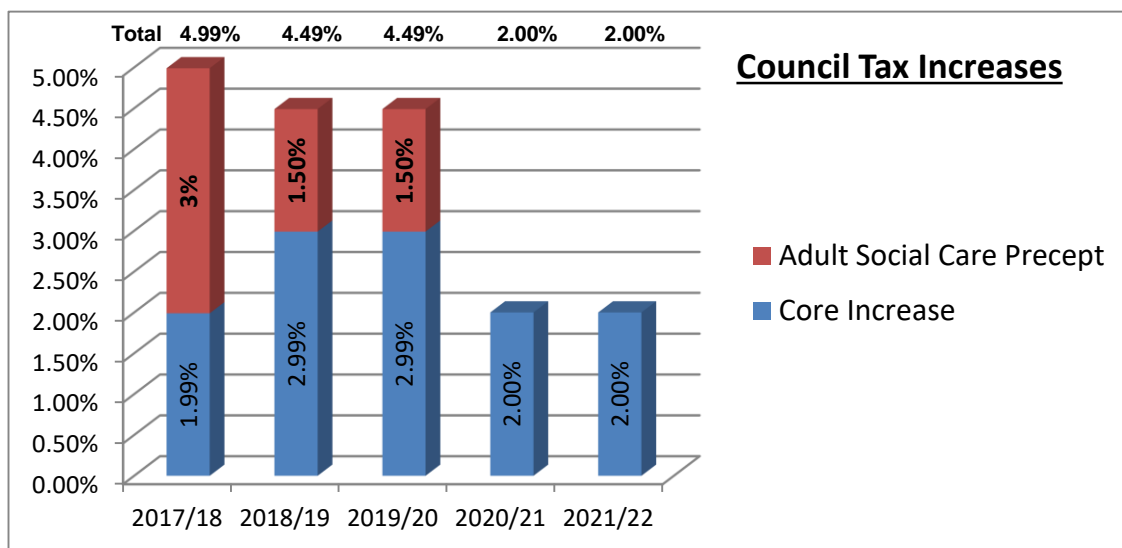
2019/20 4.49% (2.99% Core Services / 1.5% Adult Social Care);

There has been no further Government guidance for the following two years of the forecast and therefore as a prudent approach, the forecast assumes the following increases which are for Core Services only:-

2020/21 2.0%

2021/22 2.0%

The chart below shows the council tax increases forecast over the 5 year period from 2017-2022



A review of the Council's tax base has been carried out and the forecast assumes an increase of 1175 Band D equivalent properties in 2019/20 with a further growth of 800 Band D equivalent properties per annum assumed over the next 2 year period. This is deemed prudent especially in light of the imminent approval of the Local Plan which will release further development land for housing. The estimates for Council Tax Income are based on a collection rate of 95%.

In addition, a review of the Collection Fund Reserve has also been undertaken and it is recommended that the following sums can be prudently released into the forecast;

2019/20	£2.615M
2020/21	£2.000M
2021/22	£2.000M

Assumptions: The forecast assumes a 4.49% Council Tax increase in 2019/20 and 2% thereafter. The Council Tax base assumes an increase of 1175 Band D equivalent properties in 2019/20 and 800 per annum thereafter. The Collection Fund Reserve assumptions are as set out above.

Social Care (Better Care) Funding

The NAO report (previously mentioned under the Financial Resilience section) stated that Central Government's approach of allocating short term funding to address ongoing demands was a particular problem for local authorities.

The best example of this is the way the Government have funded Social Care over recent years which has repeatedly been one off in nature.

This is typified by the Chancellor's recent budget announcement to fund a further £650M of social care demands covering winter pressures and general adult and children's social care issues. This equates to some £3.3M for Barnsley in 2019/20 (in addition to £1.2M in 2018/19). We have assumed this funding is for one year only and the Council is currently drawing up plans on a programme of early help/ preventative schemes.

The biggest single grant from the Government for ASC is the improved Better Care Fund (iBCF). The Government has awarded iBCF to local authorities to address adult social care pressures in two tranches with the second tranche effectively front loading the initial allocations to take account of immediately pressing ASC requirements. IBCF funding has only been announced upto 2019/20 to coincide with Government planning cycles.

Assumptions: The Council's current forecast assumes the first tranche of grant (awarded in 2017/18) will continue beyond 2019/20 but that the second tranche will fall out. This assumption is in line with other local authorities that we have consulted with but remains a risk pending further spending announcements by the Government.

Fees and Charges & Other Non Core Income

The Council's fees and charges policy sets a corporate framework within which all decisions on the implementation and/ or changes to the levels of fees and charges can be considered and approved. A business case accompanies each proposal.

Fees and charges are either used to bridge the deficits in the MTFs or used for service mitigations.

SECTION E – THE COUNCIL’S SPENDING PLANS

The Council reviews its spending plans on a rolling basis. At a corporate level, it categorises future spend in three ways:-

- Fixed and ongoing commitments;
- Policy or investment decisions; and
- Demographic and/ or demand factors.

The incremental increases are shown below:-

	2019/20 £M	2020/21 £M	2021/22 £M
<i>Base Budget b/f</i>	169.0	174.8	184.1
Fixed & Ongoing	3.0	3.3	6.0
Policy / Investment	0.2	4.8	0.2
Demographic & Demand	2.6	1.2	1.2
Sub Total	174.8	184.1	191.5

Fixed and Ongoing Commitments

The Council has a number of ongoing commitments. These are largely linked to the inflationary impact of our spending commitments. The assumptions underpinning fixed and ongoing changes are as follows:-

- Pay award & contractual inflation 2% over the next 3 years;
- National living wage average increases assumed of 3.5% for residential care and 2.8% for non-residential care over the period 2019-2022;
- Pension reductions to deficit lump sum payments;
- Grant fallout relating to public health and housing benefit in 2019/20.

Policy & Investment Decisions

Whilst our resources have been significantly cut, it remains necessary to invest in our priorities to make sure that as a Council and as a Borough we are in the best possible place to deal with the future financial landscape (eg the funding reforms proposed by Government).

The most significant investment in our MTFs is to our town centre and our renowned markets. The Glassworks scheme will alter and significantly improve our town centre ‘offer’ with the aim of not only giving our residents a 21st market place but encouraging new businesses into the area. This is an investment that prepares us for the Government’s plan to allow local authorities to retain 75% of business rates from 20/21 and will help us to become more financially sustainable in future.

Demographic and Demand

In addition to fixed and ongoing commitments, there are a number of demand led costs that we need to provide for in the forecast. Such costs generally relate to population changes (eg no. of elderly people, no. of children in care

and requiring transport etc) but can also arise from global market changes that are incredibly difficult to foresee (eg income from recycled products).

The Council assesses these issues in a systematic, strategic way with plans in place to address their predicted impact. These plans include a financial impact assessment and an outline of our approach to mitigate key demographic issues. The key ones are set out below:-

Adult Social Care – Older People (OP)

Overview

Barnsley's population of adults aged 65+ has grown over recent years. There is an increasing demand and greater reliance on adult social services. Whilst the numbers receiving support may not increase significantly, the cost of care packages are rising due to complexity of needs.

Strategy/Plan to manage demand

The demand for adult social care services (based on current and future needs) and the service provision to meet such needs is outlined in the Council's *Market Position Statement*. This is informed by other corporate strategies/plans such as the: *Health & Wellbeing Board strategy* and the *Joint Strategic Needs Assessment (JNSA)*.

Approach to forecasting demand

The following approach has been used to project future demographic changes and costs namely:-

- population projections analysed by age ranges;
- a trend analysis of numbers of OP supported with care packages; and
- actual spend by the Council including changes in the average cost of care packages to reflect the complexity of needs.

Allowable cost (& tolerances)

Demographic growth has been calculated and broadly applied against OP's net spend (i.e. residential / nursing, homecare and direct payments). It takes into account the level of client contributions and health funding. The impact of interventions has also been allowed for by using spend and activity data rather than ONS population analysis.

Adult Social Care – Learning Disabilities

Overview

There is a rise in the number of children with significant learning disabilities (LD) living longer and transitioning into adult services. Life expectancy of people with significant learning disabilities has increased. The complexity of needs is a challenge as it results in very high cost care packages.

Strategy/Plan to manage demand

Whilst the Council's *Market Position Statement* broadly outlines the service provision to meet identified needs of adults with learning disabilities, the *Transforming Care Plan / Strategy* specifically details the approach to addressing the long term care needs of adults with very complex / significant learning disabilities within a community based setting.

Approach to forecasting demand

Population projections together with trend analysis of activity and spend data has been used as a basis for projecting future demographic impact. Changes in average cost of care packages over the years are a good indicator of complexity of needs.

Allowable cost (& tolerances)

Demographic growth has been calculated and broadly applied against LD's net spend which incorporates significant contributions from the Health Service (e.g. S117) towards high cost care packages. The impact of specific interventions has been incorporated (e.g. supported living, high cost placement reviews, step-down enablement provisions etc).

Children's Social Care – Looked After Children (LAC)

Overview

There is an increasing demand for children services partly driven by growth in population (aged 0 – 17). However, the main financial pressures facing the Council in relation to children social care results from the rising number of children in care and associated placement costs. A residential care placement (e.g. secure welfare) could cost anything between £2k to £5k per week (ie upto £250k in a full year for a single case).

Strategy/Plan to manage demand

The *Looked after Children Placement & Sufficiency Strategy* details the council's approach to addressing the current/ future accommodation and support needs of children in care in the most efficient / cost effective way possible. A copy of the current strategy can be found in the attached link: <https://barnsleymbc.moderngov.co.uk/documents/s34726/Appendix%201.pdf>

Approach to forecasting demand

Assumptions around the Council's LAC population in future years are forecast based on local (and regional) context, needs and trends. The strategy equally sets out an approach / action plan for managing LAC numbers with clear targets for the different placement types. Cost is forecast using average unit cost (local and benchmarking data).

Allowable cost (& tolerances)

Demographic growth has been applied to specific LAC placements e.g. residential care, fostering and other low cost placements. It takes into account the interventions / agreed actions to manage LAC numbers.

Special Educational Needs (SEN)

Overview

The Council continues to face increasing financial pressures (against the schools budget) in relation to SEN provision due to rising demand. There are increasing numbers of pupils with Education Health and Care (EHC) plans requiring additional educational support as well as a rising number of SEN pupils in 'Out of Authority' specialist placements.

Strategy/Plan to manage demand

The *SEN Pupils' Placement & Sufficiency Strategy* details the Council's approach to developing a more sustainable system for commissioning placements for pupils with EHC plans through investing in and improving the capacity of mainstream and specialist schools.

Approach to forecasting demand

Assumptions of the Council's future SEN needs are set out in the strategy based on local (and regional) context, needs and trends. The strategy equally sets out the commissioning actions for managing SEN numbers. This has also informed the assessment of the funding gap in future years.

Allowable cost (& tolerances)

Current / future funding from the Government and contributions from schools have been taken into account in assessing the funding gap facing the Council. Commissioning actions / interventions have been costed and the impact reflected in the financial forecasts for SEN.

Homelessness

Overview

Homelessness and rough sleeping is on the increase both nationally and locally. Prevention is key in reducing homelessness but this is reliant on people seeking assistance at an early stage as well as workers/ officers identifying the risk of homelessness and putting in place appropriate support plans before people actually lose their homes. This is the focus of the new Homeless Reduction Act that came into force in April 2018.

Strategy/Plan to manage demand

Barnsley's new Homeless Prevention and Rough Sleeping strategy has recently been approved at:-

<https://www.barnsley.gov.uk/media/9406/homeless-prevention-and-rough-sleeping-strategy.pdf>

Approach to forecasting demand

The current forecast estimates the increasing demand for housing advice and support. This takes into account a significant rise in the use of temporary accommodation over the last couple of years. The projections also reflect an increase in the numbers of single people presenting as homeless who have a range of complex needs (egs offending, mental health and substance misuse) which require a multi-agency response.

Allowable cost (& tolerances)

Spend on temporary accommodation is also set to increase next year although the Council is in the process of looking to potentially use vacant council house properties as a mitigation.

Travel Assistance/ Home to School Transport

Overview

The Council has a statutory duty under Section 508A and 508D of the Education Act 1996 to ensure travel assistance is made available to facilitate attendance at school for eligible children and students. Since 2016/17, there has been a significant increase in the number of children eligible for Home to School Transport which is linked directly with the increase in the number of SEN children.

Strategy/Plan to manage demand

As a result of the above and to fulfil its duty, Cabinet introduced an updated Home To School/College Travel Assistance Policy in February 2018 (link to the [Home to School Policy](#)).

This policy sets out the framework under which eligible children and students will be supported including the different travel options available for consideration to assist with managing demand.

Approach to forecasting demand

A detailed review of ongoing demand has been undertaken including a review of the following factors:

- Pupil school census;
- % of SEN pupils;
- Population data;
- % of pupils requiring travel assistance for SEN;
- Out of Borough Placements for SEN;
- Mileage Reimbursement numbers;
- Average travel cost per school day;
- Number of vehicles used per school day;
- Number of escorts used per school day.

The review has enabled the Council to accurately forecast future demand together with calculating an associated cost.

Allowable cost (& tolerances)

Different forms of Travel Assistance transport are considered and selected based on suitability, cost and availability. Route optimisation is regularly

considered. The Council is also currently seeking to introduce a dynamic purchasing system for transport providers.

Other Demographic/ Demand - Waste Pressures

Overview

The Council, as part of its Local Plan, has housing growth aspirations to build additional properties within the Borough which will create additional demand for local services. Whilst some of this demand will be supported by the additional council tax income generated from these properties, additional investment is inevitably required for the services impacted by additional housing such as waste collection and disposal.

Strategy/Plan to manage demand

The Council in conjunction with three other South Yorkshire authorities, have adopted the South Yorkshire Municipal Waste Strategy. This strategy's has 5 key priorities covering; 1. educating South Yorkshire residents to recycle more; 2. providing a more reliable service; 3. delivering value for money; 4. improving technology and 5. influencing decision-making on waste at a European, national and local level in order to drive further investment into waste infrastructure in the Sheffield City Region economy.

Approach to forecasting demand

Using data gathered from a variety of sources (including current and forecast waste tonnage levels, recycling rates and current national policies such as plastic reduction), an annual assessment is made of the likely financial impact of the requirement for additional waste collection, disposal and recycling. A corresponding investment is made in the service to reflect the estimated demand.

Allowable cost (& tolerances)

The additional cost of waste collection and disposal is allowed for in the forecast.

SECTION F – THE COUNCIL’S FINANCIAL PLANNING FRAMEWORK

Having set out all the key assumptions around our future core resources and spending plans (see Sections D & E above) the revised financial forecast shows the following gaps:-

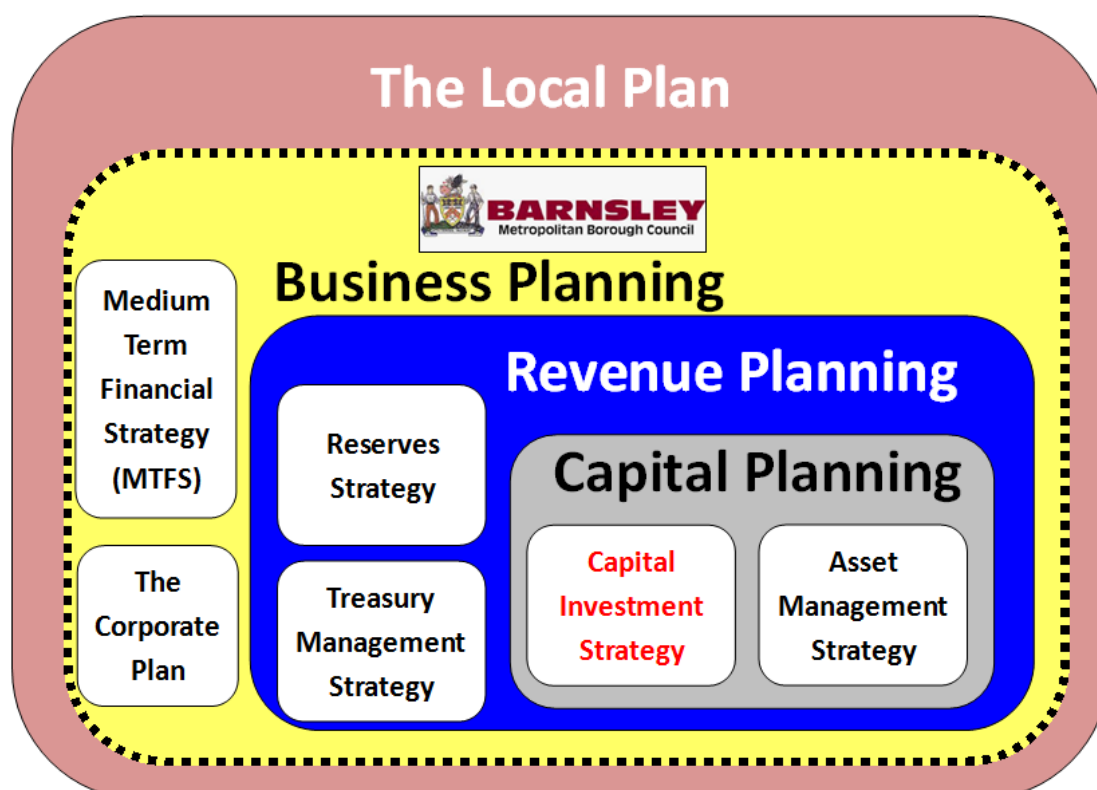
	2019/20 £M	2020/21 £M	2021/22 £M
Core Spending (Section E)	174.8	184.1	191.6
Core Resources (Section D)	-169.0	-168.8	-171.5
Deficit – prior to savings	5.8	15.3	20.1

The following section describes our financial planning framework and the process for delivering a balanced position both in the short and medium term.

Our Financial Planning Framework

The Council has a strong financial framework in place that aligns ongoing resources to priorities. It is a fully integrated process that considers and approves our key financial strategies / budgets (capital and revenue) at the same time so the impact of considering relative priorities is transparent to members.

The process has been outlined in previous sections which the diagram below summarises:-



The forecast is rolled forward as soon as the previous year's budget has been approved. This commences an iterative process to identify issues and pressures along with a plan to deal with them.

Integral to the financial planning process is a robust budget monitoring process where we report our financial and non-financial performance into Cabinet on a quarterly basis. This also includes a 'Financial Outlook' section to report any underlying issues.

This is a vital and, to date, successful process for ensuring that our underlying position is robust and where issues or overspends arise, a project focused approach is put in place.

A particular example of this approach relates to Adult Social Care. Quarterly monitoring reports into Cabinet had been reporting a burgeoning overspend in ASC over a prolonged 18 month period. A working group of finance, performance and service senior officers was set up to review the overspend and investigate the underlying causes. The review identified the main causes of the overspend and as a result, the 'in year' position was corrected to eliminate the forecasted overspend. In addition, an action plan was put in place to address demand issues affecting ASC and ensure that future projections are both robust and evidence based.

A further reflection of our financial health is the external scrutiny we receive. This is ultimately embodied in the external audit opinion. We have had unqualified opinions on both our accounts and VFM statements for a number of years which is again reflective of a robust financial planning framework.

Balancing the MTFS

Since 2015/16 the financial strategy has sought to put in place a balanced position for, at least, a minimum 2 year period. This is no different for this planning period and actions have been put in place to ensure that the 2019/20 and 2020/21 budgets are balanced with plans well underway to address the outstanding 2021/22 deficit.

As mentioned in the Overview section, a key feature of our strategy is to ensure that there are ongoing resources/ savings to fund ongoing spending commitments. This is done by breaking down our key priorities into 13 outcomes and seeking to put in place transformational programmes that will deliver these outcomes and drive out efficiencies and savings. The Council's strategy for 2019-2021 is split into two key facets:-

- Cross cutting programmes such as digitalisation, commercialisation and accelerated growth programmes that span most services and are key themes for our Future Council model; and
- Service efficiencies that reflect the outcome framework / transformational programmes.

As a result of the above process, proposals have been identified to effectively bridge the forecast deficits in the next two years. These proposals are subject to extensive challenge and scrutiny.

The revised forecast position, following the approval of the savings proposals, is set out below:-

	2019/20	2020/21	2021/22
	£M	£M	£M
Deficit (prior to efficiencies)	5.8	15.3	20.1
<i>2019/20 Efficiencies</i>	-5.8	-5.8	-5.8
<i>2020/21 Efficiencies</i>	-0.0	-9.5	-9.5
<i>Sub Total – Efficiencies</i>	-5.8	-15.3	-15.3
Revised Forecast (post efficiencies)	0.0	0.0	4.8

SECTION G – KEY ASSUMPTIONS & RISK ASSESSMENT

Key Assumptions

As outlined in the body of this report, the forecast is underpinned by a number of key assumptions for the planning period 2019/20 – 2021/22. These are subject to change particularly in light of the uncertain economic landscape and the proposals to reform local government funding.

The key assumptions are outlined in the table below:-

Forecast Item	Assumption
<i>Expenditure Items</i>	
Pay Awards & Contracts	Pay and contractual inflation is included at 2% over the full planning period. All other inflation is contained by services.
Interest Rate Fluctuations	Currently interest rates are very low and are only likely to increase. Whilst some protection has been awarded by locking in rates, interest rate rises do pose a cost risk.
<i>Income Items</i>	
Business Rates	Inflated in line with actual and estimated inflation. Limited future growth assumed to reflect the Glassworks scheme.
Core Government Grant	2019/20 as per draft finance settlement and 2020/21-2021/22 based on the same trajectory of cuts (%) as the preceding 4 years (2016-2020).
Council Tax	Inflated by 4.49% in 2019/20 (2.99% core and 1.5% Adult Social Care) and 2% for 2020/21 and 2021/22.
Fees & Charges	Increased on a case by case basis within the Council's overall fees and charges framework
Improved Better Care Fund/ Social Care Grants	Continuation of the iBCF (at @£10.2M) into 2020/21 & onwards but all other social care grants assumed to be one off and therefore fall out after 2019/20.
New Homes Bonus	Not included in MTFS. NHB is treated as one off funding and included in our reserves position / strategy.

Sensitivity Analysis

A sensitivity / risk assessment of the 2019 - 2022 forecast has been produced which clearly identifies the key areas that may have a significant impact on delivery of the Medium Term Financial Strategy.

2019/20 IMPACT (+ equals extra cost/- equals cost reduction)

-5.00% £M	-2.50% £M	Forecast Item	+1.00% £M	+2.00% £M
EXPENDITURE				
N/A as would assume pay cuts	N/A as would assume pay cuts	Pay Awards & Contracts	+2.020	+4.040
N/A - prevailing interest rates too low to bear a 5% reduction	-0.875	Interest Rate Fluctuations	+0.350	+0.700
INCOME				
+1.140	+0.570	Business Rates	-0.230	-0.460
+0.640	+0.320	Core Government Grant	-0.130	-0.260
+4.900	+2.450	Council Tax	N/A as referendum cap reached	N/A as referendum cap reached
+2.200	+1.100	Fees & Charges	-0.440	-0.880
+0.510	+0.255	Improved Better Care Fund	-0.100	-0.200
N/A as amount confirmed	N/A as amount confirmed	New Homes Bonus	N/A as amount confirmed	N/A as amount confirmed

2020/21 IMPACT (+ equals extra cost/- equals cost reduction)

-5.00% £M	-2.50% £M	Forecast Item	+1.00% £M	+2.00% £M
EXPENDITURE				
N/A as would assume pay cuts	N/A as would assume pay cuts	Pay Awards & Contracts	+2.020	+4.040
N/A - prevailing interest rates too low to bear a 5% reduction	-0.875	Interest Rate Fluctuations	+0.350	+0.700
INCOME				
+1.180	+0.590	Business Rates	-0.240	-0.480
+0.430	+0.210	Core Government Grant	-0.085	-0.170
+4.900	+2.450	Council Tax	-0.980	-1.960
+2.200	+1.100	Fees & Charges	-0.440	-0.880
+0.510	+0.255	Improved Better Care Fund	-0.100	-0.200

N/A as amount confirmed	N/A as amount confirmed	New Homes Bonus	N/A as amount confirmed	N/A as amount confirmed
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2021/22 IMPACT (+ equals extra cost/- equals cost reduction)

-5.00% £M	-2.50% £M	Forecast Item	+1.00% £M	+2.00% £M
EXPENDITURE				
N/A as would assume pay cuts	N/A as would assume pay cuts	Pay Awards & Contracts	+2.020	+4.040
N/A - prevailing interest rates too low to bear a 5% reduction	-0.875	Interest Rate Fluctuations	+0.350	+0.700
INCOME				
+1.230	+0.615	Business Rates	-0.250	-0.500
+0.300	+0.150	Core Government Grant	-0.030	-0.060
+5.100	+2.550	Council Tax	-1.000	-2.000
+2.200	+1.100	Fees & Charges	-0.440	-0.880
+0.510	+0.255	Improved Better Care Fund	-0.100	-0.200
N/A as amount confirmed	N/A as amount confirmed	New Homes Bonus	N/A as amount confirmed	N/A as amount confirmed

Risk Assessment

The key risks underpinning the forecast (based on value) are shown in more detail below:-

Forecast Item	Budget £M	Comment/ Mitigation
Future Council Budget Reductions	15.3	Delivery plans in place for 2019/20 and 2020/21 with a final efficiency programme to address the 2021/22 deficit to be agreed during 2019/20.
Government Funding	6.2	Budget shown is the estimated position as at the end of 2022. Government funding for 2019/20 has been confirmed and future projections for 2020/21 and 2021/22 are prudently based around previous Government allocations on a % basis.
Improved Better Care Fund	10.2	No indication to date that Government will reduce/remove this funding. More information expected during 2019/20 as part of the Fair Funding Review and green paper on ASC.
Council Tax	103.7	Budget shown is estimated position as at the end of 2022. Future years estimated council tax increases are assumed to be 2% together with a prudent

		assumption on tax base growth. The Government may continue to relax the referendum cap meaning options may be available for further increases.
Pay Awards	7.9	Provision made for a 2% pay award in each year from 2019/20 – 2021/22.
Demography / Demands	5.0	Budget shows provision made in MTFS over the full planning period through to 2022. Demography demands are monitored rigorously throughout each year with forecasts being updated as necessary and separate mitigations being put in place

It is considered that the underlying assumptions of the current MTFS are prudent given the level of future uncertainty and potential for change.

SECTION H – THE COUNCIL’S RESERVE STRATEGY & CAPITAL SPENDING

Reserves Position/ Strategy

The Council builds up income streams that result from, for example, capital receipts (eg sale of assets) and/ or year-end underspends. Such resources tend to be 'one off' in nature and the Council has a specific strategy in place for using/ retaining this type of income.

The position on our level of reserves is regularly reviewed and updated. A report on our reserves position is submitted alongside the MTFs and will detail all funding streams (capital and revenue) that are available for strategic priorities across the 2019 -2022 period.

As outlined previously, our strategy for using one-off resources is split between:-

- Investing in priority one off / capital investment schemes that focus on delivering economic regeneration or social value;
- Revenue 'invest to save' priorities. An example of this is the investment in our SEN-D programme. The SEN-D programme has been reporting an ongoing and increasing year end shortfall over the past 3-4 years. As part of our strategy, one off funding is now being used to address the deficit and support the service in putting a plan in place to deliver a sustainable financial position in future.

NB In very exceptional circumstances reserves may be used as an overall bridging strategy for the Council's budget however this has not been necessary for a number of years.

An updated reserves position has been reported into Cabinet which shows the following position.

	£M
General Fund Resources:	
General Fund Resources	108.0
Existing Capital Programme	(71.8)
Revised Revenue Contingencies	(6.0)
Glassworks Contingency	(2.0)
General Fund Resources Available for Immediate Investment	28.2
HRA / Berneslai Homes Surpluses	21.8
General Fund / Housing Resources Available for Immediate Investment	50.0

Since this time, further reserves have been identified for release as follows:-

- Reserves totalling **£4.4M** were initially set aside as a 'one off' contingency to deal with burgeoning ASC pressures and other future Council priorities. These are no longer required, as in the interim period, the ASC monitoring position has significantly improved. In addition, the Government has also recently announced further one off allocations of £4.5M to address ASC/ CSC pressures;
- The quarter 2 monitoring position is showing a year end outturn of **£2.8M** which can be prudently released into general reserves for one off use;
- Additional one off funding announced in the 2019/20 finance settlement of **£0.9M** relating to the Governments' Business Rates Levy Account Surplus Fund;
- Additional NHB grant of £0.3M for 2019/20 and an additional adjustment to our 2017/18 allocation of £0.2M. On the basis of this, we have prudently increased the assumption on our future NHB allocations by a further £0.6M in 2020-22;

It should also be noted that there are currently a number of funding bids that are currently being progressed particularly in relation to submissions into Sheffield City Region. It is intended to incorporate the outcome of these funding bids into the ongoing review of the MTFs and reserves strategy which will be reported into Cabinet in due course.

The updated reserves position is therefore:-

Updated Reserves Position	£M
General Fund / Housing Resources Available for Immediate Investment	50.0
Uncommitted additional ASC grant	4.4
Q2 forecasted underspend	2.8
Surplus Business Rates Levy Account	0.9
New Homes Bonus	1.1
Revised Position	59.2

Prior to releasing these balances for use, the Council (on the advice of the s151 officer) establishes an appropriate level of retained balances. In advising on an appropriate level there are a number of issues that need to be taken into consideration:-

- 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 occur at short notice.

The Council has already established a Minimum Working Balance (MWB) of £15M for General Fund services. It is recommended that the MWB remains at

£15M especially in light of the future uncertainty facing the Council (as outlined throughout this document) as well as the increasing difficulty of implementing the scale and nature of savings required to balance the forecast. This leaves the full £59.2M available for strategic use.

Capital Strategy

The approach for utilising available reserves is captured in our Capital Strategy.

The Capital Strategy forms a key part of the Council's overall planning process. It provides a mechanism by which capital expenditure and investment decisions are aligned over the medium term (five year) planning period with the Council's [Corporate Plan](#) and its key priorities.

This Strategy sets the framework for all aspects of the Council's capital and investment expenditure including prioritisation, governance, planning, outcomes, management, funding and monitoring. This also links to the Council's other strategies and plans eg Treasury Management and Reserves Strategies.

On the basis of this strategy, services have submitted outline capital investment proposals for consideration against the total resource available. To assist with the prioritisation process, these proposals have been organised into three main categories due to the restricted nature of some elements of the funding and to take on board the s151 officer's advice in relation to taking on additional borrowing.

The three categories are:-

- **Accelerated Growth schemes;** Accelerating growth schemes are proposals that will stimulate economic development with accompanying future income streams. Such schemes will ensure the borough maintains a level of regeneration that ensures it is not left behind whilst producing an economic return on its investment. It is proposed that the Council considers modest additional borrowing for these types of schemes mainly to provide gap funding to developers where the balance of risk lies away from the Council.
- **Non-accelerating growth schemes;** Non-accelerating growth schemes are schemes that do not necessarily generate economic growth or produce a financial return to the Council but serve to fulfil the Council's wider corporate objectives. It is proposed to utilise the Council's own general fund resources as and when these become available.
- **Housing schemes;** Schemes specifically relating to housing investments are focused on increasing the Council's housing stock and stimulating the private housing market. The proposed funding of such schemes is to use the Council's HRA reserves, BH surpluses and regional/ national funding opportunities. It should be noted that the HRA Reserves element of the funding is restricted to purely Council Housing proposals and therefore will be solely used on these types of schemes.

Cabinet have put forward the following priority schemes for approval in principle as set out below:-

Theme	Value of Capital Proposals (£M)
Accelerating Growth	16.4
Non Accelerating Growth	4.9
Housing	19.9
Total	41.2

The approval of the above schemes results in the following available reserves position:-

Updated Reserves Position	£M
General Fund / Housing Resources Available for Immediate Investment	59.2
Priority Schemes (as above)	41.2
Net Available	18.0
Less: HRA / housing related resources	-1.9
General Fund / Non Ring Fenced Resources Available for Immediate Investment	16.1

The above position includes ring fenced HRA reserves that need to be used to meet specified conditions. Netting down all housing related reserves from the overall total results in £16.1M remaining for General Fund purposes.

At this stage, it is recommended that this amount of £16.1M is set aside as a contingency from the ongoing 'Brexit' uncertainty particularly in light of the major economic programmes / projects that the Council is committed to taking forward in its capital programme.

SECTION I APPENDICES

Appendix A – Detailed Medium Term Financial Forecast

Appendix B - Capital Investment Strategy

Appendix C - Treasury Management Strategy

Appendix D - Financial Resilience Strategy

**2020 FUTURE COUNCIL
DETAILED MEDIUM TERM FINANCIAL FORECAST 2019-2021**

	FORECAST 2019/20		FORECAST 2020/21		FORECAST 2021/22	
	£m		£m		£m	
EXPENDITURE:						
1. Base Net Expenditure (Net of Schools)						
Revised Base Position		168.988		169.064		168.871
2. Fixed and Ongoing (already reported)						
Pay Award, National Insurance and NJC Pay Review in 19/20	2.385		2.000		2.000	
Increments	0.735		0.401		0.401	
National Living Wage /Inflationary Increases	1.715		1.832		1.832	
Other Inflation (inc BSF)	0.923		0.965		0.965	
Financing Capital New Starts Programme (including FYE from Previous Years)	0.270		0.350		0.850	
Housing Benefit admin subsidy grant reduction	0.300					
Public Health loss of grant	0.451					
Improved Better Care Fund (BCF)	-4.200					
Reinvestment of Better Care Fund potentially required	0.800		-2.000			
One off Adult Social Care Grant	-0.546					
Change in Minimum Revenue Provision (MRP) policy	0.000					
Budgeted in year surplus	0.194		-0.194		0.000	
		3.027		3.354		6.048
3. Investment & Other Policy Issues						
Improved Better Care Fund (FYE of investment decision already made)			1.188			
Cost of Care (Residential Fees)	0.449		0.750			
Town Centre Issues (Market Rents and Glassworks - Shortfall in Income)	-0.474		2.300			
MRP Provision	0.220		0.220		0.220	
Provision for Youth Zone			0.300			
		0.195		4.758		0.220
4. Demographic and Demand						
Waste	0.200		0.200		0.200	
Home To School	0.200		0.200		0.200	
Adults Social Care (Demographics and other pressures)	0.419		0.605		0.604	
Additional Service Pressures - SEN(D) and Home to School Transport	0.700		0.000		0.000	
Children's Social Care (Demographics/base issues)	0.200		0.195		0.195	
Demographics Contingency	0.900					
		2.619		1.200		1.199
TOTAL EXPENDITURE BEFORE EFFICIENCIES		174.829		178.376		176.338
5. Efficiency Proposals						
2020 Efficiency Programme	-5.765		-9.505			
		-5.765		-9.505		
TOTAL EXPENDITURE		169.064		168.871		176.338
RESOURCES:						
8. Core Resources						
Council Tax						
Council Tax Income inc Base	89.311		95.063		98.263	
Council Tax Collection Fund Surplus	3.115		2.615		2.000	
		92.426		97.678		100.263
Business Rates Retention (BRR) scheme						
Local Share - Business Rates (net 50% share)	22.314		22.814		23.614	
Local Share - Top Up Grant	31.640		32.240		32.840	
S31 Grant for 2% Capping - Top Up	0.552		0.552		0.552	
Revenue Support Grant (RSG)	19.021		12.745		8.539	
		73.527		68.351		65.545
S31 Grant Per NNDR1 form (Business Rates)						
S31 Grant for Small Business Rate Relief	3.035		3.035		3.035	
		3.035		3.035		3.035
Core Resources b/f		168.988		169.064		168.843
9. Change in Resources						
Council Tax						
Council Tax increase in tax base	1.667		1.200		1.300	
Council Tax Collection Fund Surplus	-0.500		-0.615			
Council Tax increase (@ 4.5% 19/20 inc ASC & 2 thereafter 19/20 inc ASC)	4.085		2.000		2.100	
		5.252		2.585		3.400
Business Rates Retention (BRR) scheme						
Increase in local Share to 75%						
Local Share Business Rate Growth @ 50% share	0.500		0.800		1.000	
Additional S31 Grant for Policy Changes						
Top Up Grant @ 2%	0.600		0.600		0.600	
S31 grant for CPI cap - Top Up						
Revenue Support Grant	-6.276		-4.206		-2.362	
		-5.176		-2.806		-0.762
TOTAL RESOURCES		169.064		168.843		171.481
NET SHORTFALL		0.000		0.028		

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**THE CAPITAL INVESTMENT STRATEGY
2019/20**

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1 EXECUTIVE SUMMARY

1.1 This Capital Investment Strategy has been prepared in accordance with the CIPFA Prudential Code 2017 which local authorities must 'have regard to' when carrying out their duties in England under Part 1 of the Local Government Act 2003.

1.2 The Capital Investment Strategy forms a key part of the Council's overall planning process. It provides a mechanism by which capital expenditure and investment decisions are aligned over a medium term (five year) planning period with the Council's [Corporate Plan](#) and the three core priorities that it looks to achieve:

- thriving and vibrant economy;
- people achieving their potential;
- strong and resilient communities; and
- one council.

1.3 This Capital Investment Strategy sets the framework for all aspects of the Council's capital and investment expenditure including prioritisation, governance, planning, outcomes, management, funding and monitoring. It is also linked and cross referenced to the Council's other strategies and plans.

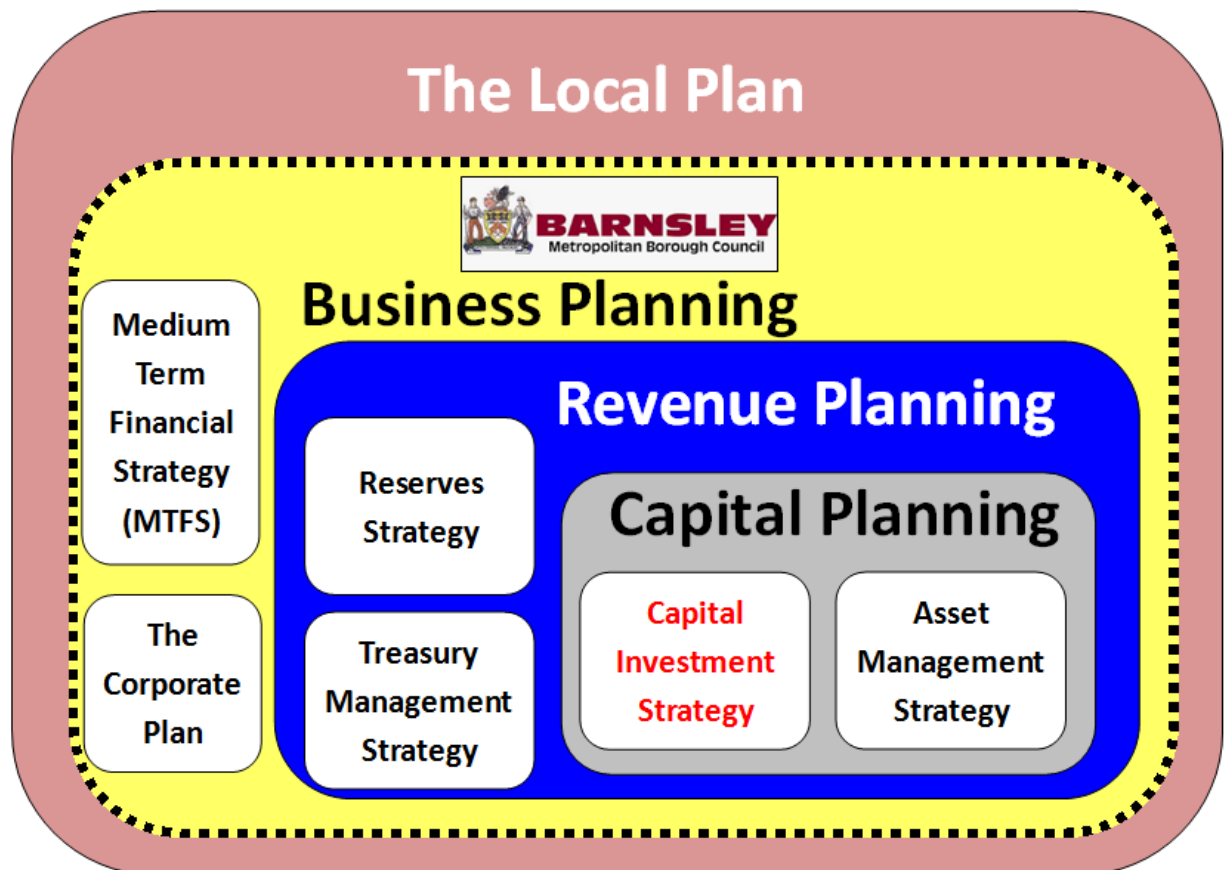
1.4 The objectives of the Capital Investment Strategy are to:

- Provide a framework together with a clear set of objectives, within the CIPFA codes and statutory legislation, by which new projects are evaluated to ensure that all new funding is targeted at meeting the priorities within the Council's Corporate Plan;
- Set out how the Council identifies, programmes and prioritises funding requirements and proposals arising from business plans submitted through its Capital Oversight Board, following a stringent gateway appraisal mechanism comprising of Outline Business Case (OBC), progressing to Full Business Cases (FBC) before the necessary approval;
- Consider options available for funding expenditure and how resources may be maximised to generate investment in the area. To determine a prudent, affordable and self-sustaining funding policy framework, whilst minimising or mitigating the ongoing revenue implications of any such investment;
- Identify the resources available for investment over the MTFS planning period;
- Ensure the strategy has an overall balance of risk on a range of projects over time, funding mechanism and rate of return; and

- Establish effective arrangements for the management of expenditure including the assessment of project outcomes, budget profiling, deliverability, outcomes, value for money and security, liquidity and yield of investments.

2. STRATEGY FRAMEWORK

- 2.1 The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal.
- 2.2 This Capital Investment Strategy has been considered within the overarching context of the Council's adoption of the Local Plan, which sets out the long term, strategic plan for the Borough as a whole, delivered by the private sector, other public sector agencies and the Council.
- 2.3 The Local Plan considers the future use of all land within the borough, including Barnsley Town Centre, and establishes policies and proposals up to the year 2033. The Local Plan sets the framework that considers planning applications and coordinates investment decisions that affect the towns, villages and countryside of Barnsley.
- 2.4 The Local Plan includes policies to deliver:
- housing;
 - retail, leisure and commercial development;
 - education, health, police and community facilities;
 - support for transport, minerals, energy, telecoms, water supply and sewage treatment;
 - energy, including renewable sources;
 - the protection and improvement of historic and countryside areas; and
 - the protection of homes and properties from flooding.
- 2.5 The Capital Investment Strategy forms an fundamental part of the Council's overall planning process and, like the other budget papers, is formulated within the context of the overarching Future Council Strategy which establishes the principles by which the Council will achieve the overall Corporate Plan, including the Medium Term Financial Strategy framework
- 2.6 The Capital Investment Strategy is an integral part of the Medium Term Financial Strategy as it complements and informs various elements of the budget setting cycle, predominately the Treasury Management and Reserves strategies respectively.
- 2.7 The graph below shows how the Capital Investment Strategy fits into the wider planning framework and the links into the budget process.



2.8 There are extensive connections between the Council’s various strategies and plans due primarily to the way they interrelate with and inform each other. Where applicable, these are cross-referenced throughout the Capital Investment Strategy and vice versa.

3 CAPITAL EXPENDITURE

What is Capital Expenditure?

3.1 An understanding of what constitutes capital expenditure is fundamental to realising the benefits that an authority can obtain under the Prudential Framework.

3.2 The Local Government Act 2003, which includes the legislation for the capital finance system, does not specify what precisely constitutes capital expenditure.

Instead it:

- Refers to “expenditure of the authority which falls to be capitalised in accordance with proper practices; and
- Enables the Secretary of State to prescribe by regulation that the spending of a particular local authority shall, or shall not, be treated as capital expenditure.

3.3 The Council defines capital expenditure/investment as “Expenditure on the acquisition, creation, or enhancement of non-current assets”. Non-current

assets include those items of land, property and plant/equipment, which have a useful life of more than one year.

3.4 The following categories of expenditure will require capital resources to fund their purpose:

- The acquisition, reclamation, enhancement or laying out of land exclusive of roads, buildings or other structures;
- The acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- The acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels;
- The making of advances, grants or other financial assistance towards expenditure or on the acquisition of investments;
- The acquisition of share capital or loan capital; and
- The acquisition of computer software, plus the in-house preparation of it, provided that the intention is to use the software for at least 1 year.

3.5 Enhancement of an existing fixed asset means:

- To lengthen the useful life of the asset; or
- To increase substantially the open market value of the asset; or
- To increase substantially the extent to which the asset can be used for the purposes of or in connection with the functions of the Council.

3.6 There are two additional situations where expenditure may be capitalised:

- The Secretary of State makes a direction that the expenditure is permitted to be treated as capital expenditure. For example, the Secretary of State issued a capitalisation direction to allow local authorities the opportunity to apply for redundancy expenditure to be treated as capital instead of revenue. These directions are only issued in exceptional circumstances; and
- Expenditure incurred on works to any land or building in which the Council has no future direct control or benefit from the resultant assets, which would be capital expenditure if the local authority had an interest in that land or building. This is commonly known as (Revenue Expenditure Funded by Capital Under Statute) (REFCUS).

3.7 Unless expenditure qualifies as capital, it will normally fall outside the scope of the framework and therefore be charged to revenue in the period that the expenditure is incurred. If expenditure meets the definition of capital, there may be opportunity to finance the outlay from available

resources (reserves / receipts) or by spreading the cost over future years' revenues (borrowing) where it is prudent to do so.

De Minimis

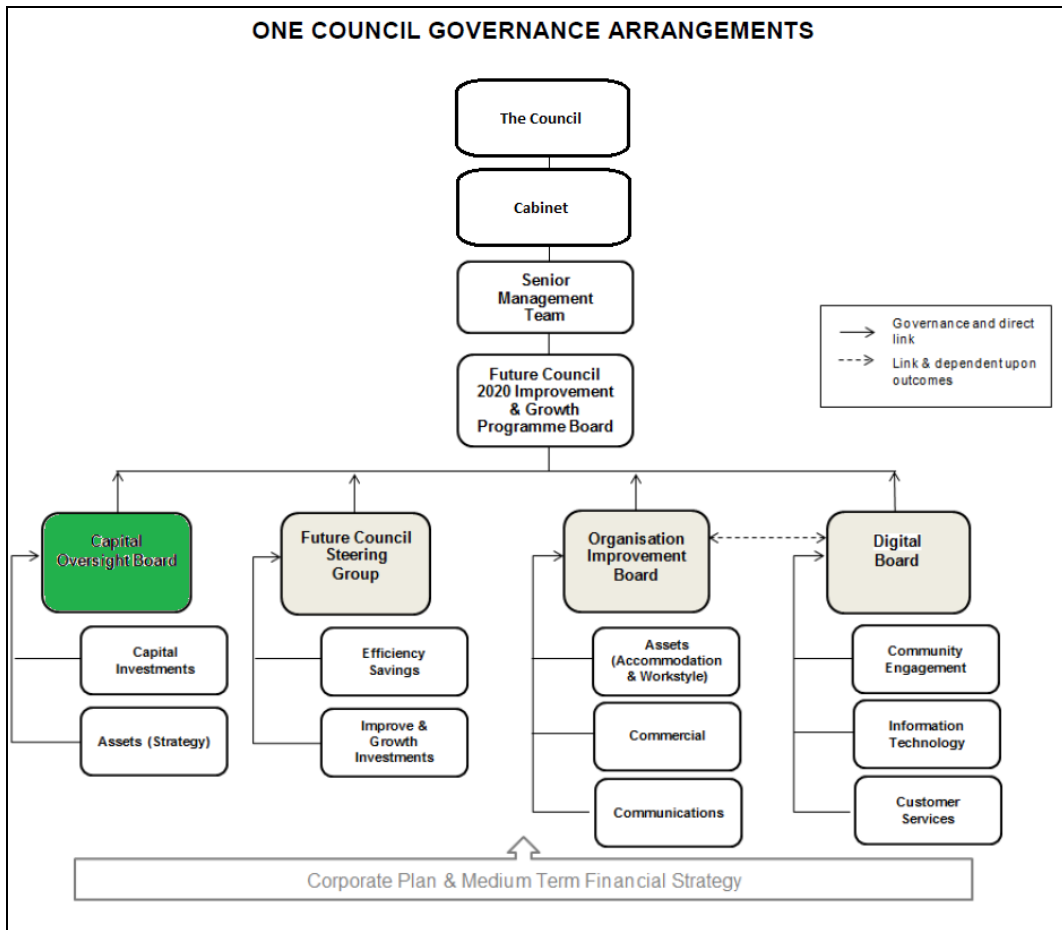
- 3.8 The Council operates a de-minimus limit of **£10,000**. This means that, whilst expenditure may meet the definition of capital expenditure, the Council will treat that expenditure as revenue, if the amount is below the de-minimus threshold.

Flexible Use of Capital Receipts

- 3.9 The Council also has the opportunity to utilise its capital receipts (which are ordinarily to be used on capital expenditure), on revenue expenditure relating to service transformation projects that are expected to generate revenue savings to the Council.
- 3.10 Some examples include: funding the cost of service reconfiguration, restructuring or rationalisation, sharing the costs of senior management, improving systems and processes to tackle fraud and corruption and setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue.
- 3.11 The Council has, at this time, not exercised this flexibility.

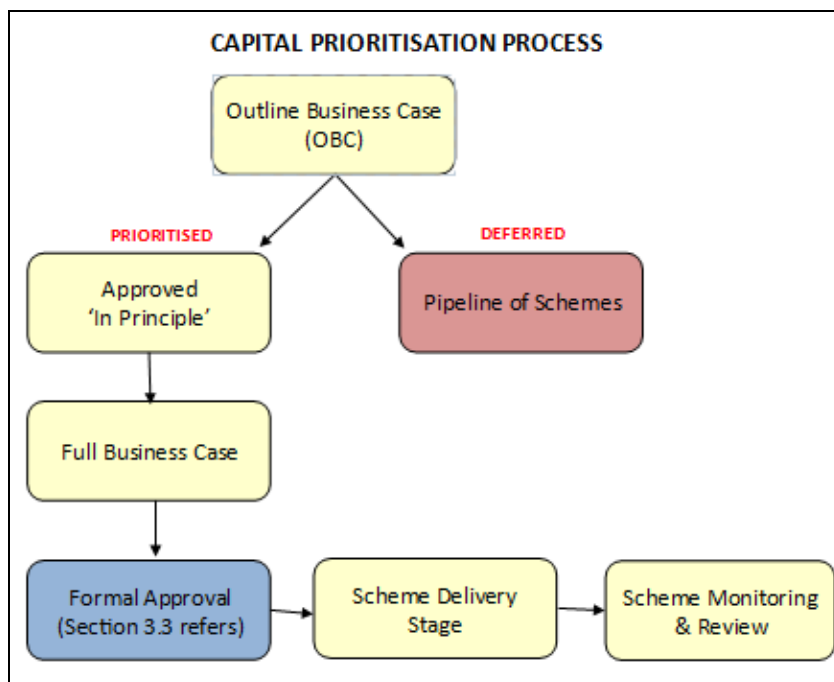
Capital Programme Governance & Prioritisation Process

- 3.12 The nature of capital schemes means that they are often, complex, high risk, high profile and are delivered over a multi-year period. Additionally, the implications and legacy of capital schemes are far reaching.
- 3.13 For these reasons, it is important that the Council adopts and maintains a consistent and robust approach to the development, prioritisation and delivery of capital schemes.
- 3.14 As part of the governance arrangements embedded within the One Council Framework, the Capital Oversight Board is an established body within that overall governance structure – as shown below.



3.15 The main responsibility and focus of the Capital Oversight Board is to review, challenge and ultimately prioritise capital projects as they work through the capital framework (outlined in the paragraphs below), ensuring alignment to the Council’s overall corporate priorities within the finite resources that are available.

3.16 The prioritisation process is shown in the figure below and each stage is explained in the subsequent paragraphs.



Outline Business Case

- 3.17 At this stage, services complete an outline business case, which demonstrates their proposal from a high-level point of view including, for example, the indicative financial requirements, the anticipated financial and non-financial returns and how the proposal would contribute to the Council's objectives.
- 3.18 Members of the Capital Programme Oversight Board then rank each outline business case based on the initial assessment against four scoring and three non-scoring criteria as described below:

No.	Scored Criteria	Scoring Weighting	No.	Non-Scored Criteria
1	Does the proposal deliver efficiency (financial and non-financial) and / or clear return on investment?	30%	1	Impact on corporate priorities
2	Will the proposal lever in other funding sources and investment? E.g. voluntary sector, private sector, SCR	30%	2	Is the investment required for staffing?
3	What are the measurable outputs / outcomes?	20%	3	Timing of return on investment
4	Is there a clear and robust evidence base for doing the scheme?	20%		

- 3.19 The outline business cases are ranked into score order and considered against the total resources identified at that time which results in two lists:
- Pipeline of schemes; and
 - Schemes approved in principle.

Pipeline of Schemes

- 3.20 The pipeline of schemes represents those schemes that are not currently prioritised under the above process and are in effect deferred in terms of progression at that point. Where future resources are identified, these schemes are considered together with all other identified schemes including any new emerging priorities to derive a live pipeline of schemes.

Approved 'in Principle' Schemes

- 3.21 Once schemes have been prioritised, they are deemed approved 'in principle' which means that, given the outline business case, the project is approved to progress through to the full business case stage. The terminology of 'approved in principle' is to distinguish between this and formal Cabinet approval.
- 3.22 Ordinarily, the 'approved in principle' schemes are included in the budget papers that are considered by Cabinet. At this stage, Cabinet would be provisionally approving the setting aside of the resources for such schemes whilst awaiting subsequent reports outlining the detailed business case and associated funding implications.
- 3.23 It should be noted that this list is not intended to be a static position, it is meant to be fluid to allow flexibility in terms of dealing with any unforeseen

emerging priority that becomes apparent. A reprioritisation exercise would be undertaken to include the revised priority if it was deemed more of a priority than other schemes, obviously managed within the finite financial envelope at that point in time.

Full Business Case

- 3.24 Each scheme is then subject to a full and detailed business case, that gives further information around the particulars of the scheme. These business cases are presented to the Capital Oversight Board and SMT respectively, where they are scrutinised and challenged on their robustness and the assumptions therein. Any amendments are weaved in, where applicable and subsequently signed off as approval to progress to the next stage by the Board.

Formal Approval

- 3.25 A formal approval report is then sought outlining the proposal to be considered by the appropriate approval level. The type of formal approval is dictated by the overall capital value of the scheme and follows the Authority's governance and approval arrangements, as outlined in paragraph 3.14.

Scheme Delivery Phase

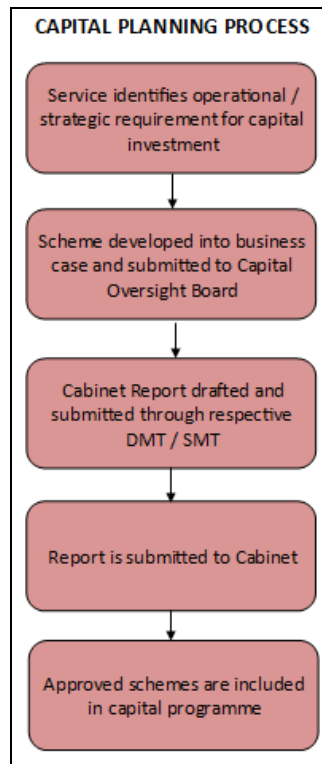
- 3.26 Once approved, the scheme is consolidated into the Council's capital programme and budget assigned as per the approvals accordingly. Project managers can commence incurring expenditure against that budget and the scheme is in delivery phase.

Scheme Monitoring & Review

- 3.27 During the delivery phase, project managers work closely with finance staff to monitor the financial position over the life of the scheme and identify any potential issues relatively early to allow mitigation actions to be implemented.
- 3.28 Updates on both the operational and financial performance of each scheme are given to the Capital Oversight Board on a quarterly basis as well as being included in the overall Council capital programme quarterly budget monitoring reports that are presented to Cabinet throughout the financial year.
- 3.29 Upon completion of the scheme, an investment benefits template is completed by the project manager and submitted to the Capital Oversight Board with the intention of presenting the realised benefits from the scheme and any learning points, positive or negative, for consideration on future schemes.

Capital Planning & Approval Process

- 3.30 The Council's capital planning process is shown in the figure below and each stage is explained in the subsequent paragraphs. The process is continuous throughout the financial year with the main budget-setting element at the start of the financial year seen as the major component to it.



Service Identifies Requirement

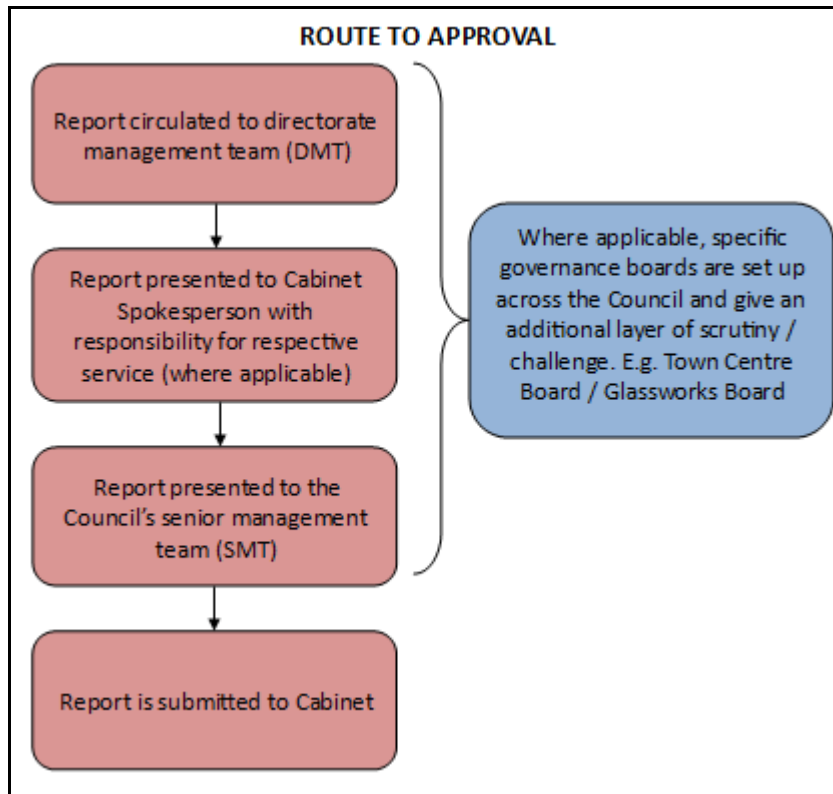
- 3.31 Through the Council strategic planning arrangements, individual business units are responsible for setting their own objectives, aligned to the Council’s overall corporate plan. Where a requirement is identified, whether it be strategic or for service delivery, these requirements are built into both operational and financial plans and duly considered.

Scheme Developed to Business Case

- 3.32 Schemes that are deemed priority, whether specific funding has been sourced, or whether the requirement is a call on the Council’s overall available resources, identified through the Reserves Strategy, a business case is compiled in conjunction with the process explained in paragraph 3.16. The implications from both capital and revenue perspectives are considered using a whole life cycle costing methodology.

Cabinet Report Produced

- 3.33 Once the business case is established, formal approval is sought and drafted for consideration through the Council’s reporting framework, which ordinarily goes through the following route:



Reports Submitted for Approval

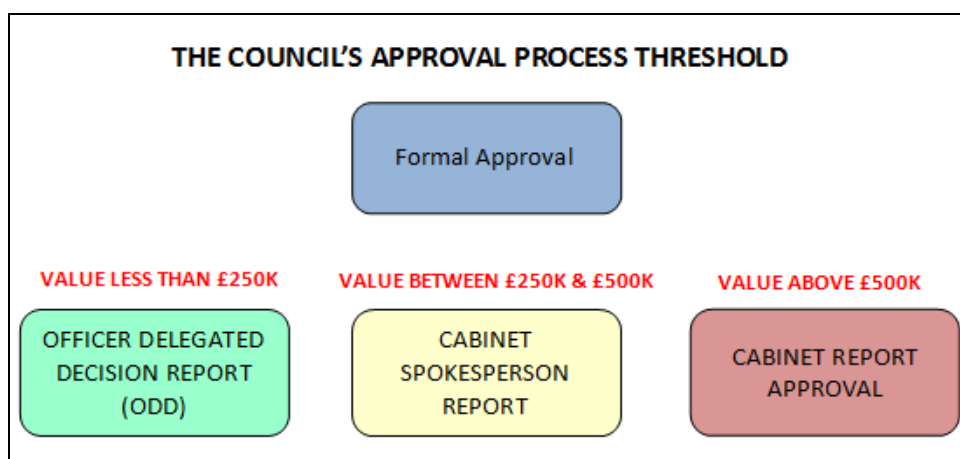
- 3.34 The annual budget papers for both the General Fund and the HRA are submitted to Cabinet for approval in January (HRA) and February (General Fund) respectively. These papers include indicative capital programmes for both areas, which include a combination of a high-level split between high-level work programmes and detailed schemes at this stage. Cabinet are, at this stage, approving the high-level resource allocations matched to the respective work programmes.
- 3.35 The budget papers incorporate both recurrent external resources that the Council receives, typically via government grants and the Council's own one off resources as identified through its Reserve Strategy and Borrowing Strategy. The Council updates its Reserves Strategy periodically throughout the financial year as the budget monitoring position develops and other issues emerge.
- 3.36 Where external funding bids are to be considered in the context of the above, the Council follows the principles set out in its Capital Funding Approach (section 5.38 refers) in respect of the holistic approach adopted. Furthermore, additional elected member consultation is sought at this point via the respective Cabinet representative for the service preparing the bid.
- 3.37 Individual services that are responsible for those work programmes then submit subsequent Cabinet reports that outline, on a more granular and detailed basis, how the resources set aside intend to be used on a scheme by scheme basis. This is based on a business plan that has been through the capital oversight board process. Cabinet are, at this stage, approving the capital expenditure plans.

Approved Schemes Included in Capital Programme

- 3.38 Following approval by Cabinet, these proposals, and their financial plans are included within the Council's Capital Programme and the individual schemes can commence in terms of delivery. See paragraphs 3.27 to 3.29 for commentary on the monitoring and review process.

Capital Programme Approval Thresholds

- 3.39 The Authority's constitution, financial regulations and governance arrangements set out the approval process, which governs the Council's capital programme.
- 3.40 The figure below sets out the type of approval required for each respective range thresholds for values of individual capital schemes. It should be noted that these thresholds are applicable only for schemes that are fully funded. Where the proposal is unfunded, such schemes require Cabinet approval regardless of value.



- 3.41 Where a proposal is politically sensitive, then, at the discretion of SMT, these particular reports may be submitted to Cabinet, regardless of value.

Capital Planning Strategy

- 3.42 The Council will therefore pursue an active strategy of:
- Where specific, external, ring-fenced resources are received, the responsible service prioritises the resources to the areas of greater need (using highways asset condition survey for example) within the requirements and stipulations within those specific funding agreements (e.g. School Condition Grant);
 - Where the Council receives general funding that have no restrictions, including its own resources, due consideration is given to the prioritisation process as described in paragraphs 3.16 through to 3.29 in the financial envelope identified. Reprioritisation exercises can take place as and when priorities emerge;
 - Consideration for using borrowing / leasing will be undertaken for specific gap funding requirements only where the risk resides with the developers and not with the Council. The significant investment in the

Glassworks Scheme in the medium terms means that only prudent and modest additions to the borrowing requirement will be considered and such schemes will be subject to a rigorous analysis to ensure that there is a strong evidence base for the expected future income streams/ economic return.

2020 Capital Programme

- 3.43 The Council is required to present to Cabinet for approval, its capital investment programme on an annual basis for both the general fund and HRA, that are included in the papers to Cabinet in February (GF) and January (HRA) respectively.

Area	Date Approved	Cabinet Ref
General Fund	On the agenda with this Capital Investment Strategy	N/A
Housing Revenue Account	9 th January 2019	Cab.9.1.2018

- 3.44 These papers outline the position for the forthcoming financial year then give an indicative position for the subsequent four years to give an outlook over the medium term 5-year period. The respective programmes are set within the context of this Capital Investment Strategy.
- 3.45 In addition, the capital plans from previous financial years are still included in the programme as multiyear capital projects finalise and complete.
- 3.46 Each project, for reporting purposes is aligned to the council priority that it contributes towards. The table below shows the capital programme including the 2019/20 budget setting papers for an indicative snapshot of the entire approved programme.

3.47 Indicative Capital Programme for 2018/19 through 2022/23 per Corporate Priority

<u>Corporate Priorities</u>	<u>Corporate Outcomes</u>	Existing GF Capital Programme £M	New Approvals - GF £M	Existing HRA Capital Programme £M	New Approvals – HRA £M	New Approvals – Specific Funding £M	Total BMBC Capital Programme £M
THRIVING & VIBRANT ECONOMY	(1) Create More & Better Jobs & Good Business Growth	16.790	4.770	-	-	-	21.560
	(2) Increase Skills To Get More People Working	-	-	-	-	-	-
	(3) Develop A Vibrant Town Centre	143.818	11.643	-	-	-	155.461
	(4) Strengthen Our Visitor Economy	8.724	-	-	-	-	8.724
	(5) Create More & Better Housing	10.736	2.548	143.796	17.313	2.758	177.151
	Sub Total	180.068	18.961	143.796	17.313	2.758	362.896
PEOPLE ACHIEVING THEIR POTENTIAL	(6) Every Child Attends a Good School	6.667	-	-	-	9.742	16.409
	(7) Early, Targeted Support For Those That Need It	-	-	-	-	-	-
	(8) Children & Adults Are Safe From Harm	0.359	-	-	-	-	0.359
	(9) People Are Healthier, Happier, Independent & Active	7.474	-	-	-	-	7.474
	Sub Total	14.500	-	-	-	9.742	24.242
STRONG & RESILIENT COMMUNITIES	(10) People Volunteering & Contributing Towards Stronger Communities	-	-	-	-	-	-
	(11) Protecting The Borough For Future Generations	32.273	4.900	-	-	8.725	45.898
	(12) Customers Can Contact Us Easily & Use More Services Online	0.530	-	-	-	-	0.530
	Sub Total	32.803	4.900	-	-	8.725	46.428
	Total	227.371	23.861	143.796	17.313	21.225	433.566

4 THE COUNCIL'S CAPITAL ASSETS & MANAGEMENT OF THOSE ASSETS

What Type of Capital Asset Does The Council Control?

- 4.1 The Council is responsible for a wide variety of capital assets, which are located physically throughout the Borough. The Authority controls, but not necessarily legally owns these assets, for a number of reasons:
- firstly, the Council may have inherited them as part of local government reorganisation and by virtue of the existence of the Council in its legal capacity as a local authority e.g. the road network and heritage assets;
 - secondly, the assets could have been purchased or enhanced by the Council through capital investment via its capital programmes over the years e.g. Industrial Sites and software packages such as SAP;
 - thirdly, the Council could have leased or financed the assets via PFI agreement e.g. BSF Schools and leased fleet vehicles; or
 - finally, the assets could be held as a strategic decision made by the Council e.g. loans made to third parties of financial assistance.
- 4.2 These assets are shown in the table below, with their respective value to the Authority as at the 31st March 2018, in accordance with the regulatory reporting requirements. It must be noted that these values does not necessarily constitute what the Authority actually paid for these assets as the asset base are valued regularly to their current existing use value and depreciated over its useful life.
- 4.3 It is important to understand the make-up of the overall Council asset base when considering this Capital Investment Strategy from the contextual viewpoint that ultimately the Council's capital (and revenue) programmes contribute towards maintaining, enhancing and adding to this asset base. A synopsis of each category, together with illustrative examples and commentary of any specific issues is shown in the subsequent paragraphs.

Asset Category	Value as at 31st March 2018 £M
Council Dwellings	543.003
Other Land & Buildings	341.663
Vehicles, Plant, Furniture & Equipment	5.979
Infrastructure Assets	252.227
Heritage & Community Assets	10.427
Assets Under Construction	15.909
Surplus & Held for Sale Assets	9.802
Intangible Assets	1.383
Long Term Investments	4.767
Long Term Debtors	2.728

Council Dwellings

- 4.4 Council dwellings represent the Council's social housing stock held in its role as housing authority, which are held in the Council's HRA and are required to be separately treated from GF activity as per the statutory ring-fence arrangements.
- 4.5 The Council's dwellings are subject to a decency standard, called the Barnsley Home Standard, which continues the Decent Homes Standard as previously set out by Government. Within this context, as part of the HRA budget process, significant capital investment plans are proposed, in conjunction with the 30-year HRA business plan that ensures that this decency standard is maintained.
- 4.6 A further issue in respect of the council dwelling stock is the Right to Buy (RTB) agenda introduced by Government, which allows, within certain parameters, council tenants the right to buy their council home at a discount. To part mitigate the impact of this, again, as part of the HRA budget setting process, capital investment is planned in purchasing empty homes and new build programmes within the Borough to recycle back into housing stock.
- 4.7 In respect of the maintenance of the Council's dwellings, the HRA revenue budget sets aside a significant maintenance budget to ensure the upkeep of its dwelling portfolio. The HRA planned maintenance programme is outlined in paragraphs 4.59 through to 4.63.

Other Land & Buildings

- 4.8 Other land and buildings represent other operational assets of the Council, used in the provision of services, with examples including industrial estates, leisure centres and maintained schools.
- 4.9 The Asset Management Strategy sets out the Council's approach in respect of the management of its land and buildings, and is explained in further detail at paragraphs 4.28 and 4.29.
- 4.10 With respect to maintenance of these assets, the Council has a planned maintenance programme that ensures the upkeep of these assets, which is outlined in paragraphs 4.55 through to 4.58.

Vehicles, Plant, Furniture & Equipment

- 4.11 The vehicles, plant, furniture & equipment category is relatively self-explanatory and includes both leased and owned assets including wheeled bins, waste disposal vehicles and computer hardware.
- 4.12 The Council has a vehicle replacement programme and an IT Technology Refresh programmes to cater for future requirements in those areas. The vehicle replacement programme is applied in the context of the Fleet Strategy, which provides the overarching approach to how the Council disposes, and acquires its fleet vehicles (paragraphs 4.38 through 4.41 refers). Both of these programmes are managed in line with customer requirements and service needs accordingly.

- 4.13 In terms of replacement / renewal, where a priority is identified relating to VPF&E and necessitates an additional call on the Council overall resources, then the capital prioritisation process would apply accordingly.

Infrastructure Assets

- 4.14 Infrastructure assets are assets relating to roads, cycleway and footpath networks as well as its structures, street furniture, traffic management systems, street lighting and highway land.
- 4.15 The Highways Asset Strategy, as summarised in paragraphs 4.32 through to 4.37 below, demonstrates how the Council manages these assets over the medium term in respect of both maintenance and adoption of whole lifecycle costs that determines the approach of renewal and appropriate treatment.

Heritage & Community Assets

- 4.16 Heritage assets are assets that have historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for its contribution to knowledge and culture. Community assets are assets held in perpetuity by the Council for the benefit of its residents, often with some restriction to disposal.

Assets Under Construction

- 4.17 Assets under construction are capital assets that have yet to become operational at the reporting date i.e. they are still under construction and are not currently delivering services.

Surplus & Held for Sale Assets

- 4.18 Surplus assets are assets that are deemed surplus insofar as they are no longer providing services on the Council's behalf, but they are not designated held for sale.
- 4.19 Assets Held for Sale are assets that are, in financial reporting terms, designated held for sale which means they are actively being marketed and there is an expectation that these assets will be sold within the next 12 months.
- 4.20 The Asset Management Regeneration & Growth Plan, outlined in paragraph 4.30 to 4.31 would consider such assets against potential disposal requirements.

Intangible Assets

- 4.21 Intangible assets are non-physical; capital assets held by the Authority, examples include software packages.
- 4.22 In terms of replacement / renewal, where a priority is identified relating from an intangible asset point of view, if the proposal meant an additional

call on the Council overall resources, then the capital prioritisation process would apply accordingly.

Long Term Investments

- 4.23 Long-term investments in this context relate to strategic decisions made by the Council to invest in certain special purpose vehicles (SPV's) that support front line service delivery, which used capital resources to originally fund them – as opposed to treasury management investments that are purely for cash flow activity.
- 4.24 Where these shares/investments are redeemed, the receipt is treated as a capital receipt and it is Council policy to write down the Council's debt requirement with those receipts on a prudent basis.

Long Term Debtors

- 4.25 Similar to the long-term investments as outlined in paragraph 4.23 above, long term debtors in this context relate to strategic decisions made by the Council in respect of granting financial assistance and support to partner bodies as long term loans, again, using capital resources to originally fund these.
- 4.26 When these loans are repaid to back to Council, the receipt is treated as a capital receipt and it is Council policy to write down the Council's debt requirement with those receipts on a prudent basis.

Asset Management Strategies / Plans

- 4.27 The Council has a number of strategies relating to its assets to ensure that they are still fit for purpose and are as efficient as they can be as a strategic asset base, designed to support services in providing services to the taxpayer. Each of the following strategies has significant influence on the Council's capital programme and assists in shaping its priorities moving forwards.

Asset Management Strategy

- 4.28 Asset Management Strategy seeks to demonstrate that the Council is employing good practice in the management of its assets and is supporting the Council's strategic goals.
- 4.29 The Asset Strategy sets out the Council's key ambitions for the borough, taking into consideration six main themes:
- *Theme 1 - Opportunity Gap* - identifying and addressing the barriers and challenges to eliminate the opportunity gap and release the full potential in the Council's assets. Developing clear pathways to supporting the goals of other corporate plans and strategies;
 - *Theme 2 - Accelerated Growth Sites* - supporting regeneration and growth strategies to accelerate development opportunities. Building strong and lasting relationships with developers;

- *Theme 3 – Communities* - building strong and inclusive communities using asset based community development. Galvanising the strengths that already lie within communities to bring people together;
- *Theme 4 - One Public Estate* - supporting joint working across the public sector organisations to release land and property and boost economic growth, regeneration and integrated public services;
- *Theme 5 - Accommodation & Workstyle* - ensuring that our accommodation supports flexible and agile working. To provide reliable and efficient technology to mobilise employees and enable better and more efficient ways of working;
- *Theme 6 - Energy Management* - minimising our energy consumption and promotion of energy efficient design in new and refurbished buildings. Promotion of renewable energy.

Asset Management / Regeneration & Growth Plan

- 4.30 Following from the context set out in the Asset Management Plan, the Regeneration & Growth Plan outlines and identifies a rolling programme of potentially surplus land and property assets for future year's disposals and/or regeneration.
- 4.31 The Regeneration & Growth Plan supports the Medium Term Financial Strategy and Reserves Strategy respectively by identifying the potential level of one off resources that may be available to support the overall Capital Investment Plan through maximisation of capital receipts and development opportunities through the ongoing review of the Council's assets.

Highway Asset Management Strategy

- 4.32 A high quality highway network asset will contribute to the Council's corporate priorities for growth and prosperity by supporting economic growth through business, commuting and leisure activities.
- 4.33 To achieve this ambition, a whole-life approach to the management of the highway asset has been embraced by building in best-practice methods to deliver the optimum value for money. This output-based approach allows consideration of wider strategic objectives whilst factoring in local priorities. The resulting analysis seeks to ensure that our forward maintenance programme meets the needs of the council and its wider community.
- 4.34 Using this intelligence based approach for the identification and prioritisation of planned maintenance, we will develop long (5+ years), medium (3 year) and short-term (annual) programmes for the asset with prioritisation being transparent and evidence based.
- 4.35 Life cycle plans will consider the condition of the asset and assess its future performance by applying agreed risk and investment policies, which

will be used to develop the works programmes and strategies required to achieve our service objectives.

4.36 The Council will seek to maintain a record of the entire asset, from creation to disposal, which will encompass the main work activities used in the management of a highway network:

- 1) *Operations and Maintenance*: Activities undertaken to ensure the efficient operation and serviceability of the asset;
- 2) *Renewal*: Provision for progressive replacement of individual assets that have reached the end of their useful life and which cannot be sustained by routine maintenance alone; and
- 3) *Development*: Improvement of systems that currently perform below set target service standards or that need upgrading to meet future demand.

4.37 From this collated information, appropriate maintenance interventions are derived in accordance with the principles of whole life costs with the aim of maximising our resource to extend the life of the asset.

The Fleet Strategy

4.38 The Council currently operates and maintains a fleet of over 440 vehicles, plant and equipment. These assets range from a waste disposal vehicle, to a tractor, to a simple car.

4.39 On average, Council vehicles have a useful life of between four and eight years. The actual useful life depends for example the type of vehicle required, how well the vehicle is maintained, service requirements and cost of financing.

4.40 A rolling programme of replacement is undertaken in line with the assets useful life and available resources. Before a vehicle is to be replaced, consideration is also given to a number of other factors. These include:

- Current and future service delivery needs;
- Alternative options e.g. does the vehicle have multiple uses or is there another way in which the service can be delivered without the use of the vehicle;
- Consideration of technological advances including introduction of electric vehicles;
- Financing options including lease or buy.

4.41 In order to seek approval to undertake vehicle replacement(s) a report is presented to Cabinet periodically, which identifies those vehicles to be replaced as well as highlighting what considerations have been given to the factors above.

Housing Strategy

4.42 The Council's Housing Strategy builds on housing and regeneration initiatives that have been delivered across the borough. It also builds on

the progress that Barnsley has made over a number of years towards achieving the long-term goal for the borough as ‘a successful, uniquely distinctive town that offers prosperity and a high quality of life for all’.

- 4.43 It sets out the Council’s ambitions for housing provision, investment and management in the borough over the next 20 years. The Council is prioritising actions with a series of four-year delivery plans, including the issues that are expected to be tackled first and the issues we expect to address over the long term. The plans will also show how we will use our resources and influence partners, particularly the private sector, to achieve our goals.
- 4.44 The housing delivery plan considers five main strategic objectives:
- Support new housing development;
 - Build high quality, desirable and sustainable homes;
 - Make best use of and improve existing housing stock;
 - Develop strong and resilient communities; and
 - Support younger, older and vulnerable people to live independently.

Transport Strategy

- 4.45 The Transport Strategy identifies and prioritises transport interventions associated with sustainable development to meet aspirations as set out in the Council’s Local Plan, the Jobs and Business Plan, the Housing Strategy, Economic Strategy and the Energy Strategy.
- 4.46 Many of the local accessibility and highway interventions will be delivered by the Council, but it is necessary to also work with partner organisations at a local, regional and national level to deliver this strategy. These will encompass other local authorities, local community groups, transport operators, health agencies, the South Yorkshire Passenger Transport Executive, Local Enterprise Partnership, Sheffield City Region, Leeds City Region, Highways England, Network Rail and Government Departments.
- 4.47 It is the Council’s priority for transport investment to support economic growth and to achieve a safe, sustainable community. The Council will utilise funding from a variety of sources, which are needed to realise our ambitions, with these supported by robust modelling and evidence base.
- 4.48 The four key transport priorities within the Transport Strategy sets out how the Council will achieve our vision to promote economic growth and improve the quality of life of Barnsley’s residents and are shown below:
- Promote Economic Growth and Strategic Connections;
 - Promote Inclusion, Accessibility, and Better Quality of Life;
 - Promote High Quality Natural Environment, Local Air Quality and Climate Change; and
 - Promote Safety, Security and Health.

Jobs & Business Growth Plan

- 4.49 The Jobs and Business Growth Plan was launched in 2014 and sets out a framework that sought to deliver a number of key projects, which would set Barnsley on the path of reshaping its economy to close the jobs and business gap.
- 4.50 The strategy has five key programme areas (Attracting Inward Investment, Investing in Infrastructure, Improving the Town Centre, Growing Existing Businesses and Higher Value Start-Ups), within these, 25 key projects were originally identified.
- 4.51 The key headlines are shown below:
- **Invest in Infrastructure** - Property Investment Fund (PIF) is a package of support, which is in place to help address market failure and encourage speculative development in key strategic employment sites;
 - **Town Centre** – a clear strategy for the regeneration of the town centre is being implemented and significant progress has been made in the demolition of redundant buildings, the development of a temporary market building and the commencement of the refurbishment of the Metropolitan Centre;
 - **Inward Investment** – an inward investment team has been established to co-ordinate the Barnsley Offer to potential inward investors and indigenous businesses looking to expand. Investment into the borough is increasing and is now at its highest level for eight years;
 - **Grow Existing Businesses** – the award winning Enterprising Barnsley programme of business support has continued to deliver significant private sector job growth and remains a key product in delivering future economic growth in Barnsley; and
 - **Launchpad** – significant progress has been made in delivering a universal business start-up programme, the establishment of the Sheffield City Region Launchpad helps to ensure a unified approach to start-up provision across the region.

Social Value Policy

- 4.52 The Council has recently adopted a Social Value Policy, which sets out how it approaches its actions and ultimately how it makes decisions, in the context of the wider, social benefits within the Borough.
- 4.53 This policy dovetails and aligns to the Council's overall vision of a Better Barnsley whilst also directly contributing towards the achievement of its core priorities. In respect of achieving the overall vision of a "Better Barnsley" from a Social Value perspective, the Council's philosophy is "Social Value – We Can Do Better".
- 4.54 The Council will achieve this vision through:
- **Supply Chain Management** – utilising local suppliers;
 - **Employment and Skills** – encouragement of local employment, use of apprentices;

- **Sustainability** – ensuring the longevity of the economy / jobs market etc. over both the medium and long-term horizons;
- **Economic Regeneration** – aligns and complements with the Jobs & Business Growth Plan in respect of growing and developing the Borough's economy.

Planned Asset Maintenance

General Fund Planned Asset Maintenance

- 4.55 The planned maintenance programme is based on the principles of good asset management practice supported by an asset management planning system in accordance with both Government and RICS guidelines.
- 4.56 The Assets team use a prioritisation methodology as to how best to utilise their resources through the planned maintenance programme, which is explained below:
1. A comprehensive list of the Authority's priorities is compiled from business unit plans. Due to the scale of the Council's maintenance backlog, this list always exceeds the resources available;
 2. A risk management system is used to prioritise the maintenance proposals against the available resources, i.e. worst first. Some items are prioritised by services alone because they are urgent health and safety risks;
 3. Assessment of available condition data is undertaken to globally prioritise all identified maintenance needs for the Authority in priority order.
- 4.57 The result of this exercise is that a schedule of maintenance priorities, originating from Service Plans, is produced.
- 4.58 A full review of cyclical maintenance in Council buildings is carried out annually, to ensure that the Council is meeting statutory and insurance obligations. A key benefit of a comprehensive cyclical maintenance programme is that by maintaining stock effectively, efficiency will be maximised and the life of components within buildings will be prolonged.

HRA Planned Asset Maintenance – The Social Housing Property Repairs & Improvement Contract (PRIP)

- 4.59 The Council is committed to investing in both its housing stock and its communities and considers an efficient and effective housing repairs, maintenance and capital improvements service across the Borough a top priority, and one of the keystones of Council policies.
- 4.60 Over the last decade, the Council has had excellent results from its Property Repairs and Improvement Partnership (PRIP) Contract with the appointed contractors.

- 4.61 The Contractor is required to deliver large-scale social housing maintenance and improvement works to the Council's housing stock including:
- Emergency and Out of Hours Repairs;
 - Reactive Day-to-Day Repairs;
 - Gas Repairs and Servicing;
 - Cyclical and Planned Maintenance;
 - Void Properties Maintenance;
 - Major and Minor Adaptations Work; and
 - Whole House / Elemental Capital Improvements.
- 4.62 The HRA revenue budget has a significant element set aside of its total budget for repairs and maintenance to its housing stock which, together with the Barnsley Homes programme from a capital perspective, ensure that the housing stock is to the decency standards.
- 4.63 The level of repairs and maintenance, in respect of the 30-year business plan, is sustained over that period which safeguards the Council's stock from disrepair and ultimately maintains a valuable income stream to the Council, through dwelling rents.

5 CAPITAL FUNDING

How is Capital Expenditure Funded?

- 5.1 The Council's Capital Programme is currently funded from a variety of sources, which are explained in the paragraphs below, together with the process by which these sources are used/prioritised and any wider implications moving forwards.
- 5.2 The Council's overall strategy with regards capital funding is to bring together the resources that it has it can control i.e. not ring-fenced / time limited, and considers them collectively against the Council's capital priorities holistically. Section 5.38 demonstrates this in greater depth and detail.
- 5.3 Each funding source and the specific variants on each funding source that the Council utilises are discussed in sections 5.4 to 5.30 below.

Funding Sources

Capital Receipts

- 5.4 The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. There are differing types of receipts that the Authority receives that are treated in different ways – these are explained in the paragraphs below.
- 5.5 *Earmarked Capital Receipts* – such receipts are that, once received, are earmarked for a specific purpose or use. Earmarkings are ordinarily stipulated at the point of approval relating to the disposal of certain assets. For example, the receipts from the disposal of the former secondary school sites are earmarked for writing down the Council debt requirement following the Building Schools for the Future (BSF) programme.
- 5.6 *Dwelling Receipts* – such receipts are those generated from the sale of the Council's dwellings (Council Houses). There are stipulations by Government about the use of these receipts. The gross receipts are split between:
- Contribution to Council's transaction costs (to revenue);
 - Government's share (payable to Government);
 - The Council's general share (retained by the Council – no restrictions to use);
 - Allowable Receipts (retained by the Council – no restrictions to use, though an internal adjustment would be required between GF and HRA CFR's if used on non-housing/economic regeneration schemes). These receipts notionally relate to the debt incurred by the Council in constructing/acquiring the council houses that have been sold;
 - 1-4-1 Receipts (retained by the Council – restrictions to use). The 1-4-1 receipts are restricted to: 1) use on increasing housing stock, 2) use within 3 years of receipt and 3) restricted to fund no more than 30% of the cost of such schemes.

- 5.7 *General Receipts* – such receipts are received with no restrictions as to their use. These ordinarily are receipts received from the adoption of the Asset Disposal Programme (as referred to in the Asset Management Strategy 2017-22). These resources are held corporately, pending the Authority’s Reserve Strategy and MTFs, which makes them available for consideration against the Council’s corporate capital priorities.

Reserves

- 5.8 The Council holds both general fund and HRA reserves on its balance sheet respectively, that are generally as a result of an accumulation of previous years’ underspends against approved budgets.
- 5.9 Both HRA and General Fund reserves can be applied to either revenue or capital expenditure though HRA reserves must be spent on housing activities as per the ring-fence arrangements, as stipulated by legislation.
- 5.10 The reserves held ordinarily fall within one of these three categories:
- Service Earmarkings – these are resources held for specific service delivery reasons that will complete in future years;
 - Minimum Working Balance – as determined by the Section 151 Officer for unforeseen events / contingency from both GF and HRA perspectives; or
 - Corporate Priorities – these are resources held for future identified prioritised schemes / pressures, of which the capital priorities are included.
- 5.11 The respective reserves strategies for GF and HRA follow the same principles, which are outlined below:
- Reserves are only used for one off investments, which tend to be typically capital in nature;
 - Any available resources identified, over and above service specific reserves are considered holistically together with the view to prioritise accordingly;
 - The level and type of reserves held is periodically reviewed for adequacy and necessity with any reserves no longer needed, considered against the wider prioritisation requirements.

Revenue Funding (RCCO)

- 5.12 The Council can use revenue resources to fund capital projects on a direct basis and ordinarily, this is done on a specific scheme/project basis, usually of relatively small scale. This is due to the impact of austerity measures imposed by the Government, which has seen the Council’s revenue budget reduced and therefore, has limited options in this area.

Capital Grants

- 5.13 A large proportion of the capital funding that the Council receives relates to capital grants, of which there are generally two main types, recurrent and one-off.

- 5.14 *Recurrent Grants* – these external grant allocations are received by the Council annually and relates to major areas of the Council’s capital programme e.g. Highways funding via Sheffield City Region, School Condition & Basic Needs Grant from the Department for Education and Disabled Facilities Grant from the Ministry of Housing, Communities & Local Government.
- 5.15 *One-off Grants* – by definition, these grants are received for one off projects/schemes and are usually subject to a bidding / application process. Certain grant bodies require a ‘match’ funding element, which ultimately means that the Council has to contribute its own resources as a commitment to the scheme. Where the responsible service has specific resources available for the match element, then this can be used. Where it does not, then the match element is treated like a capital call on the Council’s own capital resources and therefore included in the prioritisation process accordingly.
- 5.16 Both types of grants (recurrent / one off) may have conditions and restrictions regarding what it can be used on and the time limit in doing so, where applicable.
- 5.17 *Grants with Restrictions* – where restrictions are applied to grants, this means that the Council is restricted as to what they can spend the grant on. Therefore, the Council aligns these specific grants to the schemes that satisfy the inherent conditions of the grants.
- 5.18 *Grants with No Restrictions* – where the Council receives any grant that is not subject to any conditions or restrictions, these resources are held corporately, pending the Authority’s Reserve Strategy and MTFs, which makes them available for consideration against the Council’s corporate capital priorities.
- 5.19 The Council is part of the Sheffield City Region. This is a relatively newly formed public administration that is part of the devolution of power agenda of the Government with powers transferred at a regional level to local government. The Council has and continues to receive a significant amount of grant from Sheffield City Region. Sections 5.31 to 5.37 explains the relationship between the Council and Sheffield City Region in terms of funding opportunities over the medium to long term.

Capital Contributions

- 5.20 The Council receives a significant level of capital contributions that fund elements of the capital programme. An example of this is Section 106 contributions that are received by developers as condition of award of planning permission, usually for spend on the betterment of the immediate area.
- 5.21 In a similar manner to grants, capital contributions can be either recurrent or one-off and they can either be subject to restrictions and conditions. Typically, most contributions tend to be restricted and one-off in nature, though these characteristics are determined by each individual agreement.

- 5.22 Where contributions are received with conditions, specific schemes are proposed to spend the contribution accordingly, in line with the restrictions stipulated. In the event of an unrestricted contribution being received, these resources are held corporately, pending the Authority's Reserve Strategy and MTFs, which makes them available for consideration against the Council's corporate capital priorities.

Leasing

- 5.23 The leasing route in respect of funding capital expenditure allows those capital costs to be spread over a number of years where prudent and affordable to do so, and is commonly compared with borrowing in respect of a value for money assessment over the life of a scheme.
- 5.24 Leasing is a series of rental payments in exchange for use of an asset and they tend to be specific to certain elements of the capital programme, specifically buildings, vehicles and equipment.
- 5.25 In accounting terms, there are currently two types of lease, an operating and a finance lease, the treatment of which are very different in the context of capital financing.
- An operating lease is one where the risk and reward remains with the lessor and therefore the asset remains on the lessor's balance sheet, with the annual rentals being expensed through the revenue budget. The Council is party to a number of these arrangements; and
 - A finance lease is one that does transfer the risks and rewards to the lessee, and therefore the asset does transfer to the lessee's balance sheet via a capital transaction. At the point of inception of the lease, a liability is created to finance the asset over the lease term, with the annual rental being split notionally between interest and principal.
- 5.26 The implications on the capital position of the Council of finance leases is that the debt requirement is increased as a result, albeit, it's a funded credit facility in its own right, nevertheless it does increase that requirement.
- 5.27 In 2020/21, the accounting requirements are changing in respect of leasing, through a revision to accounting standard IFRS 16. The change means that there will no longer be the distinction of finance and operating leases – all leases will be now effectively finance leases which means that the Council's debt requirement will increase. Decisions to lease in the future will be considered against this new accounting standard.

Prudential Borrowing

- 5.28 The introduction of the Prudential Code in 2004 allowed the Council to undertake government funded borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities, which ensures that any unsupported borrowing is affordable, prudent and cost effective. This type of borrowing has revenue implications

for the Council in the form of financing costs from both an MRP and interest point of view.

- 5.29 Within the current MTFS, there is an ongoing revenue budgetary provision to support an additional £5M of capital investment funded from borrowing, per annum. This roughly equates to a base budget provision of approximately £0.270M for 2019/20.
- 5.30 Any further contemplation of increasing the Council's debt requirement through additional borrowing, over the £5M as outlined in paragraph 5.29 above, is only considered based on schemes that have a strong evidence base to support stimulation of economic development in the Borough, together with the accompanying future income streams back to the Council.

External Funding Opportunities

- 5.31 Central Government are continuing with their plans to promote and support the devolution of power and decision making within the United Kingdom with powers being transferred at a regional level to local government, in the Council's case via the Sheffield City Region.
- 5.32 The Sheffield City Region has a diverse economy comprising a dynamic core city, important towns and market towns, acres of countryside and a significant rural economy. The City Region encompasses more than 1.8 million people and approximately 700,000 jobs.
- 5.33 It is important that the Council retains a key role in the SCR to ensure that it can feed into and benefit from the SCR especially any funding opportunities. The SCR is the lead organisation for the following key strategic programmes:
- *Growth Plan*: sets out the Sheffield City Region's plans to transform the local economy over the next decade;
 - *LEP Board*: Local Enterprise Partnership (LEP) brings together business leaders and local politicians to make decisions that drive economic growth and create new jobs;
 - *Combined Authority*: The term "Combined Authority" means the bringing together of two statutory bodies - the Integrated Transport Authority (ITA) and an Economic Prosperity Board (EPB) in order to align political decision making around strategic Economic Development and Transport.
- 5.34 The Sheffield City Region currently represents perhaps the most significant funding source to the Council in terms of supporting the delivery of its major capital investment plans. With the wide variety, nature and size of the funding streams already at its disposal and funds that it will be responsible for in the near future, it is vital that the Council ensures its priorities are fed into SCR planning and programme development.
- 5.35 In July 2014, the SCR secured £297M of capital funding from the government's Local Growth Fund to invest over the period 2015/16 to 2020/21 on major transport and infrastructure schemes, developing sustainable transport, investing in skills infrastructure, and supporting

business growth and investment. A further £30m was allocated in January 2015 under an extension to the Growth Deal covering the period 2016/17 to 2020/21.

5.36 Incidentally, the Council has already benefited by securing funding via SCR for developments at M1 Junctions 36 and 37. A number of bids are also actively being progressed including funding to support the Glassworks Development and Digital Campus.

5.37 Within the Council, a refreshed external funding strategy is currently being developed to provide Elected Members, Officers and our Partners with a robust framework that will enable them to identify and optimise available external funding opportunities in a co-ordinated, dynamic, and innovative manner, the key aims of the strategy being:

- To provide a strategically “synched” framework for the identification, evaluation, and optimisation of external funding opportunities for the Council and its Partners;
- To facilitate a consistent, standardised and co-ordinated approach to support the pursuit and subsequent management of external funding including the establishment of processes to trigger consideration of financial, procurement and legal requirements;
- To provide the resources necessary to effectively identify / communicate / signpost and access funding opportunities; these to be made available both across the Council and to its partners;
- To actively support the development of skills and expertise of the Council and its partners in funding optimisation and management; and
- To develop collective awareness of the status / intent of external funding opportunities, bids and awards to prevent duplication of bids and support holistic, intelligent optimisation of funding.

Capital Funding Approach

- 5.38 The Council will look to actively follow an approach to capital funding as set out below, although the Council may make changes to this approach if it is deemed necessary in order to deliver priority outcomes and/or maximise its resources.
- Time limited funding – funding that must be used within a specified time period will usually be applied first, assuming that there is expenditure that it can be legitimately be applied to. This is subject to any requirements for match funding.
 - Ring-fenced funding – funding linked to a particular scheme or type of scheme will be allocated in full to the relevant capital projects. One example is Government funding for Disabled Facilities Grants.
 - Where the Council has discretion over how the funding can be spent, including non-restricted grants and contributions, affordable prudential borrowing allocations and its internally generated resources (capital receipts, revenue contributions, reserves etc.), these resources are considered holistically together and prudently used against the Council's corporate priorities via the prioritisation process as described in paragraphs 3.16 through to 3.29.
 - Match funding – where match funding of the Council's own resources are required to lever in external funding, the match element will be considered as a capital priority in its own right and is therefore subject to the same capital prioritisation process as other capital priorities.
 - Leasing / Borrowing – Over and above an annual £5M prudent and affordable allocation of borrowing, only prudent and modest proposed schemes that have a robust case for stimulating economic growth in the Borough will be duly considered. The scrutiny and due diligence on such schemes is intensified and subject to further robust challenge, together with phasing of the scheme to actively spread the risk to the Council.
 - External Funding – The Council is in the process of adopting a new external funding strategy, which aims to identify and view external opportunities on a holistic basis. This strategy will seek to review all available external funding sources open to the Council and implement the key processes and procedures that need to be adopted when considering / making an application for funding from an external source.

6 TREASURY MANAGEMENT

What is Treasury Management?

6.1 CIPFA defines treasury management as:

“The management of the organisation’s borrowing, 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”

6.2 The definition above immediately explicitly links this Capital Investment Strategy (“*capital market transactions*”) to the Council’s Treasury Management Strategy (“*Borrowing, investment and cash flows*”). The Capital Investment Strategy and Capital Programme determines the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The Treasury Management Strategy

6.3 The Council’s Treasury Management Strategy, which is prepared in accordance with the requirements of the Local Government Act 2003, that stipulates that local authorities must ‘have regard to’ a number of statutory codes, including the CIPFA Prudential Code & Treasury Management Code, is approved annually by full Council, as part of the budget setting process.

6.4 In broad terms, the TM Strategy sets out the following:

- the Council’s Treasury Management Policy (the key objectives for its treasury management activities);
- the Council’s capital expenditure plans and related indicators;
- the Council’s MRP Policy (how its debt repayments will be provided for over time);
- the Council’s borrowing strategy (how the Council’s borrowings are to be organised);
- the Council’s Annual Investment Strategy (the parameters on how investments are to be managed).

The Council’s Borrowing Need, The External Debt Position & Associated Debt Limits

The Council’s Borrowing Need (The CFR)

6.5 The measure that the Council assesses its debt position is the Capital Financing Requirement (CFR), which is essentially a measure of the Council’s underlying borrowing need. Included in the Treasury Strategy, Members are asked to approve the CFR projections below, which include both approved and anticipated capital expenditure that are not financed by using available resources i.e. Prudential Borrowing:

Estimates of Capital Financing Requirement (CFR)	2018/19 (£000s)	2019/20 (£000s)	2020/21 (£000s)	2021/22 (£000s)	2022/23 (£000s)	2023/24 (£000s)
Opening CFR	949,904	959,783	1,000,971	1,045,983	1,036,612	1,026,394
Add Schemes Funded from Borrowing / Finance Lease	19,296	50,964	56,155	466	0	0
Less Amounts Set Aside to Repay Debt	(9,417)	(9,776)	(11,143)	(9,837)	(10,218)	(10,582)
Closing CFR	959,783	1,000,971	1,045,983	1,036,612	1,026,394	1,015,812
GF	691,967	737,380	787,034	780,663	773,445	765,863
HRA	267,816	263,591	258,949	255,949	252,949	249,949

6.6 By the end of the 2021/22 financial year, it is estimated that the Council's debt requirement will total £1.016bn, an overall net increase of £15M from the forecast 2019/20 position.

6.7 The capital expenditure decisions that are made in the context of this Capital Investment Strategy inform the estimated CFR position in future years, which are only approved if they meet the prudent and affordable criteria.

External Debt

6.8 The table below measures the Council's overall external debt position (including leasing) against its underlying estimated borrowing need or CFR.

Gross Borrowing and CFR	2018/19 (£000s)	2019/20 (£000s)	2020/21 (£000s)	2021/22 (£000s)	2022/23 (£000s)	2023/24 (£000s)
Borrowing CFR	719,107	762,022	809,236	802,175	794,464	786,565
Gross Borrowing*	(666,815)	(618,478)	(592,576)	(585,183)	(557,446)	(544,012)
Under-Borrowed Position	52,292	143,544	216,660	216,992	237,018	242,553
Support from Useable Reserves	(52,292)	(40,606)	(36,226)	(38,226)	(38,226)	(20,200)
External Borrowing Requirement	-	102,938	180,434	178,766	198,792	222,353
GF	-	60,688	135,563	135,903	152,913	170,673
HRA	-	42,250	44,871	42,863	45,879	51,680

6.9 This measure 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.

Debt Limits

6.10 *The Operational Boundary* is the Council's 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	2019/20 (£000s)	2020/21 (£000s)	2021/22 (£000s)	2022/23 (£000s)	2023/24 (£000s)
Debt	762,022	809,235	802,175	794,464	786,564
Other Long Term Liabilities (Excluding Transferred Debt)	238,949	236,747	234,437	231,930	229,247
Total	1,000,971	1,045,982	1,036,612	1,026,394	1,015,811

- 6.11 *The Authorised Limit* represents a control on the maximum level of borrowing and provides an absolute 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.

Authorised Limit	2019/20 (£000s)	2020/21 (£000s)	2021/22 (£000s)	2022/23 (£000s)	2023/24 (£000s)
Debt	792,022	839,235	832,175	824,464	816,564
Other Long Term Liabilities (Excluding Transferred Debt)	238,949	236,747	234,437	231,930	229,247
Total	1,030,971	1,075,982	1,066,612	1,056,394	1,045,811

Borrowing Strategy

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

- Interest Rate Risk; and
- Refinancing Risk

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

- **De-risk the Council's debt portfolio** by reducing future interest rate exposure towards the following targets:
 - ≤ 15% of the Council's debt portfolio
 - ≤ 30% of the Council's CFR
- Whilst using the above targets as the primary measures, **still maintain an under-borrowed position for the Council** to keep financing costs to a minimum.

Debt Repayment Policy

- 6.14 The method by which the Council's underlying borrowing requirement is reduced over time, is through a number of policies that been adopted by the Council.

Minimum Revenue Provision (MRP)

- 6.16 The Minimum Revenue Provision (MRP) is a charge to the revenue account in relation to (current and residual) General Fund 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 prudent - this amount reduces the CFR.
- 6.17 The Council has approved the MRP Policy on an ongoing, annual basis which sets out the rationale and approach to the MRP charge, which is submitted as an appendix to the Treasury Management Strategy and considered accordingly

Earmarked Capital Receipts

- 6.18 In some cases, specific approval was given to use the generated capital receipts from certain asset disposals to write down the debt requirement accordingly. The biggest example of this forms part of the Council's Building Schools for the Future programme where the Council's estate of secondary schools was replaced by brand new facilities, which deemed the old sites surplus.
- 6.19 As these old sites are sold, and the receipts are received by the Council, they are used to write down the underlying debt requirement in accordance with the original Cabinet agreement.

Capital Loans & Investments

- 6.20 Where the Council has made a strategic decision to provide financial assistance to a third party body, or invest in a partner organisation, using capital resources, where the Council receives repayments of those loans or redemptions of those shares/investments, it is the Council's policy to write down the underlying debt requirement accordingly.

Other Long-Term Liabilities

- 6.21 The Council also holds a significant value of other long-term liabilities on its balance sheet, which mainly relate to financing of Private Finance Initiative (PFI) schemes and leasing schemes.
- 6.22 In accounting terms, finance leases and most PFI agreements are accounted for as 'on balance sheet', which means that the Council, though not legally owning the associated assets, recognise them on its balance sheet as they have deemed control – which increases the CFR as they haven't yet been financed fully.
- 6.23 What the accounting rules also requires is that a liability is recognised at the time of control to recognise that these arrangements are effectively funding the capital cost of the asset over the length of the lease / PFI agreement. In effect, the long-term liability is a credit facility in its own right.

7 COMMERCIAL ACTIVITY / INVESTMENTS & RISK APPETITIE STATEMENT

What is Commercialism?

- 7.1 Since 2010, Central Government's austerity measures have hit local authorities' financial position particularly hard, with most losing at least 50% of government funding over that period. Whilst difficult decisions have, and continue to be made, this pressure has also acted as a driver for creative solutions right across the country.
- 7.2 Councils are identifying and are using approaches that are more enterprising in nature, in order to balance their budgets. These include actively seeking new and innovative revenue streams.
- 7.3 As a concept for delivering public services, 'commercialisation' is by no means a new idea, but how it has been interpreted and adopted over the years has varied widely. In essence, it comes down to income generation or, at least, a return on investment, which is being used to plug the gaps left by the cuts in funding.
- 7.4 In response to this activity, the Government decided to reissue a piece of statutory guidance around investments, that was originally issued as part of the 2003 Local Government Act, in an attempt to try and improve transparency and openness relating to some of the non-traditional local authority investments.
- 7.5 A range of new disclosures and reporting mechanisms were introduced as a result, which included a requirement for local authorities to clarify how "non-core investments" contribute towards their core objectives to deliver services to residents.
- 7.6 Councils will also be required to consider a list of quantitative indicators, which will highlight the total risk exposure from borrowing and commercial investment decisions and aid the decision making process for members. Where a local authority is, or plans to become dependent on yield bearing investment activity to achieve a balanced revenue budget, disclosures should be made detailing the extent to which funding expenditure to meet the core functions of the local authority is dependent on achieving the expected net yield.

Treasury Management Investments

- 7.7 The investments made in respect of the Treasury Management Strategy relate to ones that assist the Council in managing timing issues concerning general, day-to-day management of its cash and bank balance positions. These investments are not included within the Council's capital programme and therefore do not form part of the capital financing requirement.
- 7.8 The Council's general policy objective is to invest its surplus funds prudently, which involves managing a number of associated risks. 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.

The Commercial Strategy

- 7.9 Central Government have made a clear statement of intent that Local Authorities should ultimately become self-financing by raising funding local through taxation, fee and charges and other income sources.
- 7.10 To support this in 2017 the Council adopted its Commercial Strategy. This strategy is more than just about generating income it is about adopting a more business like mind set by developing and embedding commercial expertise and acumen.
- 7.11 There are a number of key elements that the Council and its officers need to remain focused in order to continue on our journey to becoming more commercially focused. These elements include:
- Consideration of whole life costs of decisions;
 - Improving efficiency by reducing costs and streamlining processes;
 - Benchmarking our costs and performance;
 - Making evidenced based decisions; and
 - Identifying new opportunities.
- 7.12 In order to ensure we will do the above the Commercial Strategy sets out four key themes:
- Developing a Commercial Culture;
 - Demonstrate Value for Money across all activities;
 - Effective Procurement and Commissioning; and
 - Maximise Income Generation.

Non-Treasury Investments

- 7.13 On the contrary to the treasury management investments, the non-treasury investments are included in the Council's capital programme and are subject to the capital financing regulations as set out in law. If such investments are funded from borrowing, then like any other scheme, they would increase the Council's capital financing requirement and the revenue budget would incur an ongoing obligation for both MRP and the interest charge over the long term.

Accelerating Growth

- 7.14 The Council is committed to playing a pivotal part in the regeneration of the borough. With this in mind, careful consideration is given to regeneration schemes that accelerate growth which generate future income streams. Such schemes will ensure the borough maintains a level of regeneration that ensures it is not left behind whilst producing an economic return on its investment. These schemes may also produce a financial return that can potentially support wider Council priorities.

- 7.15 Following a rigorous assessment of such schemes to ensure that there is strong evidence of expected future income streams/ economic return; consideration will be given to prudentially borrow for these schemes.
- 7.16 In addition to applying strong due diligence to each individual scheme, such proposals are to be phased over a period of time to allow time to review existing schemes, manage risk and also assess the overall debt position of the Council.
- 7.17 Furthermore, the Council looks to spread the risk on such schemes by prudently implementing such schemes on a phased basis over time. This then ensures that the Council is not subject to any significant risk inherent in a number of schemes, at any one time.

Risk Appetite Statement

- 7.18 This outlines Barnsley Metropolitan Borough Council's risk appetite with regard to its investment and commercial activities.
- 7.19 For the purpose of this statement, we have adopted the Orange Book (UK government publication on the strategic management of risk within government) definition of Risk Appetite, namely "the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time." It is important to note that risk will always exist in some measure and cannot be removed in its entirety.
- 7.20 Additionally, in order to realise investment and commercial gains, one has to take some measure of risk. Therefore, risks need to be considered both in terms of threats to the Council as well as positive opportunities. It is worth noting that the Public Accounts Committee supports well-managed risk taking across government, recognising that innovation and opportunities to improve public services requires risk taking, providing that the ability, skills, knowledge and training to manage those risks well exist within the organisation or can be brought to bear.
- 7.21 The Council's risk appetite statement sets out how it balances risk and return in pursuit of achieving our objectives. It is intended to aid careful decision-making, such that the Council takes well, thought through risks to aid successful delivery of its services and obligations, while also understanding the adverse aspects of risk undertaken and taking appropriate measures to mitigate these in line with its stated goals. Thereby, the Council's risk judgements are more explicit, transparent and consistent over time.
- 7.22 The risk appetite statement forms a key element of the Council's governance and reporting framework and is set by full Council, which also reviews the statement annually. In addition, the risk appetite will be considered annually and monitored on an ongoing basis by senior management, external risk advisors and the Audit Committee as appropriate.
- 7.23 The following points give indication of the Council risk appetite:
- The Council does not invest in any assets / investments purely for commercial return. All investments are made within the context of

the Corporate Plan and corporate priorities to stimulate economic growth in the Borough;

- The Council does not invest in any assets / investments that are outside of the Borough with all investments contributing towards the corporate priorities for the residents of the Borough;
- Certain schemes such as Property Investment Fund (PIF) are specifically designed to stimulate particular parts of the Borough by assisting external developers;
- Further consideration will be given to schemes to support such developments across the Borough where the risk sits wholly with the developers.

8 SKILLS & KNOWLEDGE

In House Resources

8.1 The successful implementation of the Capital Investment Strategy necessitates the availability of people with the necessary experience of:

- developing capital projects;
- acquiring and selling properties;
- commissioning partners to deliver the capital programme;
- managing properties as a landlord;
- sourcing suitable opportunities that match the criteria set under the adopted strategy.

Asset Management

8.2 The Council Asset Management team within the Place Directorate is responsible for managing the current operational and non-operational asset portfolio. This team comprises:

- Head of Property;
- Group Leader - Assets
- Building Surveyors, Inspectors and Estate Officers

Economic Regeneration & Housing Growth

8.3 Whilst all services are integral to delivering this Capital Investment Strategy to achieve the Council's overall objectives, two services within the Place Directorate are pivotal to the strategies delivery.

The Economic Regeneration service is specifically responsible for stimulating economic regeneration and business growth within the Borough. The Housing Growth service on the other hand is responsible for stimulating growth in specifically in the housing sector from both private and social perspectives.

Finance

8.4 The Capital Programme and Treasury Management Strategy are managed by a team of professionally qualified accountants with extensive Local Government finance experience between them. They all follow a Continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

8.5 The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities and is a professionally qualified accountant and follows an ongoing CPD programme.

8.6 All of the Council's commercial projects have project teams from all the professional disciplines from across the Council and when required, external professional advice is taken.

Capital Oversight Board

- 8.7 The members of the Capital Oversight Board have a wealth of experience and knowledge across this, and other local authorities. There are a number of the Council's senior officers that sit on the Board, including the Executive Director for Place and the S151 Officer. Furthermore, a wide variety of services from across the Council are represented to ensure that all relevant decision shapers are present and are able to contribute.

Externally Available Resources

- 8.8 The Council also makes use of external advice in developing projects or undertaking due diligence. Good examples include the appointment of development management organisations on the town centre redevelopment as well as using regularly utilising the Council's asset management partners NPS Barnsley who provide construction procurement, quantity surveying and design services. Other advice is commissioned as and when required.
- 8.9 The Council also uses external treasury management advisors, Link Asset Services for bespoke advice and guidance.

Members

- 8.10 Members are familiar with the budget process and approve the Treasury Management Strategy and overall Council Budget. Any additional training requirements will be discussed with the Council Governance team.
- 8.11 Internal and external training is offered to members on an annual basis to ensure they have up to date skills to make capital and treasury decisions. A register is also kept on member attendance.
- 8.12 The Council's Treasury Management Panel (Members and senior officer group) are briefed regularly on treasury activity and are kept abreast of any developments that may affect the risk influencing the Council's portfolio.
- 8.13 The knowledge and skills of officers and members are commensurate with the Council's risk appetite.

9 REFERENCES

DOCUMENT	
1.1	<u>Budget Papers:</u>
	2019/20 Capital Programme Report – GF
	2019/20 Capital Programme Report – HRA
	Medium Term Financial Strategy (MTFS)
	Reserves Strategy
	Treasury Management Strategy
1.2	<u>Asset Management Strategies:</u>
	Asset Management Strategy
	Highways Asset Management Strategy
	Housing Strategy
	Planned Maintenance
1.3	<u>Other Financial Documents:</u>
	2018/19 Capital Monitoring
	2017/18 Statement of Accounts

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**TREASURY MANAGEMENT STRATEGY AND POLICY STATEMENT
2019/20**

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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);
- Ministry for Housing, Communities and Local Government (MHCLG) Guidance on Minimum Revenue Provision (2018); and
- MHCLG Guidance on Local Authority Investments (2018).

1.2 In broad terms it sets out the following:

- the Council's **Treasury Management Policy** (the key objectives for its treasury management activities) – see [Appendix A](#);
- the Council's **capital expenditure plans** and related indicators – see [Section 2](#);
- the Council's **MRP Policy** (how its debt repayments will be provided for over time) – see [Appendix C](#);
- the Council's **borrowing strategy** (how the Council's borrowings are to be organised) – see [Section 3](#); and
- the Council's **Annual Investment Strategy** (the parameters on how investments are to be managed) – see [Section 4](#).

BORROWING STRATEGY

1.3 Within the context of an increasingly uncertain economic outlook, the proposed borrowing strategy in section 3 is to actively reduce the Council's exposure to interest rate risk by fixing out more of its debt. However, the Council will still seek to maintain a small under-borrowed position in order to keep its financing costs to a minimum.

NB: The term 'under-borrowed' is used throughout this strategy and refers to the temporary use of cash resources (e.g. reserves earmarked for future capital expenditure or grants received in advance of expenditure) to avoid borrowing immediately, which seeks to reduce investment counterparty risk and create a short-term budget saving. The Council will replace these cash resources with external borrowing as these spending commitments occur.

ANNUAL INVESTMENT STRATEGY

1.4 Whilst our previous investment strategy has sought to keep our investment balances low to reduce counterparty risk, they will inevitably increase as we take on more fixed term debt. Within this context, the objectives of the investment strategy are to:

- **Invest our balances in secure counterparties**, to mitigate security risk;
- **Maintain a minimum balance of liquid funds** to address liquidity risk, and
- **Within this context, seek to optimise 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) where applicable. The full suite of indicators can be found in Appendix E. Further details on the statutory codes are provided below:-

Code / Guidance	Purpose
CIPFA Prudential Code (2017)	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.
CIPFA Treasury Management Code (2017)	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.
CLG Guidance on the Minimum Revenue Provision (MRP)	Outlines the principles that local authorities should consider when setting a prudent provision for the repayment of debt, including four recommended methodologies for calculation.
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)

- 2.2 This Prudential Indicator looks at the Council's capital expenditure plans, which are a key driver of its treasury management activity.
- 2.3 The following table outlines the Council's capital expenditure plans (in line with the Council's 2019-2022 Capital Programme) and the extent to which these will be funded from borrowing or finance lease.

Estimates of Capital Expenditure	2018/19 (£000s)	2019/20 (£000s)	2020/21 (£000s)	2021/22 (£000s)	2022/23 (£000s)	2023/24 (£000s)
Estimated Capital Expenditure	131,728	119,006	111,557	27,142	21,928	22,205
General Fund (GF)	99,243	83,146	84,602	5,466	0	0
Housing Revenue Account (HRA)	32,485	35,860	26,955	21,676	21,928	22,205
To be Funded from Borrowing / Finance Lease	19,296	50,964	56,155	466	0	0

- 2.4 The table indicates an increasing net financing need over the period (GF only), which is one of the drivers behind this year's borrowing strategy (as discussed in section 3).

Estimates of Capital Financing Requirement (General Fund and HRA)

- 2.5 The second prudential indicator is the Capital Financing Requirement (CFR), which is essentially a measure of the Council's underlying borrowing need.
- 2.6 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 is made between revenue cash and capital cash and external borrowing may arise as a consequence of all the financial transactions of the Authority.
- 2.7 In contrast, the CFR is based on historic and future capital expenditure. Capital expenditure which has not been financed from one off resources such as grant or capital receipts will produce an increase in the CFR.
- 2.8 The Council is asked to approve the CFR projections below:

Estimates of Capital Financing Requirement (CFR)	2018/19 (£000s)	2019/20 (£000s)	2020/21 (£000s)	2021/22 (£000s)	2022/23 (£000s)	2023/24 (£000s)
Opening CFR	949,904	959,783	1,000,971	1,045,983	1,036,612	1,026,394
Add Schemes Funded from Borrowing / Finance Lease	19,296	50,964	56,155	466	0	0
Less Amounts Set Aside to Repay Debt	(9,417)	(9,776)	(11,143)	(9,837)	(10,218)	(10,582)
Closing CFR	959,783	1,000,971	1,045,983	1,036,612	1,026,394	1,015,812
GF	691,967	737,380	787,034	780,663	773,445	765,863
HRA	267,816	263,591	258,949	255,949	252,949	249,949

- 2.9 Included within these projections are other long term liabilities such as PFI schemes and finance leases, a summary of which is provided below:

	2018/19 (£000s)	2019/20 (£000s)	2020/21 (£000s)	2021/22 (£000s)	2022/23 (£000s)	2023/24 (£000s)
Other Long Term Liabilities	240,676	238,949	236,747	234,437	231,930	229,247

MRP

- 2.10 The Minimum Revenue Provision (MRP) is a charge to the revenue account in relation to (current and residual) General Fund 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 prudent, which in turn reduces the CFR.
- 2.11 The amounts set aside in the table above are based on the latest MHCLG guidance published in February 2018. The proposed MRP Policy for 2019/20 is set out in Appendix C.

EXTERNAL DEBT

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

- 2.12 A further key prudential indicator represents a control on the maximum level of borrowing. 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. It represents a limit beyond which external debt is prohibited (as 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.
- 2.13 This limit must separately identify borrowing from other long term liabilities such as PFI and leasing schemes. Whilst these other long term liabilities increase the Council's overall CFR, each arrangement contains its own borrowing facility; therefore the Council is not required to borrow separately.
- 2.14 Members are asked to approve the following Authorised Limit; and to delegate to the S151 Officer to borrow within the total limit to obtain best value for money for the Authority:

Authorised Limit	2018/19 (£000s)	2019/20 (£000s)	2020/21 (£000s)	2021/22 (£000s)	2022/23 (£000s)	2023/24 (£000s)
Debt	760,928	792,022	839,236	832,175	824,464	816,565
Other Long Term Liabilities (Excluding Transferred Debt)	236,348	238,949	236,747	234,437	231,930	229,247
Total	997,276	1,030,971	1,075,983	1,066,612	1,056,394	1,045,812

HRA Debt Cap

- 2.15 Until recently the Council was limited to a maximum HRA CFR through the HRA self-financing regime (£301M), however during 2018, the Prime Minister announced the removal of this cap in a bid to drive forward new builds. As such, the Council is no longer required to report on this indicator.

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

- 2.16 The table overleaf measures the Council's expected borrowing position against its underlying borrowing need or CFR.
- 2.17 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.

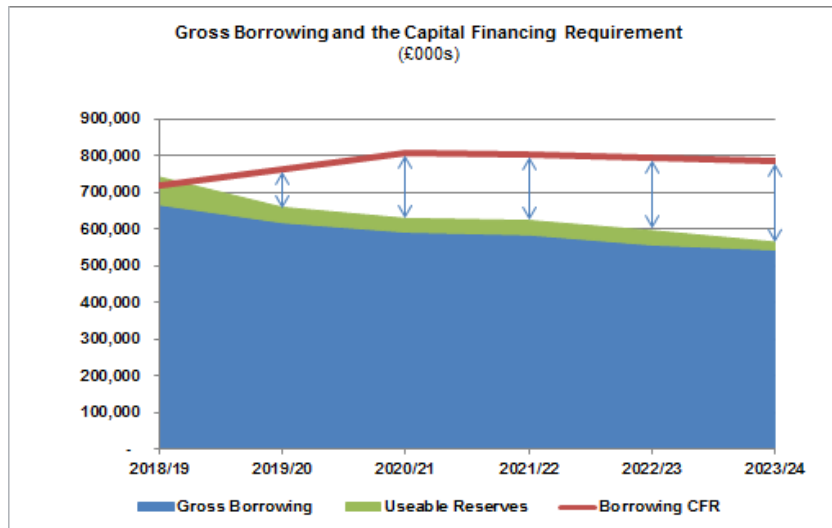
2.18 As shown in the table below, the Council is expected to be under-borrowed at the end of 2018/19 (**also referred to as internal borrowing**). Whilst this is a cost effective position which can help to reduce investment counterparty risk, it is one that should be actively managed particularly in the current economic climate (see section 3 for further details).

Gross Borrowing and CFR	2018/19 (£000s)	2019/20 (£000s)	2020/21 (£000s)	2021/22 (£000s)	2022/23 (£000s)	2023/24 (£000s)
Borrowing CFR	719,107	762,022	809,236	802,175	794,464	786,565
Gross Borrowing*	(666,815)	(618,478)	(592,576)	(585,183)	(557,446)	(544,012)
Under-Borrowed Position	52,292	143,544	216,660	216,992	237,018	242,553
Support from Useable Reserves	(52,292)	(40,606)	(36,226)	(38,226)	(38,226)	(20,200)
External Borrowing Requirement	-	102,938	180,434	178,766	198,792	222,353
GF	-	60,688	135,563	135,903	152,913	170,673
HRA	-	42,250	44,871	42,863	45,879	51,680

* Reflects the two forward loans (totalling £40M) to be drawn down in 2019/20

2.19 To highlight the extent of our future borrowing requirements, these figures assume that the Council's long term loans will fall out without being replaced. In addition, they assume that the Authority's "banked" reserves will be utilised over the reporting period, except for £20.2M which relates to a minimum working balance and other statutory functions (£15M GF and £5.2M HRA).

2.20 The chart below provides an illustration of the external borrowing requirement referred to in the table at paragraph 2.18 (represented by the blue arrows):



3 ANNUAL BORROWING STRATEGY

CONTEXT

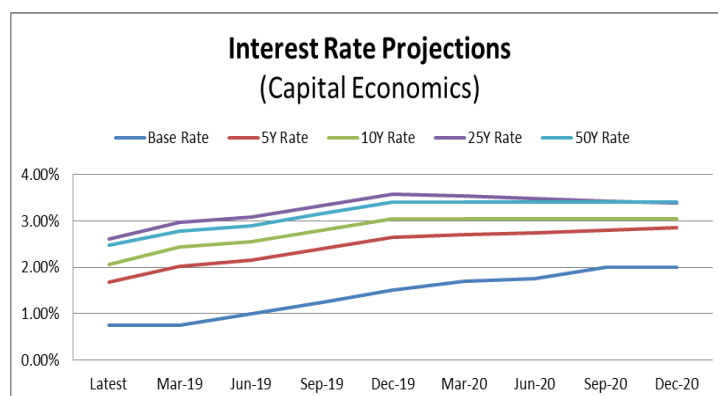
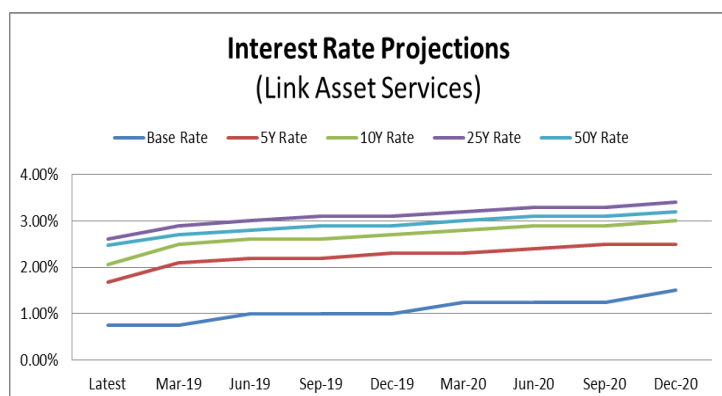
3.1 The Council's general policy objective is to ensure its level of debt is prudent and sustainable (i.e. **keeping financing costs to a minimum**) whilst **addressing the key associated risks**:

- Interest Rate Risk
- Refinancing Risk

3.2 Prior to 2018/19, the strategy had been to maintain the Council's under-borrowed position, **UNLESS** it was felt that there was a significant risk of a sharp RISE in long and short term rates. As outlined below, interest rates are expected to rise in the near future and therefore the last two strategies have adopted a subtle change of approach.

Prospects for Interest Rates

3.3 The table below outlines the latest interest rate projections from the Council's treasury management advisors (Link Asset Services), and an independent advisory group (Capital Economics). A more detailed economic and interest rate forecast provided by Link is attached at Appendix H.



3.4 Whilst their views differ slightly, the suggestion from both parties is that long term rates could exceed 3% within the next 12-18 months (an increase of around 0.5%), which demonstrates the importance of managing the Council's interest rate and refinancing risk exposures. Based on the Council's borrowing requirement of £222M, this increase would equate to additional borrowing costs in excess of £1M per annum.

3.5 Adding to this uncertainty is the ongoing BREXIT uncertainty and the possibility of another general election in the next 12 months. As a result, interest rates are becoming increasingly volatile which makes them very difficult to forecast going forwards.

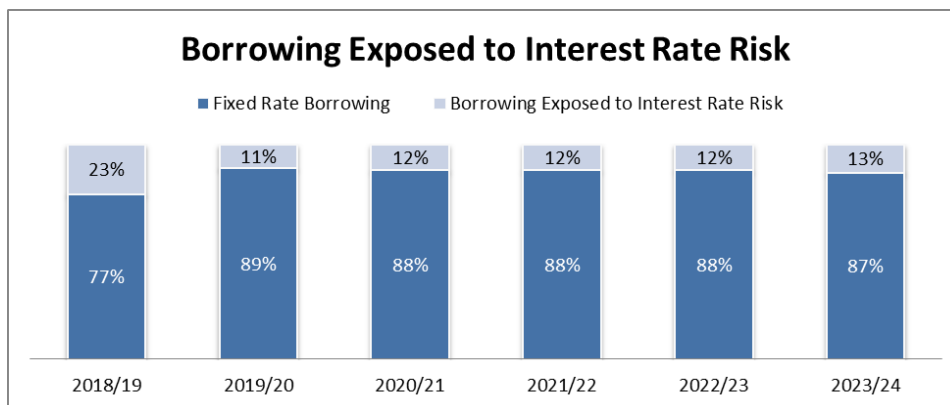
Interest Rate Risk

3.6 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. Interest rate risk is assessed against our variable rate loans, temporary borrowing and the Lender Option, Borrower Option (LOBO) loans which - although unlikely - could see an increase in interest rate at their next review date in 6 months' time. The two indicators relevant to assess interest rate risk are:-

- i. our exposure to interest rate risk on existing borrowing; and
- ii. our exposure to interest rate risk against our borrowing CFR which includes existing debt as well as any internal borrowing.

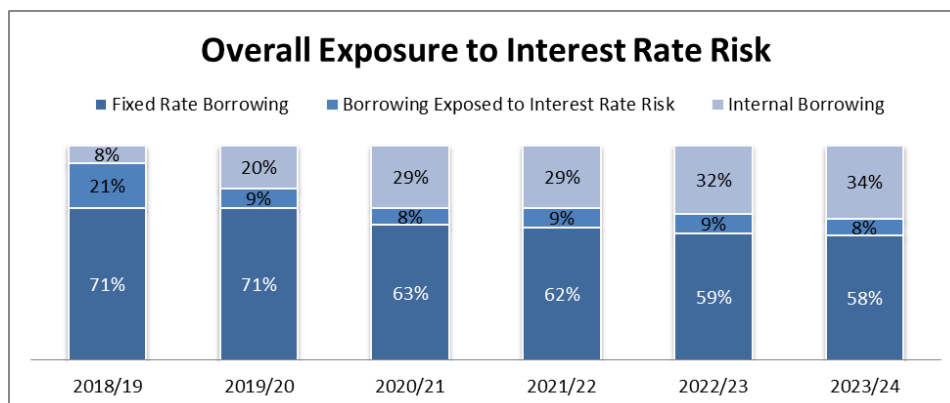
i. Existing Debt

3.7 As illustrated below, it is estimated that 23% of the Council's existing debt will be subject to interest rate risk at the end of 2018/19. This figure will fall in future as two variable rate loans mature in 2019/20 but this also assumes that these maturing loans are not replaced and the value of our existing debt will reduce accordingly:



ii. Overall CFR

3.8 As illustrated below, the Council's overall exposure to interest rate risk is expected to stand at 29% at the end of 2018/19. This figure increases in line with our future financing requirement and maturing debt which for the purposes of this comparison are assumed to be unfunded:

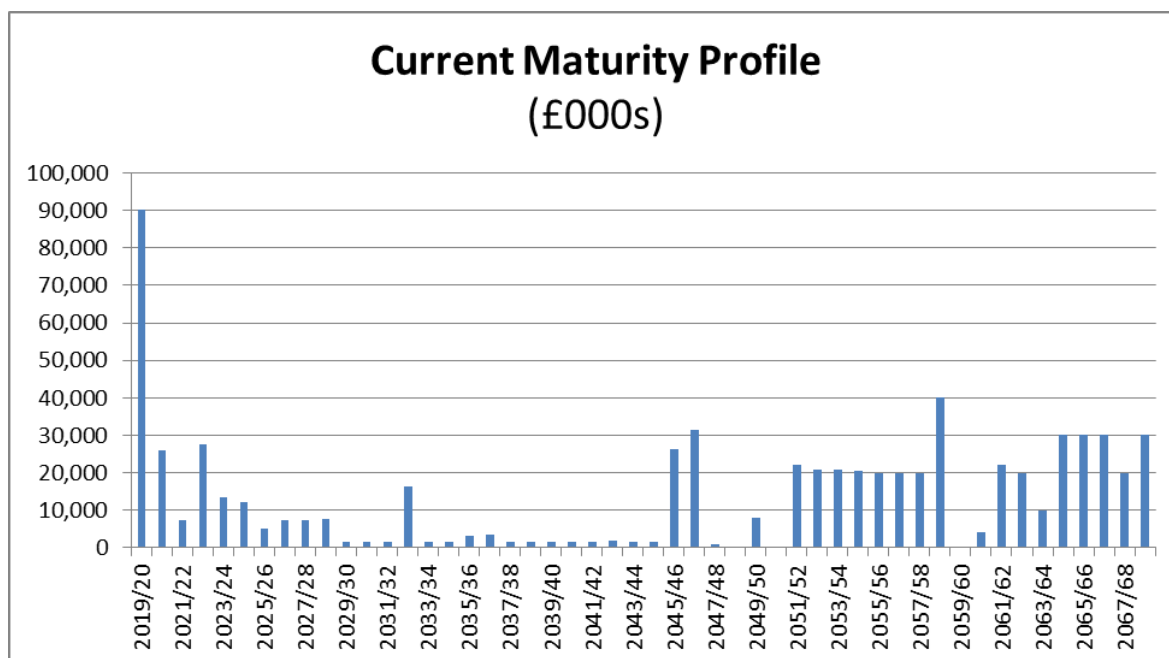


3.9 As interest rates are becoming increasingly volatile, it is vital that the Council maintains a prudent stance towards interest rate risk in the foreseeable future. It is therefore recommended that the Council's interest rate risk exposure is maintained within the targets set out at paragraph 3.19 below.

Refinancing Risk

3.10 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. This indicator was amended in 2018/19 to include variable rate debt.

3.11 As shown below, a large sum of borrowing may need replacing in the next few years. 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.



3.12 The key 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 is likely to incur additional costs. The Council has secured two forward loans to date in relation to this debt (totalling £40M). Options for replacing the remaining £40M are set out in paragraphs 3.20-3.26.

3.13 Another potential issue to address is the Council's LOBO loans, in which the lender has the option to increase the interest rate at any 6 month interval. Should this option be triggered (which is considered unlikely), the Council has the option to repay the loan without penalty. However this would mean having to borrow an additional £55M within the next few years to replace the principal repaid.

3.14 Officers have recently replaced the Council's LOBO from KA Finanz with an £8M maturity loan from the PWLB. This followed news that the lender was looking to sell their LOBO portfolio. As a result, the Council is set to save around £100k per annum over the remaining 30 years. There may be similar opportunities in the near future for our remaining LOBO portfolio which officers will continue to explore.

STRATEGY

3.15 The Council is currently maintaining an under-borrowed position (see table above at paragraph 2.18), which means that the Council's borrowing need (CFR) has not been initially funded from loan debt as the Authority's reserves, balances and cash flow has been used in the first instance as a temporary financing measure.

3.16 Prior to the first base rate increase in November 2017, this strategy has been relatively low risk based around minimising borrowing costs and helping to support the Council's overall budget.

3.17 However in the current volatile economic climate exposes the Council to a high level of risk, particularly in relation to any future uplift in interest rates. Moreover, the Council's capital programme has plans in place to spend the reserves that support it which means that these reserves will ultimately need replacing with external financing in the near future.

3.18 Whilst maintaining an under-borrowed position will remain a key aspect of the Council's borrowing strategy, our strategy has sought and will increasingly seek to fix out more of our debt to avert the risks outlined at paragraph 3.17 above. As such, it is increasingly important in the current economic climate to explore other borrowing options to address the Council's borrowing strategy and future financing needs which are shown at paragraphs 3.20-3.26.

RECOMMENDATION

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

- **De-risk the Council's debt portfolio** by reducing future interest rate exposure towards the following targets:
 - ≤ **15%** of the Council's debt portfolio
 - ≤ **30%** of the Council's CFR
- Whilst using the above targets as the primary measures, **still maintain an under-borrowed position for the Council** to keep financing costs to a minimum.

Borrowing Options

3.20 Replace maturing loans with fixed, longer dated debt:

- To have an 'in principle' approach to replacing maturing loans with fixed, longer dated debt in order to reduce interest rate risk exposure and therefore de-risk the Council's debt portfolio. This may introduce additional financing costs if the fixed-rate debt attracts a higher interest rate and consideration will be given to temporary / short term loans especially for the HRA which already has a higher proportion of its debt fixed.

3.21 Restructure variable rate debt:

- To consider switching some of the variable rate debt to fixed, longer dated debt during the year (the variable rate debt would not incur any penalties if repaid early). This option would reduce interest rate risk exposure but would also clearly introduce additional refinancing costs (each £10M rescheduled will cost roughly £200,000 p.a.). This could be extended to include the Council's LOBO loans which, whilst incurring a premium for early repayment, could provide savings on the interest payable and also reduce interest rate risk exposure.

3.22 Risk Spreading (i.e. borrowing in advance of maturity dates):

- To consider immediate borrowing to cover the loans maturing over the next four years. This would mitigate future refinancing risks whilst also addressing the Council's current borrowing need. It is recommended that borrowing on this basis is carried in smaller tranches in order to take account of interest rate volatility.

3.23 Deferred/ Forward Loans:

- There are currently offers (known as deferred or forward loans) in the market to fix the interest rate now for delivery of the loans up to 4 years in the future. These types of loan protect the Council against any sudden rate rises whilst deferring immediate financing costs until the drawdown date. It should be noted however that the Council is committed to these loans once agreed and market rates could potentially be cheaper at a future point in time (although this is unlikely). The Council has arrangements in place to draw down £20M in November 2019 and a further £20M in March 2020 tying in with the variable rate loans maturing in those periods.

3.24 PWLB Borrowing:

- 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 2019/20 whilst interest rates are still relatively low. This could be used to replace temporary borrowing or address the Council's under-borrowed position. Officers have been notified of a bidding process running until the 31st March 2019 which may allow the Council to access funding below the existing certainty rate (known as the Local Infrastructure Rate). Officers will explore this process further to determine whether the Council has any projects that may qualify.

3.25 PFI Refinancing:

- 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 2018/19 or the early part of 2019/20. The estimated savings have been built into the Council's MTFS. The HRA has no PFI liabilities therefore this option does not apply.

3.26 Leasing:

- This 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 potentially 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. This approach is not suitable for the HRA as their assets are not suitable for leasing.

3.27 Alternative Options:

- The above options are the main financing methods available to the Council to ensure it delivers the main objectives of its borrowing strategy. The Council is aware of other financing methods (e.g. index linking borrowing costs to future income streams) which it may consider in future. However any other method of financing will be assessed against the objectives of our borrowing strategy and the prevailing risks within it.

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's previous borrowing strategy has been to use reserves first to avoid high borrowing costs. This has changed to actively fix out a substantial proportion of our debt which will reduce our under borrowed position and also increase the level of our investment balances. Within this context, our investment strategy will be:-

- **Invest our balances 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.

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 a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

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

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

	Maximum Amount	Maximum Duration
UK Government	Unlimited	5 years
Barclays Bank PLC <i>(the Council's own banker)</i>	£10m	Liquid
Banks <i>(with a credit score* of 4 or less)</i>	£20m single £20m group	1 year
Banks <i>(with a credit score of 5)</i>	£10m single £15m group	6 months
Banks <i>(with a credit score of 6)</i>	£10m single £15m group	100 days
Building Societies <i>(with a credit score of 4 or less)</i>	£10m	6 months
Building Societies <i>(with a credit score of 5)</i>	£5m	6 months
Building Societies <i>(with a credit score of 6)</i>	£5m	100 days
Local Authorities	£20m	2 years
Money Market Funds (CNAV)	£20m per fund	Liquid
Money Market Funds (LVNAV)	£10m per fund	Liquid

** Each institution is assigned a credit score of 1-7 (by the Council's treasury advisors) according to their credit rating and other related factors - 1 being the strongest score and 7 being the weakest. A stronger credit score will give rise to a longer suggested duration.*

4.7 All credit ratings will be monitored on a 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. Full details of the Council's Creditworthiness Policy can be found in Appendix F:-

- 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; and
- 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 the downgrading of an institution or removal from the Authority's lending list.

4.8 Officers are also proposing to maintain the limit on investments in foreign countries at £50M (as approved in November 2018), since all qualifying countries have a sovereign credit rating of AA- or above, which is broadly in line with the UK government (currently rated AA) and roughly equates to a credit score of 4 or less.

Price Risk (Security)

- 4.9 In the context of investments, this refers to the risk that its stated treasury management policies and objectives are compromised because it has failed to protect itself adequately against adverse market fluctuations that impact on the value of the principal investment sum.
- 4.10 One impending 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 January 2019. Whilst the principal amount invested in LVNAV funds may fluctuate from time to time, the advice the Council has received suggests that the probability of this happening is very low and that the changes are likely to give the Council added protection. As such, it is recommended that the Council continue to invest in LVNAV funds up to the value in the table above.

Legal and Regulatory Risk (Security)

- 4.11 This is the risk that the organisation itself, or an organisation which it is undertaking treasury management activities with, fails to act in accordance with its legal powers or regulatory requirements resulting in the organisation suffering losses.
- 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 the counterparties we currently utilise. 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 recent change is the introduction of **IFRS9 - Financial Instruments**, which changes the way that investments are accounted for. This is a new requirement for the 2018/19 accounts 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; and
 - 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 In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG] announced the introduction of a temporary statutory override (commencing 1st April 2018), which would allow for English local authorities to reverse any change in valuation of their pooled investments for a period of five years. This override should help to minimise the impact of IFRS9 over the medium term.

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 the Barclays Flexible Interest-Bearing Current Account 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. The base rate is expected to rise as far as 1.50% by the end of 2019/20 and investment yields are therefore likely to increase as a result. It is also worth reiterating that much of the Authority's cash has been utilised in lieu of borrowing. So whilst investment yields are low the Authority is saving around 2% on the cost of borrowing.

Diversification

- 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.
- 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. Consideration will also be given to the overall concentration of investments within each sector.

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

- A. Treasury Management Policy Statement 2019/20
- B. Treasury Management Scheme of Delegation
- C. MRP Policy Statement 2019/20
- D. Policy on Use of Financial Derivatives
- E. Prudential and Treasury Indicators 2019/20
- F. Additional Investment Strategy Information and Limits
- G. Risk Schedule / Approach to Risk Management
- H. Capita Economic & Interest Rate Forecast November 2018

TREASURY MANAGEMENT POLICY STATEMENT 2019/20**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 2019/20 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 (TMPs) 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 (rather than the minimum six-monthly report required by the Code).
- 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 Treasury Management Code.
- 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 (or as required) to monitor and review the Council's 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 borrowing, 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 the approved Capital Financing Requirement estimates for the prescribed planning period. Moreover future borrowing transactions will be considered carefully before they are undertaken 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.

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;
- Implementing the treasury management strategy and policies in compliance with member approvals;
- Recommending the appointment of external service providers.

2019/20 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 2019/20: 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:

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

PRUDENTIAL AND TREASURY INDICATORS 2019/20 - 2023/24**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 (£000s)	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
General Fund	83,146	84,602	5,466	0	0
HRA	35,860	26,955	21,676	21,928	22,205
Total	119,006	111,557	27,142	21,928	22,205

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 (£000s)	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
General Fund	737,380	787,033	780,663	773,445	765,862
HRA	263,591	258,949	255,949	252,949	249,949
Total	1,000,971	1,045,982	1,036,612	1,026,394	1,015,811

Limits to Borrowing Activity**The Operational Boundary (Overall)**

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 (£000s)	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Debt	762,022	809,235	802,175	794,464	786,564
Other Long Term Liabilities	238,949	236,747	234,437	231,930	229,247
Total	1,000,971	1,045,982	1,036,612	1,026,394	1,015,811

The Authorised Limit for External Debt (Overall)

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 (£000s)	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Debt	792,022	839,235	832,175	824,464	816,564
Other Long Term Liabilities	238,949	236,747	234,437	231,930	229,247
Total	1,030,971	1,075,982	1,066,612	1,056,394	1,045,811

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 limits set out overleaf:

General Fund

	2019/20	2020/21	2021/22	2022/23	2023/24
Interest Rate Exposures – (GF)					
	Upper	Upper	Upper	Upper	Upper
Upper Limit on Fixed Interest Rates based on Net Debt (GF)	100%	100%	100%	100%	100%
Upper Limit on Variable Interest Rates based on Net Debt (GF)	15%	15%	15%	15%	15%
Maturity Structure of Fixed Interest Rate Borrowing 2019/20 - (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

	2019/20	2020/21	2021/22	2022/23	2023/24
Interest Rate Exposures – (HRA)					
	Upper	Upper	Upper	Upper	Upper
Upper Limit on Fixed Interest Rates based on Net Debt (HRA)	100%	100%	100%	100%	100%
Upper Limit on Variable Interest Rates based on Net Debt (HRA)	20%	20%	20%	20%	20%
Maturity Structure of Fixed Interest Rate Borrowing 2019/20 - (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%	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%

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					
(£000s)	2019/20	2020/21	2021/22	2022/23	2023/24
Principal Sums Invested > 365 Days	20,000	20,000	20,000	20,000	20,000

Ratio of Financing Costs to Net Revenue Streams (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.

Ratio of Financing Costs to Net Revenue Streams (%)	2018/19 Approved	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
GF	8.2	8.5	8.9	9.4	10.0	10.6
HRA	44.9	45.4	45.4	46.3	47.2	47.2

Gross Debt and the Capital Financing Requirement (Overall)

Gross Debt & CFR (£000s)	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
CFR	1,000,971	1,045,982	1,036,612	1,026,394	1,015,811
Outstanding Borrowing	618,478	592,576	585,183	557,446	544,012
Other Long-Term Liabilities	208,205	201,014	193,823	186,632	179,441
Gross Debt	826,683	793,590	779,006	744,078	723,453
Headroom	174,288	252,392	257,606	282,316	292,358

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.

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 (broadly equivalent to a credit score of 6 - paragraph 4.6 refers). 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- (broadly equivalent to a credit score of 4 - paragraph 4.6 refers). 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 (broadly equivalent to a credit score of 2 - paragraph 4.6 refers).

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-] (including loans to small businesses)	£30m
Total non-specified investments	£50m

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. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is reflected in credit ratings and can also 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.
5. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including (but not restricted to) credit default swap prices and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

6. 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.

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 4. 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 2019/20 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

4. Inflation Risk

Risk: Inflation risk is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

Mitigation: None – the Council generally invests over a term 6 months or less therefore inflation risk is low.

Probability: Low

Impact: 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 2019/20, 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

LINK ECONOMIC & INTEREST RATE FORECAST NOVEMBER 2018

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and commentary reflects Link's central view.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter.

At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008.

Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth.

That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also

continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature.

We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

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, emerging market developments and sharp changes in investor sentiment. 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.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have back tracked since then until early January. 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, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

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**FINANCIAL RESILIENCE
2019/20 – 2021/22**

INDEX

1.	PURPOSE
2.	INTRODUCTION
3.	ROLE OF THE S151 OFFICER
4.	CIPFA'S FINANCIAL RESILIENCE INDEX
5.	THE COUNCIL'S POSITION
6.	OTHER AREAS OF FINANCIAL RESILIENCE
7.	APPENDICIES
	Appendix 1 – Draft Financial Resilience Indicators

1. PURPOSE

- 1.1 To bring to the attention of Members CIPFA's proposed Financial Resilience Index and other internal control measures in contributing to the development of a sustainable financial strategy for the Council.
- 1.2 The S151 Officer has carried out a review of the Council's financial health in line with CIPFA's draft financial resilience indices. In his opinion, based on the indicative results and other wider control measures already in place across the organisation; the Council is on a sound financial footing and has sufficient resilience in place to ensure a sustainable financial position.

2. INTRODUCTION

- 2.1 Local Government has faced unprecedented financial challenges in recent years that are likely to persist well into the next decade. Local Authorities across England spend 25% less in real terms than they did 8 years ago largely because of Central Government grant funding cuts by an average of 50% over the period. This has made it extremely difficult for Local Authorities to continue to deliver core services to the public whilst also juggling increasing cost pressures associated with rising demands for those services.
- 2.2 Some local authorities are now reaching breaking point where a number of well-run councils will only be able to deliver core statutory functions if they are to maintain a balanced financial position. There is also an increasing trend in the number of authorities drawing down their reserves in an unsustainable manner placing them in financial difficulty. The most recent example of this being Northamptonshire County Council.
- 2.3 As a result, the financial resilience of local government is under greater scrutiny than ever before, placing an increasing importance on each Council's ability to provide assurance to local leadership in relation to ongoing financial sustainability and the ability to continue to deliver statutory responsibilities.

3. ROLE OF SECTION 151 OFFICER

- 3.1 The role of the Council's Section 151 Officer is to ensure the Council manages its finances properly and maintains a balanced and sustainable financial position. The intention is to bring greater awareness to senior leadership in relation to financial resilience and ongoing sustainability issues to support key decision making and consideration as part of setting future priorities. This requires a clear understanding of the financial limits of the Council.
- 3.2 The Section 114 notice is a tool that can be used by the Section 151 Officer to highlight approaching financial risks to local leaders to ensure action is taken in a

timely manner to stabilise the position to avoid a potential financial 'cliff edge'. This was the tool used by Northamptonshire, albeit a little too late. The Section 114 notice should be used as a tool to act as a control mechanism and an early warning system as part of a wider assurance framework and not as a last resort.

- 3.3 In response to the financial challenges presented to local government and to further support the role of the Section 151 Officer, CIPFA have developed a Financial Resilience Index. This is a tool to provide an assessment of a Councils financial health, to act as an early warning system to ensure action is taken in a timely manner to support the continued sustainability of the organisation. The tool can be used to provide assurance to leadership that their Council has robust financial health. In addition CIPFA also propose to develop a new Financial Management Code to support good practice in the planning of sustainable finances.

4. CIPFA'S FINANCIAL RESILIENCE INDEX

- 4.1 CIPFA is currently consulting on the proposed introduction of a Financial Resilience Index for local government. The tool is designed to identify those councils displaying consistent and comparable features that highlight good practice, but crucially, also highlight areas that are associated with potential financial failure. The tool allows comparison with other councils with similar characteristics and will support councils in identifying areas of weakness, enabling them to take action to mitigate the risk of financial failure and thus ensure financial sustainability.
- 4.2 CIPFA originally proposed to measure 6 key indicators that focus on factors that are associated with financial stress (NB: other indicators have subsequently being recommended following consultation).
- 4.3 The indicators consider the following:
- Running down reserves;
 - Failure to plan and deliver savings in service provision;
 - Shortening medium term financial planning horizons;
 - Gaps in savings plans;
 - Dependency on external central financing;
 - Proportion of non-discretionary spending;
 - Adverse OFSTED ratings;
 - Changes in accounting policies;
 - Poor returns on investments;
 - Low levels of confidence in financial management.
- 4.4 The broad approach of the tool is to calculate individual scores across a range of indicators to illustrate the trajectory of an authority's financial position within the context of comparative neighbours. Appendix 1 sets out the 6 indicators which CIPFA originally consulted on.

5. THE COUNCIL'S POSITION

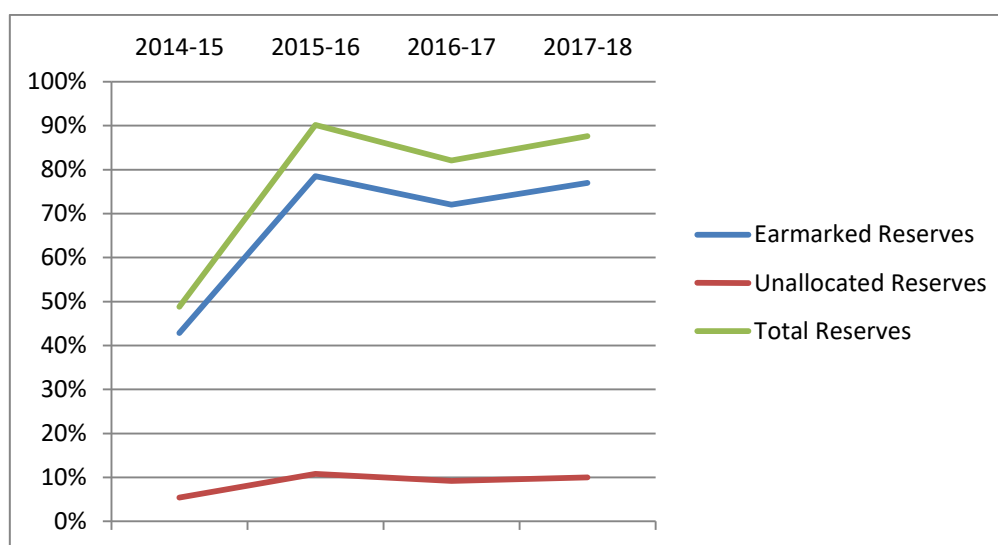
5.1 An analysis has been undertaken to assess how the Council scores against the proposed indicators covering the period 2014/15 to 2017/18. A summary of the analysis is detailed below.

1. Reserves as a % of Net Expenditure:

This indicator considers the council's reserves position, including the level of earmarked and unallocated reserves, (both are equally important). Councils that hold low levels of reserves could find it difficult to deal with future financial pressures or indicate that they do not plan effectively.

Barnsley has a historically strong reserves position, with an average of 77% reserves as a proportion to net expenditure over the period 2014 to 2018. (*Reserves exclude Schools & Public Health balances*).

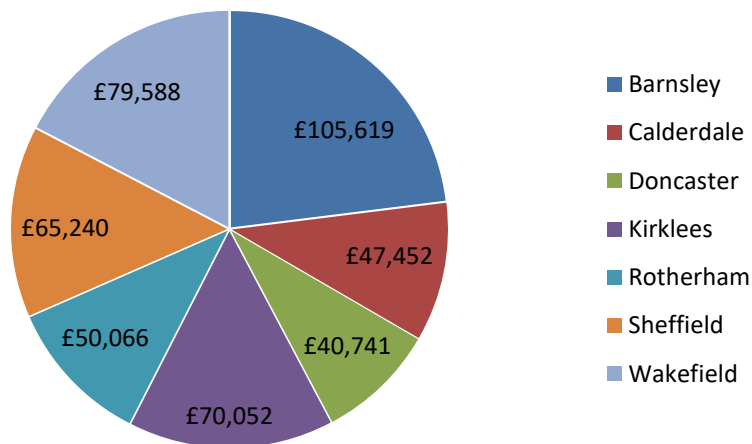
The chart below shows the Council's reserves position over the assessed period:



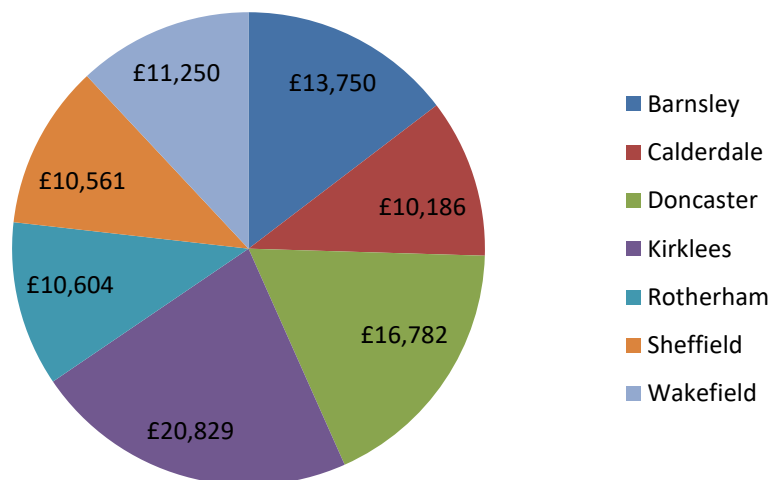
There was a sharp rise in the Council's reserves position between 2014/15 and 2015/16; this is as a result of a revision to the councils MRP Policy, and as a direct consequence of austerity, engendered a more cautious approach in the use of resources. In addition, the Council also increased its Minimum Working Balance from £10M to £15M in the same period, reflecting the S151 Officers advice on the Council's overall risk exposure during this period of financial uncertainty.

As can be seen the Council compares favourably to neighbouring authorities, having the strongest reserves position in overall terms.

Average Earmarked Reserves 2014-15 to 2017-18 £M



Average Unallocated Reserves 2014-15 to 2017-18 £M



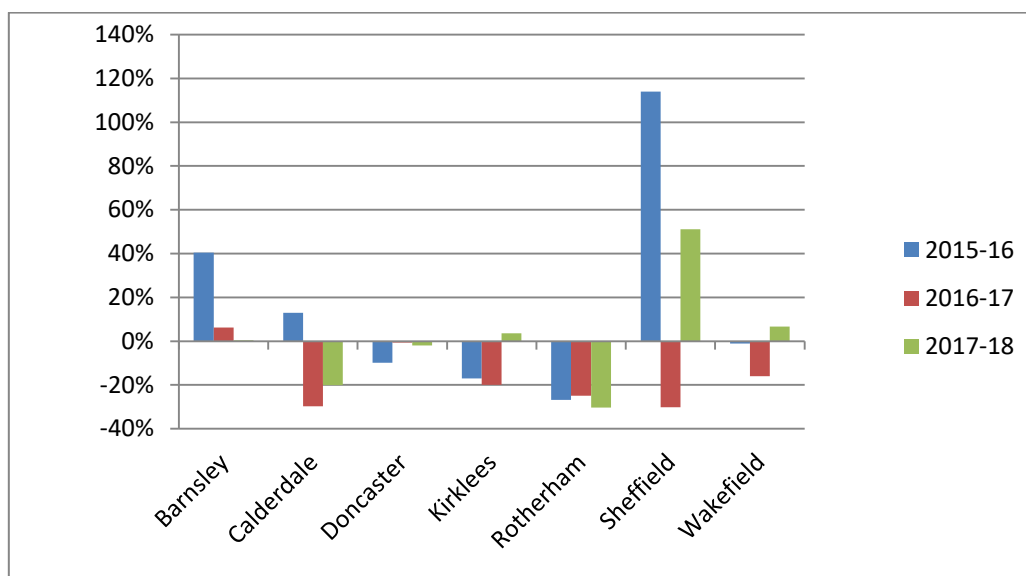
2. Change in reserves:

This indicator considers the average change in reserves over the previous 3 year period. A council that demonstrates rapid depletion of reserves over the short to medium term may be at risk of financial failure as they have no contingency to deal with unforeseen financial pressures, making it difficult to maintain a balanced budget and maintain a sustainable financial position.

The Council saw a sharp increase in the level of reserves over the period 2015/16 to 2016/17 for the reasons already outlined and have maintained a stable position

over the last 2 financial years, indicating a prudent and planned approach in the use of reserves. The Council also maintains a minimum working balance of £15M equating to approximately 10% as a proportion of net expenditure.

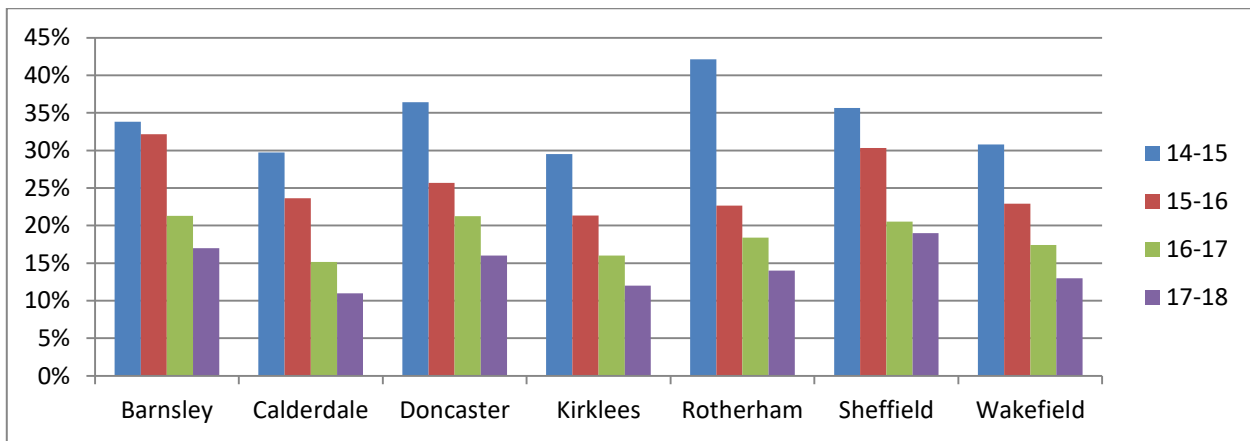
The table below sets out the Council’s change in reserves over the previous 3 years compared to the change of neighbouring authorities.



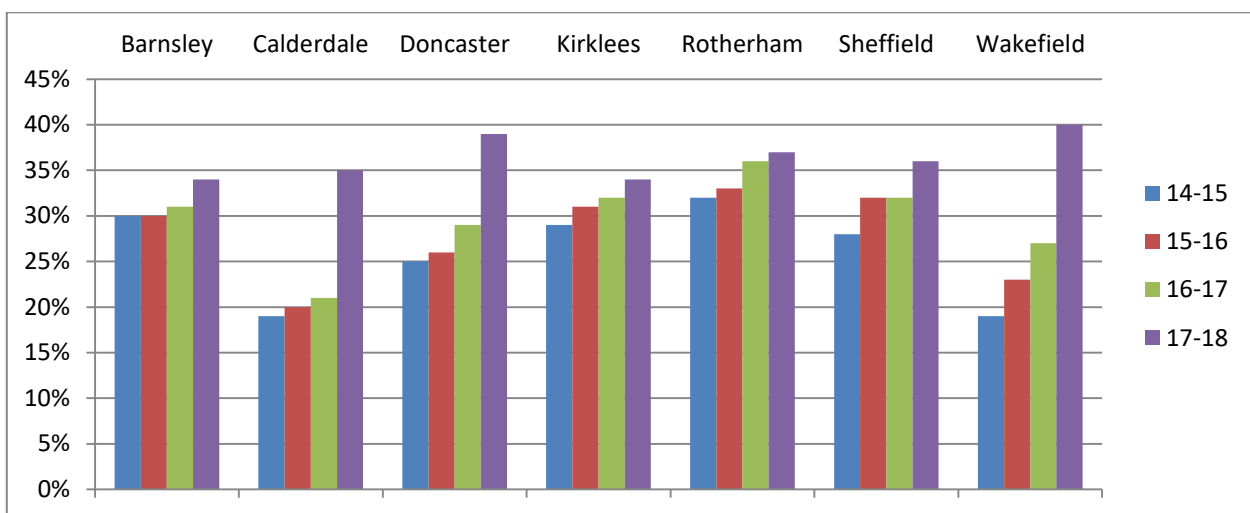
3. Revenue Support Grant as a % of Net Expenditure

This indicator demonstrates the reliance on central government grant to fund the council’s net revenue expenditure. Government grants are a diminishing source of funding; a council that is highly reliant on such funding may experience financial difficulties in the future as grant funding continues to decline.

The table below shows Barnsley and its neighbouring authorities which indicates a declining reliance on central government grant funding, indicating more reliance on other sources of income generated at a more local level. Although this can be viewed as a positive in terms of a move towards self-sufficiency, it should be noted that the Council is now more reliant on income sources that are subject to volatility (e.g. business rates) and which don’t always reflect local need.



The table below sets out the proportion of each council's income from Council Tax and retained Business Rates to total expenditure.



The Council maintains a relatively constant position; this is driven by low expenditure rather than high levels of business rates, showing the council has responded proactively to diminishing grant funding. The slight incline in 2017/18 indicates growth in council tax and business rates, again demonstrating a proactive approach to increasing the tax base through various economic growth strategies to attract housing and business growth across the borough.

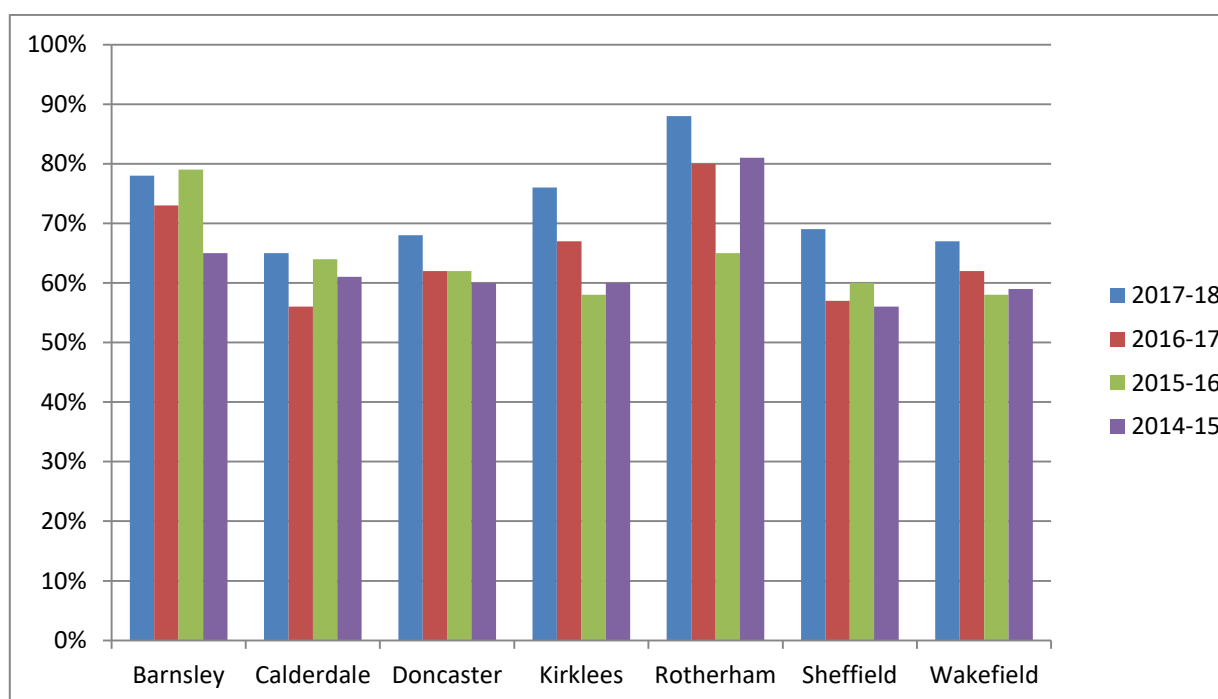
4. Social Care & Debt Financing as a % of Net Revenue Expenditure:

This indicator considers the proportion of adults and children's social care costs and interest on borrowing to net revenue expenditure. As spending in the aforementioned areas tends to be of a statutory or fixed nature, this measure shows the extent to which spend can be reduced in other areas of a council's budget if that becomes necessary. A high ratio indicates a council has little flexibility to make further savings and thus increases the risk of potential financial failure.

The table below shows the Council spends on average 77% of its revenue expenditure on these categories. This is largely as a result of the £102M of

efficiency savings delivered since 2010 been mainly delivered from ‘other’ council services, recognising that adult and children’s social care services have in the main been protected from the worst of the cuts in expenditure. However, this indicates that the Council is now reaching a point where there is little capacity in the rest of the budget to make further savings and thus emphasises the need to demonstrate value for money in everything the Council does.

The table also shows that the Council’s proportionate spend on social care and debt financing costs compares less favourably than some of our near neighbours. However, the Council is not a significant outlier with a broadly consistent picture across all authorities, reflective of the national pressures associated with rising social care costs.



5. Children’s Social Care Judgement:

This indicator considers the latest OFSTED rating on the quality of children’s social care. A rating of inadequate or requires improvement may be associated with future increases in spending on children’s social care, adding further cost pressures.

Barnsley’s latest OFSTED rating is ‘Good’ as outlined in the table below, indicating no serious concerns around future spending requirements in this area.

Judgement	Grade
The impact of leaders on social work practice with children and families	Good
The experiences and progress of children who need help and protection	Good
The experiences and progress of children in care and care leavers	Good
Overall effectiveness	Good

6. Auditor Value for Money Assessment:

This indicator shows whether auditors have concluded a non-standard value for money conclusion on the Council's statement of accounts. A non-standard judgement may indicate some concern over the financial management and decision making of the council.

The Council has never received a non-standard judgement, indicating a sound financial management framework and robust governance arrangements.

7. Conclusion:

An analysis of CIPFA's originally proposed financial resilience indices indicates that the Council has a strong and stable reserves position, with a sound strategy in place to utilise reserves in a planned and prudent manner.

The Council has been pro-active in responding to the significant financial challenges that it has faced over the past decade. Robust plans have been put in place to reduce expenditure in line with reduced resource levels, which along with a council wide transformation programme has contributed to the delivery of a sustainable future council.

The Council has recognised that it needs to be less reliant on traditional sources of Government funding and has put in place strategies and plans that contribute to developing sustainable income streams from locally generated sources.

Although this is a common theme across all local authorities, there are inevitable concerns over the Council's proportionate levels of spend on social care / debt costs and the consequential lack of flexibility to make further savings in other 'non-protected' services. That said; the Council has been proactive in developing strategies and plans to drive out maximum efficiencies in both protected and non

protected services to ensure that it is as financially sustainable as it can be in a period of unprecedented uncertainty.

6. OTHER AREAS OF FINANCIAL RESILIENCE

6.1 Although CIPFA's Financial Resilience indices focus on a number of key themes, the Council is able to further demonstrate financial resilience through a range of other forms of internal control and good financial management as detailed below.

- Reserves:

The Council has a strong reserves position, equating to an average of 77% of its net revenue expenditure. A robust reserves strategy is in place which ensures that reserves are only utilised in a planned and prudent manner. For example, reserves can only be applied to revenue or capital priorities that are both one-off in nature and which are aligned to the Council's Corporate Plan. The strategy emphasises that reserves are only to be used as a bridging strategy to address recurrent budget shortfalls in exceptional circumstances and this has not been necessary for a number of years.

The Council holds a Minimum Working Balance of £15M, equating to approximately 10% of net expenditure. The Council increased this from £10M in 2015/16, following the advice of the S151 Officer with the current level deemed to be adequate for addressing any unforeseen events.

In addition, the Council also holds a £5.2M Minimum Working Balance relating to the Housing Revenue Account equating to approximately 7.5% of turnover.

- Financial Planning:

The Council has a robust Medium Term Financial Strategy in place covering a rolling 3 year budget cycle, underpinned by a number of complementary strategies covering for example Reserves, Treasury Management and Capital strategies. Consideration is given to all future spending challenges, (e.g demographic pressures); indicating a prudent approach to financial planning.

Strong financial management is embedded throughout the organisation, led both by the Senior Political Leadership and Senior Management Team and cascaded down to all levels. This can be evidenced through the successful delivery of £102M of efficiency savings since 2010 in order to maintain a balanced budget and sustainable future council.

A balanced budget has been set for the current financial year 2018/19 and is currently forecasting an overall service underspend, demonstrating that 'in year' pressures are being managed effectively.

Detailed proposals to deliver a balanced position for 2019/20 and 2020/21 have been produced with plans being worked up to address a modest deficit in 2021/22.

This further demonstrating the pro-active approach being taken by the Council to prepare itself for the potentially significant financial challenges that lie ahead.

- Financial Reporting:

The Council's MTFS is approved by Cabinet and Full Council in February each year in advance of the new financial year commencing. Regular updates are provided and approval granted throughout the year.

A robust integrated financial and performance monitoring and reporting framework is in place, with quarterly updates reported and approved by Cabinet and Audit Committee respectively.

- Commercialism:

The Council has recognised the need to adopt a more commercial and business like mind-set in everything it does, and this is one of the council's internal priorities. A Commercial Strategy is in place which focuses on 4 key themes:

- Embedding a commercial culture;
- Demonstrating value for money;
- Effective procurement and commissioning;
- Maximising income generation.

A number of commercial work streams exist across the Council that contribute to creating a sustainable financial landscape for the future. Significant successful outcomes can be evidenced including a Property Investment Fund (PIF), commercial housing developments as well as phase 1 of the Glassworks scheme [phase 2 in progress]. There also many other smaller scale examples that reflect the embedding of a commercial culture across the organisation including Bereavement Services [establishing a pet crematorium]; CODE GREEN [trading IT services through a wholly owned Council company] along with the various commercial partnerships the Council successfully participates in (Berneslai Homes / NPP / NORSE).

Section 4

BARNSELY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL - 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 £59.2M as identified in the table at 3.13, split between General Fund resources (£37.4M) and Housing resources (£21.8M) respectively;**
- 2.3 **Note the proposals for using upto £41.2M of these available reserves as set out in the '2020 Capital Programme and Use of Reserves' report elsewhere on this agenda;**
- 2.4 **Note the intention to retain the General Fund element of the unallocated resources totalling £16.1M in light of the continued Brexit uncertainty and particularly in light of the economic regeneration schemes that the Council is committed to taking forward in the next few years;**
- 2.5 **Over and above this, note the intention at paragraph 3.3 to retain the minimum working balance of £15M as a contingency for unforeseen events over the planning period.**

3. Current Position

3.1 Overall Opening Position

The table below summarises the Council's total balances position as at 1st April 2018 and a summary of the remaining reserves available after setting funding aside for existing statutory items, existing commitments and current capital programme approvals.

Table 1 Total Available Resources as at 31st March 2019

SUMMARY AS AT 1ST APRIL 2018	1st April 2018	Plus Anticipated Future Resources	Resources Available for 2020 Programme	Less Statutory / Invest. Earmarking	2020 Capital Programme Already Approved	Available Resources – 31st March 2019
	£M	£M	£M	£M	£M	£M
TOTAL RESERVES	135.793	43.301	179.094	(85.402)	(70.114)	23.578
TOTAL CAPITAL RECEIPTS	12.186	4.595	16.781	(6.186)	(6.000)	4.595
Sub Total General Fund	147.979	47.896	195.875	(91.588)	(76.114)	28.173
TOTAL HOUSING	41.517	-	41.517	(21.114)	(5.342)	15.061
TOTAL BERNESLAI HOMES	8.920	-	8.920	-	(2.160)	6.760
Sub Total Housing	50.437	-	50.437	(21.114)	(7.502)	21.821
GRAND TOTAL	198.416	47.896	246.312	(112.702)	(83.616)	49.994
APPENDICES	APP 1	APP 2		APP 1	APP 3	

3.2 Further details are provided at Appendices 1-4. As outlined in previous reports, all of the earmarked funds are subject to ongoing review but at this point, they can be considered committed and therefore not available to fund new initiatives.

General Fund Resources

3.3 The closure of the 2017/18 accounts recorded total general fund revenue reserves of £135.8M and capital receipts of £12.2M respectively (Appendix 1a refers). An element of these resources are either required to be earmarked under statute (e.g. school balances), are required for corporate cross cutting expenditure commitments (e.g. redundancy costs) or are required to fund previously agreed investment decisions (e.g. the redevelopment of the town centre). Included in the statutory earmarkings is an amount of £15M for the Minimum Working Balance which is set aside as a contingency for unforeseen events during this planning period.

3.4 Where 'banked' resources are identified as available for consideration i.e. not earmarked specifically for the categories above, they are held corporately pending prioritisation (see Capital Strategy). Appendix 1a provides an analysis of all reserves recorded in the audited statement of accounts.

3.5 In addition to these 'banked' resources, our reserves strategy also incorporates future resources that we can prudently expect to receive such as New Homes Bonus allocations, future borrowing provisions (set aside in the forecast) and 'known' receipts. A detailed breakdown is provided at Appendix 2.

3.6 The Council's existing capital programme already utilises some £76.1m of the available reserves which are summarised in Table 1 above and provided in detail at Appendix 3.

3.7 In addition to the position shown at Table 1 above, further reserves have been identified for release and consideration, included in this suite of budget papers, which are summarised below:

- A provisional revenue outturn of £2.8M is indicatively identified (as at September 2018 – Quarter 2);

- The Government's settlement in December 2018 identified further resources available for the Council totalling £1.1M over the period in respect of increased New Homes Bonus allocations;
- The Government's settlement also identified further resources available for the Council totalling £0.9M in respect of its share of a Business Rates Levy Surplus that the Government had identified; and
- Reserves totalling £4.4M which were initially set aside as a 'one off' contingency to deal with burgeoning ASC pressures are no longer required for this purpose, as in the interim period, the ASC monitoring position has significantly improved and in addition, further one off allocations of £4.5M have been recently announced by the Government for ASC/ CSC pressures.

3.8 The net impact of this update is to leave £28.2M of General Fund resources available for consideration.

3.9 It should also be noted that there are currently a number of funding bids that are being progressed at this point in time particularly in relation to submissions into Sheffield City Region. It is intended to incorporate the outcome of these funding bids into the ongoing review of the MTFs and reserves strategy which will be reported into Cabinet in due course.

Housing Resources

3.10 The closure of the 2017/18 accounts recorded total Housing related resources of £50.4M. This amount is split between Housing Revenue Account (HRA) reserves of £41.5M (Appendix 1b refers) and a Berneslai Homes company surplus, totalling £8.9M (Appendix 1c refers). An element of these funds are required to be earmarked under statute for specific housing related expenditure commitments (e.g. mitigation of the impact of universal credit) or represent cash required to fund previously agreed investment decisions (e.g. New Build Bungalows).

3.11 After allowing for earmarkings of £21.1M (see Appendix 1b) and approved capital investments (Appendix 3) of £7.5M (total £28.6M), the remaining amount for consideration is £21.8M.

3.12 The entirety of these resources are "banked" in that they reside in the Authority's balance sheet pending consideration and exclude any anticipated future resources.

Revised Overall Resource Position

3.13 The impact of these changes on the Council's available reserves is shown in Table 2 below:-

Table 2 Revised Overall Resources Position

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	TOTAL £M
General Fund Resources							28.173
Housing Resources							21.821
Previously Agreed Available Resources							49.994
2018/19 Indicative Outturn	-	-	-	2.800	-	-	+2.800
Reprioritisation of Reserves	-	-	-	4.400	-	-	+4.400
New Homes Bonus Update	-	0.132	-	0.316	0.316	0.316	+1.080
Business Rates Levy Surplus	-	-	-	0.860	-	-	+0.860
Other adjustment	-	0.065	-	-	-	-	+0.065
Further Forecast Reserves	-	0.197	0.000	8.376	0.316	0.316	+9.205
Revised Resources Position							59.199

3.14 Assuming the proposed priority schemes are approved, the remaining unallocated reserves are shown in table 3 below:-

Table 3 Total Unallocated Reserves

	TOTAL	PRIORITY SCHEMES	NET REMAINING
	£M	£M	£M
Housing - Ringfenced Resources (HRA)	15.061	13.600	1.461
Housing - Non Ringfenced Resources	6.760	6.262	0.498
Sub Total – Housing	21.821	19.862	1.959
General Fund - Non Ringfenced	37.378	21.312	16.066
Total Unallocated Reserves	59.199	41.174	18.025

3.15 The total amount of remaining unallocated reserves is £18.0M. This is summarised in Table 3 and in more detail at Appendix 4.

3.16 Out of the £18.0M available, £1.9M relates to the ring fenced HRA account or other housing resources. The remaining non- ring fenced General Fund amount is £16.1M and it is proposed to set this aside as a contingency in view of the continuing uncertainty surrounding BREXIT and particularly in light of the economic regeneration schemes that the Council is seeking to take forward in its capital programme.

BALANCE OF GENERAL FUND RESOURCES AS AT 1ST APRIL 2018
INCLUDING THOSE EARMARKED

<u>GENERAL FUND RESERVES</u>	1st April 2018 £M
<u>Unavailable: Statutory & Corporate Items</u>	
Minimum Working Balance	15.000
School Balances	2.894
Future Council – Downsizing/ Pressures	16.000
Minimum Revenue Provision Reserve	2.356
Insurance Fund Reserve	5.324
Building Schools for the Future	6.034
Sub-Total - Statutory & Corporate Items	47.608
<u>Unavailable: Investment Decisions Previously Agreed</u>	
Invest to Grow Fund	1.556
Town Centre Management	1.000
Libraries Review	1.000
Area Councils / Ward Alliance	1.145
Public Health Grant	1.868
Adult Social Care – Transformation	4.400
Safer Communities Grant	1.067
Other	6.758
Glassworks	19.000
Sub-Total - Investment Decisions	37.794
Sub-Total – Other Earmarkings	85.402
<u>Capital Investment Decisions</u>	
2020 Capital Priorities – Glassworks	13.627
2020 Capital Priorities – Other	36.764
Sub-Total - Capital Investment Decisions	50.391
GRAND TOTAL – GENERAL FUND	135.793

<u>CAPITAL RECEIPTS</u>	1st April 2018 £M
Earmarked for 2020 Capital Priorities	6.000
Earmarked for Other Capital Priorities	6.186
GRAND TOTAL – CAPITAL RECEIPTS	12.186

APPENDIX 1b

BALANCE OF HRA RESERVES AS AT 1ST APRIL
INCLUDING THOSE EARMARKED

<u>HOUSING RESERVES</u>	1st April 2018 £M
Minimum Working Balance	5.200
Capital Programme Commitments	9.307
Welfare Reform	3.000
Budget Developments 18-19	0.500
New Build Bungalows	2.306
Other	0.801
Sub-Total – Other Earmarkings	21.114
2020 Capital Priorities – Housing	20.403
Sub-Total : Capital Investment Decisions	20.403
TOTAL – HOUSING RESERVES	41.517

APPENDIX 1c

BERNESLAI HOMES SURPLUSES AS AT 1ST APRIL

<u>BERNESLAI HOMES SURPLUS</u>	1st April 2018 £M
2020 Capital Priorities	8.920
TOTAL – Berneslai Homes Surplus	8.920

ANTICIPATED FUTURE RESOURCES

RESERVES	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	TOTAL £M
New Homes Bonus	3.587	3.501	3.000	2.000	12.088
Borrowing Set Aside per MTFS	4.800	5.000	5.000	-	14.800
Additional Borrowing Set Aside - Accelerating Growth	-	11.413	5.000	-	16.413
TOTAL RESERVES	8.387	19.914	13.000	2.000	43.301
CAPITAL RECEIPTS					£M
Receipts anticipated from Longcar sales	-	4.595	-	-	4.595
TOTAL CAPITAL RECEIPTS	-	4.595	-	-	4.595
TOTAL ANTICIPATED FUTURE RESOURCES	8.387	24.509	13.000	2.000	47.896

2020 CAPITAL PROGRAMME ALREADY APPROVED

<u>CAPITAL INVESTMENT</u>	Directorate	Total Investment £	Actual Spend 16/17 to 17/18 £	Future Years Investment 18/19 to 20/21 £
<u>Information Technology</u>				
Microsoft Licensing	Communities	347,094	347,094	-
Virtual Server Hosts Replacement	Communities	650,000	481,404	168,596
Citrix Replacement - Hardware	Communities	290,923	290,923	-
Digital First	Communities	3,250,000	-	3,250,000
SY Superfast Broadband	Communities	600,000	-	600,000
<u>Glassworks</u>				
Glassworks Phase 1	Place	7,560,000	-	7,560,000
Glassworks Phase 2	Place	1,000,000	1,000,000	-
Development - Predevelopment	Place	11,322,000	132,922	11,189,078
Early Years Costs (Revenue)	Place	200,000	-	200,000
Procurement Costs	Place	2,478,000	-	2,478,000
Glassworks Phase 2 Contingency	Place	2,000,000	-	2,000,000
Further Set Aside - Reserves	Place	3,000,000	-	3,000,000
Strategy Sept 18	Place	5,100,000	-	5,100,000
Town Centre - Jumble Lane	Place			
Crossing Bridge	Place			
Town Centre - Public Realm	Place			
Works	Place			
<u>Culture & Heritage</u>				
Cannon Hall - Coach House & Cottages	Place	215,000	-	215,000
Development and Implementation of the Elsecar Masterplan	Place	450,000	109,907	340,093
Investment in Wedding Infrastructure at Cannon Hall	Place	100,000	-	100,000
Refit of shop at Cannon Hall	Place	25,000	-	25,000
Purchase of Land at Elsecar (The Sidings)	Place	1,100,000	1,100,000	-
<u>Economic Regeneration</u>				
Property Investment Fund	Place	3,400,000	89,667	3,310,333
Courthouse Enabling and Development Works -	Place	2,560,000	65,220	2,494,780
Wentworth and Stainborough - National Trust	Place	4,100,000	-	4,100,000
<u>Housing, Energy & Regs</u>				
Housing Re-development at Longcar Lane (32 units).	Place	3,997,000	-	3,997,000
Residential Investment Fund	Place	250,000	-	250,000
Pet Crematorium	Place	150,000	1,231	148,769

<u>RESERVES (CONT.)</u>	Directorate	Total Investment £	Actual Spend 16/17 to 17/18 £	Future Years Investment 18/19 to 20/21 £
<u>Highways</u>				
Dodworth Road / Broadway	Place	2,181,000	-	2,181,000
Highways - Skid Resistance	Place	1,000,000	-	1,000,000
Highway - Planned Patching	Place	1,000,000	-	1,000,000
Roads Programme	Place	4,000,000	-	4,000,000
<u>Communities</u>				
Principal Towns Programme	Communities	5,000,000	83,233	4,916,767
<u>People/Assets</u>				
Youth Zone	People	3,000,000	-	3,000,000
Penistone School - Additional Places	Core	2,011,000	21,056	1,989,944
<u>General Contingency</u>		1,500,000	-	1,500,000
Total capital investments		73,837,017	3,722,657	70,114,360

<u>REVENUE INVESTMENT</u>	Directorate	Total Investment £	Actual Spend 16/17 to 17/18 £	Future Years Investment 18/19 to 20/21 £
SEND Provision	People	6,000,000	-	6,000,000
Total Revenue Investment		6,000,000	-	6,000,000

<u>HOUSING/BERNESLAI HOMES</u>	Directorate	Total Investment £	Actual Spend 16/17 to 17/18 £	Future Years Investment 18/19 to 20/21 £
Baden Street	HRA/BH	776,938	81,252	695,686
Longcar Lane	HRA/BH	300,000	-	300,000
Bellbrooke	HRA/BH	327,725	148,669	179,056
Locksley Gardens, Birdwell	HRA/BH	444,833	-	444,833
Pilley	HRA/BH	222,660	-	222,660
HRA Surveyor	HRA/BH	100,700	-	100,700
Kings Road, Wombwell	HRA/BH	202,575	-	202,575
Empty Homes Acquisitions	HRA/BH	2,196,000	2,500	2,193,500
Broadway Acquisitions OPE Site and Conversion	HRA/BH	1,002,400	-	1,002,400
Empty Homes	HRA/BH	1,500,000	-	1,500,000
Homelessness	HRA/BH	200,000	-	200,000
Core Acquisition	HRA/BH	461,000	-	461,000
Total capital investments - Housing/Berneslai Homes		7,734,831	232,421	7,502,410

TOTAL 2020 CAPITAL PROGRAMME ALREADY APPROVED	83,616,770
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TOTAL RESOURCES POSITION

RESERVES	TOTAL £M	TOTAL £M
Total Resources		246.312
Future anticipated reserves		4.805
TOTAL RESERVES		251.117
Of which		
Banked		198.416
To be Realised		
Original	47.896	
Additional	4.805	52.701
TOTAL RESERVES		251.117
Less		
Earmarked pre 18/19		112.702
Re-prioritisation		-4.400
2020 Capital Programme approved		83.616
Housing Capital Programme - approved		17.313
2020 Capital Programme to be approved		23.861
TOTAL EARMARKED		233.092
TOTAL ANTICIPATED FUTURE RESOURCES		18.025
Of which		
Earmarked for Housing Priorities		1.959
Earmarked as BREXIT contingency		16.066

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Section 5

FUTURE COUNCIL 2020

2019/20 BUDGET RECOMMENDATIONS

1. 2019/20 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, that the 2019/20 budget proposals be agreed and 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 2020/21 and beyond;
 - c) that the revised Medium Term Financial Strategy and Forecast for 2019/20 to 2021/22 contained at **Section 3** and **Section 3a** (supported by the Capital Investment Strategy at **Section 3b**, the Treasury Management Strategy at **Section 3c** and the Financial Resilience position at **Section 3d**) be noted and monitored as part of the arrangements for the delivery of the Future Council 2020 Strategy;
 - d) that the Council's current reserves position at **Section 4** be noted and monitored as part of the arrangements for the delivery of the Future Council 2020 Strategy;
 - e) to consider the budgets for all services and approve, for submission into Council, the 2019/20 budget proposals presented at **Sections 6A – 6C** and **Sections 10A – 10E** subject to Cabinet receiving detailed implementation reports where appropriate;
 - f) to consider and approve the changes to the schools funding formula including the transfer of funding from the schools block to the high needs block and approve the proposed 2019/20 schools block budget as set out at **Section 6D**;
 - g) that the new General Fund capital investment of £23.9M (as outlined at **Section 7 Appendix A**) and £8.4M (**Section 7 Table 5**) of specifically funded schemes be included within the capital programme and released subject to further detailed reports on the proposals for their use;
 - h) Cabinet note the availability of £1.9M of Housing related reserves to be considered against future housing priorities in 2019/20 as set out at **Section 7 Table 3**;
 - i) that Cabinet notes and approves the remaining unallocated resources of £16.1M at **Section 7 Table 3** be earmarked in view of the ongoing BREXIT uncertainty,

particularly recognising the major economic regeneration initiatives the Council is taking forward;

- j) that the detailed proposals for increases to existing fees and charges and new fees and charges be approved and implemented as set out at **Section 9**;
- k) that the efficiency proposals for 2019/20 in **Sections 10A to 10E** be agreed, subject to consideration of any further Equality Impact Assessments;
- l) to approve the creation of a spot salary for the role of Service Director with effect from 1 June 2019 (**see Section 11**);
- m) that the existing Elected Members Scheme of Allowances (**Section 12**) continue and that following consideration of a report from the Council's Independent Remuneration Panel that the indexation formula for the increase in allowances (linked to related increases for officer remuneration) be retained;
- n) that the Aggregated Equality Impact Assessment (**Section 14**) of the proposals be noted and the proposed mitigation actions in the report be approved;
- o) to submit to Council for approval the cash limited budgets for each service with overall net expenditure for 2019/20 of £169.064M;
- p) 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 2019/20 on any further action required to achieve an appropriately balanced budget in addition to those proposals set out above;
- q) that the Chief Executive and SMT be responsible for managing their respective budgets including ensuring the implementation of savings proposals;
- r) 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;
- s) that Cabinet and the Section 151 Officer be authorised to make any necessary technical adjustments to form the 2019/20 budget;
- t) 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;
- u) that the budget papers be submitted for the consideration of the full Council.

2. Council Tax 2019/20

RECOMMENDED:-

that Cabinet note the contents of **Section 8** (2019/20 Council Tax options) and that:-

- a) the Council Tax Collection Fund net surplus as at 31 March 2019 relating to BMBC of £2.615M be used to reduce the 2019/20 Council Tax requirement, in line with statute;
- b) the 2019/20 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 2019/20;
- d) the Band D Council Tax for areas of the Borough with Parish / Town Councils be determined following confirmation of individual parish precepts for 2019/20.

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2020 FUTURE COUNCIL 2019/20 Budget Summary

Line	DIRECTORATE:	Revised 2018/19 Net Direct Expenditure (controllable) £	Fixed and Ongoing Items £	Investment & Other Decisions £	Future Council Efficiencies £	Revised 2019/20 Net Direct Expenditure (controllable) £
1	COMMUNITIES	17,187,590	578,666		(1,614,632)	16,151,624
2	PEOPLE	73,427,924	2,510,118	1,068,000	(1,474,000)	75,532,042
3	PLACE	36,280,513	1,067,417	2,707,794	(2,217,000)	37,838,724
4	PUBLIC HEALTH	2,277,055	644,072		(189,000)	2,732,127
5	CORE SERVICES	14,478,252	852,486	(2,744,725)	(270,486)	12,315,527
6	TOTAL SERVICE EXPENDITURE	143,651,334	5,652,759	1,031,069	(5,765,118)	144,570,044
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	9,542,974	(2,895,759)	1,562,931		8,210,146
12	SUB-TOTAL NON SERVICE EXPENDITURE	25,336,693	(2,625,759)	1,782,931	-	24,493,865
13	TOTAL NET EXPENDITURE	168,988,027	3,027,000	2,814,000	(5,765,118)	169,063,909

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BARNSLEY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL 2021

Summary of Efficiency Proposals 2019 - 2020

DIRECTORATE	TOTAL £
COMMUNITIES	1,614,632
PEOPLE	1,474,000
PLACE	2,217,000
PUBLIC HEALTH	189,000
CORE SERVICES	270,486
TOTAL	5,765,118

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2020 FUTURE COUNCIL 2020/21 Efficiency Proposals

	2020/21 Savings	2020/21 Crosscutting	Total
<i>DIRECTORATE PROPOSALS</i>			
Communities	1,488,005 *	-	1,488,005
People	1,804,910	-	1,804,910
Place	1,600,000	1,060,000	2,660,000
Public Health	260,000	-	260,000
Core	553,500	2,738,000	3,291,500
<i>Total Directorate Proposals</i>	5,706,415	3,798,000	9,504,415

*Includes crosscutting Digital First budget reductions where resources will be reduced across the Council as a result of the implementation of various technologies

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Section 6d

BARNSELY METROPOLITAN BOROUGH COUNCIL

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

2019/20 SCHOOLS DELEGATED BUDGETS

1. Purpose of the Report

- 1.1 To seek approval to Barnsley's local schools funding formula (and changes therein) and the delegated schools block budgets for 2019/20.

2. Recommendations

- 2.1 That Cabinet approves the changes to the local schools funding formula and in particular the transfer of the available funding (£1.4m) from the schools block to the high needs block.
- 2.2 That Cabinet approves the proposed schools block budget for 2019/20.

3. Schools Funding Settlement 2019/20

- 3.1 Details of the Dedicated Schools Grant (DSG) were announced on 20 December 2018 and included details of other schools related funding such as the Pupil Premium Grant. The total DSG allocation for Barnsley for 2019/20 is **£180.5m**. This equates to a **£6.9m** increase in DSG funding compared to 2018/19. The table below compares Barnsley's DSG allocation for 2019/20 to the current year on an equivalent basis.

DSG funding blocks	2018-19 £M	2019-20 £M	Change £M
Schools	142.9	148.8	5.9
Early Years	14.4	14.4	-
High Needs	14.0	15.0	1.0
Additional funding*	0.5	0.5	-
Central services	1.8	1.8	-
	173.6	180.5	+6.9

* One-off SEN funding announced by the Government in Dec 2018 – for high needs pressures

- 3.2 The change in funding in 2019/20 can be explained by the following:

- Schools – the increase of £5.9m is comprised of gains under the new schools national funding formula (£2.9m) and increase in pupil numbers (£3m)
- High Needs – the £1.0m funding increase is comprised of: impact of the new high needs national funding formula (£0.8m) and pupil number changes (£0.2m)

3.3 The DSG settlement for Barnsley includes the additional funding for high needs announced by the Government for 2018/19 and 2019/20 i.e. £0.528m each for both years.

4. Changes to the schools funding formula 2019-20

4.1 A consultation exercise was undertaken in November 2018, which sought views on further changes to Barnsley's local formula as well as the proposal to transfer funding from the schools block to the high needs block. The outcome of the consultation was reported to the Schools Forum in October 2018. The following reflects the implemented changes to the schools funding formula for 2019/20 after consideration of the responses from schools and the views of the Schools Forum:

- The funding factors within the schools' formula for 2019/20 to remain the same as in the current year;
- The Age Weighted Funding Unit (AWPU), i.e. the basic entitlement per pupil has been increased to NFF rates and set as follows: Primary **£2,832**; Secondary KS3 **£3,863** and Secondary KS4 **£4,386**;
- No significant changes have been made to the funding rates and weightings in the formula for the following factors: Deprivation, English as an Additional Language (EAL); and Prior Attainment;
- The 'minimum pupil funding' rate in the formula has been increased to address the under-funding of some schools and is set at the NFF level as follows: £3,500 for primary and £4,800 for secondary. This factor ensures that the total pupil funding (i.e. AWPU, deprivation, EAL, and Prior Attainment) for each school is not less than the set minimum funding rate;
- The Lump Sum amount allocated to all schools (irrespective of size or pupil numbers) has been maintained at the current level (i.e. £100k);
- The primary / secondary funding ratio in the 2019/20 formula has been calculated as 1:1.31 (consistent with the NFF average ratio of 1:1.29);
- The minimum funding guarantee (MFG) has been set at **+0.5%** (same as the NFF). This would ensure that all schools will have a minimum increase 0.5% on a per pupil basis;

4.2 Pupil growth funding (£0.650m) has been top-sliced from the schools block allocation and would be distributed to schools (outside the formula) in line with the Council's pupil growth policy / criteria. The amount top-sliced is less than the amount allocated to Barnsley through the NFF (£0.9m).

4.3 Barnsley continues to face increased cost pressures in the high needs block, with deficit of £8.3M forecast for 2018/19. Views were sought via the consultation with schools to maintain the current 1% funding transfer (£1.4M) to the high needs block. The transfer proposal was approved by the Schools Forum at the October 2018 meeting (see table overleaf).

5. Proposed 2019/20 Schools Delegated Budget

5.1 Submission of schools funding formulae and confirmation of political ratification of the schools' budget (by Councils) is required by DfE. The table below outline the proposed schools budget for 2019/20 and reflect the changes to the formula as detailed in paragraph 4.1 above.

	2018/19 Budget	2019/20 Budget	Variance
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Schools block funding settlement (see Table 3.1)	142,884	148,797	5,913
<u>Less: Funding Top-slice:</u>			
Pupil Growth fund (see para 4.2)	-400	-650	-250
Funding transfer to high needs block (see para 4.3)	-1,429	-1,488	-59
Funding available for distribution	141,056	146,659	5,603

1) Age Weighted Pupil Unit (AWPU)	99,927	103,660	3,733
2) Deprivation	12,405	12,522	117
3) English as an Additional Language	472	579	107
4) Prior Attainment	8,909	9,803	894
5) Lump sum	8,700	8,700	-
6) Minimum pupil funding	621	1,104	483
7) Funding Floor	0	292	292
7) Rates	2,613	2,393	-220
8) PFI funding	7,408	7,606	198
Total Allocated funding to schools	141,056	146,659	5,603

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Section 7

BARNSELY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL

CAPITAL PROGRAMME & USE OF RESERVES

1. Purpose of Report

- 1.1 To identify the Council's capital investment needs and resource availability through to 2021/22.

2. Recommendation

It is recommended that:

- 1 **Members note the overall available resources position for consideration as outlined in section 4.1 of this report;**
- 2 **Members approve in principle the current list of priority schemes identified at appendix A;**
- 3 **Members approve the decision to defer the use of remaining general reserves, totalling £16.1M, pending greater clarity on the outcome of Brexit and consideration of the potential financial impact on the Council, as outlined in paragraph 5.10;**
- 4 **Members note the remaining housing related monies of £1.9M, identified in Paragraph 5.11, which will be considered against future priorities during 2019/20;**
- 5 **Members note the indicative external resource allocations, as outlined at Table 5 of this report, and specifically approve the 2019/20 resources of £8.4M to be included in the Council's capital programme - subject to final confirmation.**

3. Introduction

- 3.1 The 2020 Capital Programme has been set within the context of the Council's 2020 Reserves Strategy included elsewhere in this budget pack.

4. Overall Resource Position

- 4.1 The updated Reserves Strategy, included elsewhere in these budget papers, outlines to Members, the level of resources potentially available for both general fund and housing priority investment respectively. This is summarised in the table below:-

Table 1: Total Available Resources for Consideration

	TOTAL £M
General Fund Resources	37.378
Housing Resources	21.821
Total	59.199

5. 2020 Capital Programme – Schemes for Consideration

- 5.1 The Capital Investment Strategy sets out the principles and processes with regards both the governance and prioritisation arrangements in the setting of the capital programme and it is in this context, that the proposed schemes have been considered.
- 5.2 Services have submitted outline capital investment proposals for consideration against the total resources available. All proposals have been brigaded into three main categories to assist the prioritisation process based on the restricted nature of an element of the available funding and the S51 Officer's advice in relation to carrying out additional prudential borrowing.

Accelerating Growth Proposals

- 5.3 Accelerating growth schemes are proposals that will stimulate economic regeneration, partially coupled with future income streams. Such schemes will help to ensure the Council delivers economic aspirations in relation to jobs and business growth. These schemes may also produce a financial return that can potentially support wider Council priorities.
- 5.4 It is proposed that the Council considers modest additional borrowing for these types of schemes, mainly to provide gap funding to developers where the balance of risk lies away from the Council. The management of this process will form part of the Council's approved Treasury Management Strategy. The proposal to borrow for such schemes will be subject to a rigorous analysis to ensure that there is a strong evidence base for the expected future income streams/ economic return.
- 5.5 In addition to applying strong due diligence to each individual scheme, it is also recommended that such proposals are phased over a period of time to allow for ongoing scheme review, the effective management of risk and also assess the overall debt position of the Council. As outlined in the Reserves Strategy Update, (included elsewhere in this budget pack), a provision to borrow upto **£16.413M** has been set aside in the Council's updated MTFs which equates to the value of the priority 'accelerating growth' schemes set out at Appendix 1.

Non-Accelerating Growth Proposals (Appendix B)

- 5.6 Non-accelerating growth schemes are schemes that do not necessarily generate economic growth or produce a financial return to the Council but serve to fulfil the Council's wider corporate objectives. In respect of funding such schemes, it is proposed to utilise the Council's own general fund reserves as and when these become available. Priority schemes to the value of **£4.9M** are set out at Appendix B.

Housing Proposals

- 5.7 The schemes specifically relating to housing investments aim to both increase the Council's housing stock and stimulate the private housing market. The proposed funding of such schemes is to use the Council's Housing Revenue Account (HRA) reserves and BH surpluses. As mentioned throughout this report, the HRA

Reserves element of the funding is restricted purely to Council Housing proposals and therefore will be solely used on these schemes.

- 5.8 The capital programme for the HRA including both the Barnsley Homes Standard and wider housing investment proposals has been approved in a separate report (Cab.09.01.2019 refers). The indicative 5 year HRA programme is shown in the table below which includes priority housing schemes totalling £17.3M.

	Indicative						TOTAL £M
	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	
Core Programme inc Barnsley Homes Standard	19.773	22.910	21.425	21.676	21.928	22.205	129.917
Housing Growth - Core	10.997	2.152	0.730	-	-	-	13.879
Housing Growth Investment - New	1.715	10.798	4.800	-	-	-	17.313
Total Expenditure	32.485	35.860	26.955	21.676	21.928	22.205	161.109

Remaining Resources

- 5.9 The table below illustrated the remaining resources available assuming that the priority schemes highlighted at Appendix A are approved.

Table 3: General Fund Resources Remaining

	Total Resources	Committed Schemes / Contingency	Total Available Resources
	£M	£M	£M
Accelerating Growth	16.413	(16.413)	-
Acceleration Growth – Housing	2.548	(2.548)	-
Non Accelerating Growth	20.966	(4.900)	16.066
Housing Proposals	19.272	(17.313)	1.959
Total Resources Available	59.199	(41.174)	18.025
less: HRA earmarking		(1.959)	(1.959)
Total General Fund	59.199	(43.133)	16.066

- 5.10 An overall balance of resources totalling £18M has been identified at this time. It is proposed that £16.1M be held pending the conclusion of the outcome of the Government's Brexit negotiation, particularly in relation to the major economic regeneration schemes the Council is committed to taking forward in the next few years. - **Recommendation 3.**
- 5.11 The remaining £1.9M related to unallocated HRA reserves/BH surpluses will be considered against future housing priorities in 2019/20. - **Recommendation 4.**

Updated Capital Programme (General Fund)

- 5.12 Subject to approval of the priority schemes highlighted at appendix A, the revised capital programme for the General Fund programme is summarised in the table below.

Table 4: Updated Capital Programme (General Fund)

	Existing Programme	New Approvals	Total Capital Programme
	£M	£M	£M
General Fund	217.022	23.861*	240.883
Specific resources yet to be allocated to schemes**	10.349	-	10.349
Total Resources Available	227.371	23.861	251.232

*includes £2.6M of housing related schemes

**included £5.8M of S106 monies

6. Other Resources

- 6.1 The Council also receives annual allocations in respect of capital funding which is ring-fenced as to what it can be spent on. The quarterly capital programme monitoring updates will report on these allocations as and when they are received, with indicative sums offered below.

7. Specific Funding to be Approved

School Maintenance Programme

- 7.1 Anticipated resources in 2019/20 totalling £1.2M relate to investment and maintenance in the schools' stock, early years settings and children's centres (maintenance allowance).
- 7.2 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 final capital programme plans will be capped, in line with the confirmed amounts in due course.

Disabled Facilities Programme

- 7.3 The Council has received an indicative grant allocation totalling £2.8M for 2019/20 relating to the DFG element of the Better Care Fund. This amount is not yet confirmed and is therefore subject to change. The final capital programme plans will be capped in line with the confirmed amounts in due course.

Local Transport Programme (LTP)

- 7.4 The indicative resources for the two year period to 2020/21 total £4.4M in 2019/20 and £4.3M in 2020/21 relating to specific grants in respect of the LTP. The total for 2019/20 is made up of an LTP Maintenance Block allocation of £3.0M, LTP Maintenance Block Incentive Funding of £0.3M and the Integrated Transport Pot £1.1M which is available to invest in the borough's road maintenance needs.

School Admission / Basic Need Programme

- 7.5 Basic Need resources already announced for 2020/21 total £8.6M which supports the requirement to provide new pupil places by expanding existing schools within the Borough. No grant funding is currently allocated to Barnsley for pupil places for 2019/20.
- 7.6 Future funding allocations in respect of new School Pupil Places are agreed / allocated on a three year rolling basis as informed by pupil projections figures provided by LAs via the school capacity (SCAP) survey. The Department for Education has 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. This is reflected in the increased funding for 2020/21.
- 7.7 It should be noted that the Council, via a Multi Academy Trust, is in the process of applying for a free school in the town centre. Should this application be successful the Government will provide the majority of the funding required for the free school which in turn will impact the indicative basic needs allocation referred to above. It should also be noted that plans to extend Penistone Grammar school have already been committed, totalling £2.0M of the above funding.
- 7.8 The specific/ringfenced funding to be considered as part of this report has yet to be assigned to specific schemes. The inclusion for approval is for Members to note the anticipated receipt of the allocations in 2020 onwards but to specifically note the indicative 2019/20 allocation of £8.4M for inclusion in the Council's capital programme. This funding amount will be subject to final confirmation.
- Recommendation 5.**
- 7.9 Subsequent Cabinet reports will be presented, aligning the confirmed allocation to individual schemes, in due course. The indicative allocations for 2019/20 – 2021/22 are shown in the table 5 below:

Table 5: Specific Funding Indicative Allocations

	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
<u>Specific Funding to be Approved</u>				
School Maintenance Programme (indicative) *	1.172	-	-	1.172
Disabled Facilities Programme (indicative) **	2.758	-	-	2.758
Local Transport Programme (indicative)	4.443	4.282	-	8.725
School Admissions Programme (indicative)	-	8.570	-	8.570
Total	8.373	12.852	-	21.225

* Figures based on 2018/19 allocation as no indicative figures released by Central Government at the time of writing this report.

** Indicative allocation for 2019/20, actual allocation not yet confirmed by Central Government until February 2019.

8. **Total Capital Programme**

8.1 The indicative 2020 capital programme totals £433.6M as detailed in the table below:

	Total £M	Of Which New Approvals £M
<u>Specific Funding to be Approved</u>		
General Fund	251.232	23.861
Housing Revenue Account Capital Programme	161.109	17.313
Specific Funding	21.225	21.225*
Total	433.566	62.399

See Appendix A

*only £8.373m relating to 2019/20 is to be specifically included in the Council's capital programme. This is still subject to final confirmation from the funding bodies concerned.

NEW CAPITAL SCHEMES RECOMMENDED FOR APPROVAL

Ref	Proposal Title	Brief Description of the Proposal	Total Capital Cost £	RETURN ON INVESTMENT			TOTAL ANNUAL ROI	Other Benefits (e.g Job increases)
				Estimated Annual Income/Saving £	Estimated Business Rates £	Estimated Council Tax £		
ACCELERATING GROWTH								
CI 1	The Core Building Refurbishment	Refurbishment of The Core building in order to provide the infrastructure required within the context of Digital Campus and to maximise the amount of commercial floor space that is available	1,200,000	-150,000	-13,000		-163,000	70 jobs 20 new businesses
CI 9	Property Investment Phase 3	To secure an additional investment fund at a value of £3m with a view to facilitating further speculative development. Delivery approach will need to be clarified but focus may shift to the delivery of targeted high value job growth/sectors in order to ensure alignment with our Town Centre development strategy and growth step change. Assumed that a third round of the scheme has the potential to deliver 200,000ft2	3,000,000		-130,000		-130,000	347 Jobs and 6 new businesses (estimated)
CI 21	Courthouse Replacement Car Park (New MSCP)	Funding to support the viability of the Courthouse Digital Campus scheme via the potential funding of a replacement multi storey car park.	10,900,000				0	Sustain car parking income
C	Town Centre Temporary Car Parking provision	The proposal is to part fund the temporary provision of additional car parking space to accelerate the redevelopment of the existing Courthouse car park. The proposal involves the construction of temporary car parking space on the Npower site off Schwarbish Gmund Way.	742,800				0	
C	The Business Village Phase 5 (formerly BBIC)	This proposed project is to build a fourth phase – currently known as Phase 5 (one Phase is at the Cudworth site) within the grounds of the Business Village at Wilthorpe. It will be a two storey building with a total internal floor area of 13,110 sq. ft. The project also consists of external works including new car parking, private access roads, cycle parking and landscaping.	570,000		-8,000		-8,000	45 jobs 18 new businesses
TOTAL GENERAL FUND SCHEMES PROPOSED FOR APPROVAL			16,412,800	-150,000	-151,000	0	-301,000	
ACCELERATING GROWTH - HOUSING								
HP7	Berneslai Close Acquisition & Conversion	to convert part of the former Council Offices at Berneslai Close into high quality apartments for rent.	998,000	-£40,000	-£8,000		-£48,000	
HP3	Npower Site Acquisition	Town centre site with strategic significance - Option to use for housing and other uses including potential site for Youth Zone	1,550,000					
SUB - TOTAL NON HRA SCHEMES			2,548,000	-40,000	-8,000	0	-48,000	
NON-ACCELERATING GROWTH								
CI 14	Street Lighting LED Replacement	The scope of the project is to enable a replacement programme of Group A and the remaining Group B street lighting lanterns, from energy inefficient HID lanterns to energy efficient LED units. To enable resilience of the stock requiring a lantern change-over, structural examination of the columns will be undertaken at the same time as the lantern	4,200,000	-200,000	0	0	-200,000	

NEW CAPITAL SCHEMES RECOMMENDED FOR APPROVAL

Ref	Proposal Title	Brief Description of the Proposal	Total Capital Cost £	RETURN ON INVESTMENT			TOTAL ANNUAL ROI	Other Benefits (e.g Job increases)
				Estimated Annual Income/Saving £	Estimated Business Rates £	Estimated Council Tax £		
CI 10	Town Centre CCTV System (Public Space)	<p>The current Town Centre CCTV system is old with many items forming part of the system now being obsolete. The system is monitored by South Yorkshire Police in Doncaster at present and this causes significant issues in terms of collecting evidence and the lack of local knowledge to make best use of the system. Due to the on-going issues presenting within the Town Centre an adaptive, modern and suitable CCTV solution is required in order to provide the ability to identify offenders, provide evidence and develop community re-assurance within the Town. The proposal is to bring the Barnsley Town Centre CCTV system back to Barnsley to be managed by the Local Authority as is common practice in most other towns. The ongoing staffing can be contained with existing SNS resources.</p> <p>The alternative is to continue with an obsolete system that we have little direct control over and that is not configured to the redeveloped Town Centre.</p>	700,000				0	
TOTAL SCHEME PROPOSED FOR APPROVAL			4,900,000	-200,000	0	0	-200,000	
TOTAL ALL SCHEMES			23,860,800	-390,000	-159,000	0	-549,000	0

BARNSELY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL 2019/20 COUNCIL TAX OPTIONS

1. Introduction

1.1 This report considers the calculation and options for setting Council Tax levels for 2019/20.

2. Basis of Council Tax Calculation

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

- 1) Determining the Council Tax base;
- 2) A review of past performance in collecting Council Tax;
- 3) Identifying the potential impact on the Council's Medium Term Financial Strategy of various Council Tax increases;
- 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 base represents the estimated number of chargeable dwellings in the area, expressed in terms of Band D equivalent properties 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 the Council as part of the Local Government Finance Settlement.

2.5 The current LCTS scheme, introduced on 1st April 2015, requires working age claimants to contribute a minimum of 30% to their Council Tax. There are no proposed changes to the LCTS scheme for 2019/20, though options for future changes to the scheme following the rollout of Universal Credit are being considered for 2020/21 and beyond. These will be fully consulted on nearer the time.

Technical Changes to Council Tax

2.7 Since 2013/14, local authorities have been afforded discretion to charge Council Tax on second homes and empty properties. The Council's current policy is as follows :-

- 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 100% premium be charged on properties which have been empty and unfurnished for in excess of two years.

2.8 The 2019/20 Council Tax Base report was submitted in January 2019 (Cab.09.1.2019/8 refers) which set a tax base of 64,081.54.

Step 2 - Review of Performance in Collecting Council Tax

2.9 Cabinet has received a regular update on the the performance in council tax collection. As at the end of Quarter 3 in 2018/19, the current performance is slightly above the stretch target set at the start of 2018/19. As such no adjustment has been made to collection rate targets for 2019/20.

Step 3 – Potential Council Tax Yields 2019/20

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 (2019/20)

% 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	90.978	91.888	92.343	92.798	93.253	93.699	94.163	94.617	95.063
Collection Fund Surplus	2.615	2.615	2.615	2.615	2.615	2.615	2.615	2.615	2.615
Total Council Tax Income	93.593	94.503	94.958	95.413	95.868	96.314	96.778	97.232	97.678

2.11 Each 1% increase in our Band D Council Tax generates additional income of approximately **£0.910M** per annum recurrently (0.5% = £0.455M).

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 2019/20 Council Tax Levels for BMBC Services

% Increase	0.00%	1.00%	1.50%	2.00%	2.50%	2.99%	3.50%	4.00%	4.49%
Band A-	788.73	796.62	800.56	804.50	808.45	812.31	816.34	820.28	824.14
Band A	946.48	955.94	960.68	965.41	970.14	974.78	979.61	984.34	988.98
Band B	1,104.23	1,115.27	1,120.79	1,126.31	1,131.84	1,137.25	1,142.88	1,148.40	1,153.81
Band C	1,261.98	1,274.60	1,280.91	1,287.22	1,293.53	1,299.71	1,306.15	1,312.46	1,318.64
Band D	1,419.73	1,433.93	1,441.03	1,448.12	1,455.22	1,462.18	1,469.42	1,476.52	1,483.48
Band E	1,735.22	1,752.57	1,761.25	1,769.92	1,778.60	1,787.10	1,795.95	1,804.63	1,813.13
Band F	2,050.72	2,071.23	2,081.48	2,091.73	2,101.99	2,112.04	2,122.50	2,132.75	2,142.80
Band G	2,366.21	2,389.87	2,401.70	2,413.53	2,425.37	2,436.96	2,449.03	2,460.86	2,472.45
Band H	2,839.46	2,867.85	2,882.05	2,896.25	2,910.45	2,924.36	2,938.84	2,953.04	2,966.95

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. During 2018/19 the Police Authority increased its Band D council tax by £12 (though the Police can increase by upto £24 for 2019/20), with the Fire Authority increasing its Band D charge by 2.97%. If the maximum increases are made during 2019/20 (£24 for the police and 2.99% for the Fire) it will equate to an additional 1.57% 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 2019/20

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 announced as part of the 2018 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. Members will recall the council took the decision to increase council tax by 3% in 2018/19. This additional flexibility has been extended into 2019/20 and reflects general inflationary pressures together with the increasing 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 cover this cost.

2.16 The Council 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 £2.721M per annum.

Additional Flexibility for Adult Social Care Pressures

2.17 Again Members will recall the further flexibilities Government made to local authorities around the Adult Social Care (ASC) precept. This flexibility was offered in recognition of the increasing demand for ASC services arising from demographic pressures and the consequential impact on Council budgets and permitted 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 Such pressures have clearly impacted on Barnsley over the last two years and continue to increase moving forwards. The Council took the decision to implement an ASC precept of 3% as part of the 2017/18 budget process, with a further 1.5% increase in 2018/19, bringing the total increase to 4.5% to date.

2.19 This year is the last in the three year period to accept the flexibilities afforded around ASC. Members have the option to implement final increases for ASC of upto 1.5% in 2019/20. This increase would generate an additional £1.4M per annum over and above any agreed increase for general services.

2.20 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 residents for each band.

Table 3 –Indicative 2019/20 Council Tax Levels at 4.49%

		GENERAL INCREASE		ADULT SOCIAL CARE PRECEPT		CUMULATIVE INCREASE		2019/20 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-	788.73	23.58	0.45	11.83	0.23	35.41	0.68	824.14	15.85
Band A	946.48	28.30	0.54	14.20	0.27	42.50	0.82	988.98	19.02
Band B	1,104.23	33.02	0.63	16.56	0.32	49.58	0.95	1,153.81	22.19
Band C	1,261.98	37.73	0.73	18.93	0.36	56.66	1.09	1,318.64	25.36
Band D	1,419.73	42.45	0.82	21.30	0.41	63.75	1.23	1,483.48	28.53
Band E	1,735.22	51.88	1.00	26.03	0.50	77.91	1.50	1,813.13	34.87
Band F	2,050.72	61.32	1.18	30.76	0.59	92.08	1.77	2,142.80	41.21
Band G	2,366.21	70.75	1.36	35.49	0.68	106.24	2.04	2,472.45	47.55
Band H	2,839.46	84.90	1.63	42.59	0.82	127.49	2.45	2,966.95	57.06

Conclusion

2.21 Given the significant financial pressures that the Council 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 1.5% to fund Adult Social Care pressures.

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Section 9

2020 FUTURE COUNCIL

FEES AND CHARGES 2019/20

1. Purpose of The Report

- 1.1 This report brings together the Council's proposed fees and charges for 2019/20 which are an integral part of 2019/20 Business Unit plans. These are summarised in Appendices 1a – 1e and Appendix 2 to this report.

2. Recommendation

2.1 It is recommended that:

- The fees and charges set out in Appendices 1a – 1e are recommended to Council for approval from 1st April 2019 or later in 2019/20 as applicable;
- The new fees and charges listed in Appendix 2 are approved for implementation;
- Additional reports are submitted during the course of the year, in the event that 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 itself 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 and beyond.
- 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 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 2019/20 have been proposed in the 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 to 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 the 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 The 2011 Act also expressly addresses 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 a Commercial Strategy in place that focuses on 4 key themes:-
- Developing a **Commercial Culture**.
 - Ensuring that we demonstrate **Value for Money** across all activities.

- Effective **Procurement and Commissioning**.
- Maximising the income generating potential of our **Commercial Activities**.

3.14 The Commercial strategy is a key document in adapting the Council to an ever changing market place and sets a framework for helping it to seek out the 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 principles 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
Mini Soccer	Increase of 3.7%
Building Control Fees	Fees have been reviewed and amended across the various charging bands to achieve a break even position for the service.
Music Service Fees	It is proposed that fees increase between a range of 6% - 9% for the 2019/20 academic year. Fees have been frozen since September 2016 and Teachers superannuation payments are due to increase in September 2019.
Residents Parking Charges	Current prices have been frozen since 2014. It is proposed to increase the charges to bring them more in line with neighbouring authorities.

	Residents - £25 for first permit, £50 for second Businesses - £37.50 first permit, £75 for second
Bin Delivery Charges	Increased from £20 to £25.
Weighbridge Charges	Increased by 17% to reflect current market place.

- 4.2 All other charges have also been reviewed and either increased in line with inflation (at 3.3%) 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 – 1e are implemented from the 1st April 2019 or later in 2019/20 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
Professional Fee Charges - Engineering	Hourly Rate
Professional Fee Charges – Corporate Procurement	Hourly Rate / Day Rate
Culture – school visit charges (art award)	Per pupil

- 5.3 It is recommended that these are implemented from 1st April 2019 as set out in Appendix 2 to this report.
- 5.4 In addition to the above, the Council is currently consulting on the highways permit scheme, which relates to requirement to obtain a permit when undertaking any works to a primary highway. The consultation seeks views on extending this this requirement to secondary highways routes. A further report will update Cabinet during 2019/20 on the outcome of this consultation.

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PEOPLE DIRECTORATE

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2018/19			
	Basis of charge	Proposed charge for 2018/19	2018/19 (units if applicable) (i)	Proposed Budget 2018/19 i = h x i
Education & Early Start Prevention				
Education Welfare				
Schools: Additional provision	Per delegate	S175 safeguarding training-£400 prim & £500 sec.		28
	Per Hour	EWO Buy Back £28 per Hour for maintained schools / academies plus vat where applicable (reduction in schools buy back)		301
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		31
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	60 2 5 1 1	139
Admission services (Academy)				
	Charge per pupil	£9.20 Appeals: £42 pp on roll + £354 per 1/2 day hearing	dependent on buy back from converting academies	3
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	dependent on buy back from converting academies	15
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	670 days	432
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)	NA	11,676
Community Based Support				
Shared Lives	Board Payment per week HB claim payment per week	£50 £51.50	approx 40 long	200
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		5
Newsome Avenue Respite Care				
Daycare / Overnight stays for Children with Disabilities from other Authorities	Respite care per night Day Care per hour	£450 £20	169 bed nights	76
Fees and Charges To Be Agreed Via This Report				12,906

Basis of charge	Proposed charge for 2019/20	PROPOSED INCOME 2019/20		
		2019/20 (units if applicable) (i)	Proposed Budget 2019/20 i = h x i	Variance k = (i) - (f)
Education & Early Start Prevention				
Education Welfare				
Per delegate	S175 safeguarding training-£400 prim & £500 sec.		28	0
Per Hour	EWO Buy Back £29 per Hour for maintained schools / academies plus vat where applicable (reduction in schools buy back)		301	0
School Workforce Modernisation				
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		31	0
School Organisation & Governance				
Per annum	Full service primary £1,435 Additional committee service £1,031 Full secondary service £1,747 Partial secondary service Penistone foundation	60 2 5 1 1	139	0
Admission services (Academy)				
Charge per pupil	£9.20 Appeals: £42 pp on roll + £354 per 1/2 day hearing	dependent on buy back from converting academies	3	0
Outdoor Education				
Per Acad/VA/trust school: Secondary+Special per annum	£299 flat fee + £1 pp on roll £1,995	dependent on buy back from converting academies	15	0
Education Psychology				
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	670 days	432	0
Adult Assessment & Care Management				
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)	NA	11,676	0
Community Based Support				
Board Payment per week HB claim payment per week	£50 £51.50	approx 40 long	200	0
Children Assessment & Care Management				
Safeguarding				
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		5	0
Newsome Avenue Respite Care				
Respite care per night Day Care per hour	£450 £20	169 bed nights	76	0
Fees and Charges To Be Agreed Via This Report				12,906

EXISTING FEES & CHARGES REVISIONS FOR 2019/20

PLACE

DIRECTORATE/ SERVICE - TYPE OF FEE AND CHARGE	INCOME 2018-19			
	Basis of charge	2018/19 (units if applicable)	proposed charge for 2018/19	Proposed Budget 2018/19
Regeneration & Property Services				
Property Services				
Land and Building Rent; Maintenance, Service Charges	Market Value	Increase of 3% across all charges to reflect increases in minimum wage affecting service contracts and potential changes in utility prices. Any increase in income will be offset by increases in costs.	4,768.00	139
Allotment Rent income	Per allotment	£73.14 per plot with water access/ £36.04 with no access to water.	121.00	0
Garage Rent Income	per site	£47.00	5.00	0
CLIS / Adult Learning				
Acorn Centre				
Office Space	£11.29 per sq ft			
Workshops	£8.41 per sq ft			
Kendrav				
Office Space	£10.26 per sq ft			
Workshops	£9.03 per sq ft			
Tuition / Course Fees	Hourly Rate	Variable	2.90 with SFA public subsidy 5.60 per hour without. 1.45 (or 2.90) for clients on means tested benefits excluding JSA & ESA (WRAG)	176
Building Control.				
Searches	Per Search	At cost	Searches	1
Building Control Fees		See Below		351
BUILDING REGULATION APPLICATION CHARGES				
NEW HOUSING				
No. of Dwellings				
1	1 Dwelling		515.00	
2	2 Dwelling		700.00	
3	3 Dwelling		885.00	
4	4 Dwelling		1,065.00	
5	5 Dwelling		1,250.00	
6 or more	6 or more Dwellings		Individually Determined Charge	
DOMESTIC BUILDING WORKS				
Attached/detached garage or carport, n.e. 36m ²	Domestic Building Type		215.00	
Attached/detached garage or carport, 36-100m ²	Domestic Building Type		265.00	
Extension 40 - 60m ²	Domestic Building Type		500.00	
Extension 60 - 100m ²	Domestic Building Type		550.00	
Replacement windows & doors to one property	Domestic Building Type		75.00	
Replacement windows & doors to more than one property	Domestic Building Type		Individually Determined Charge	
Controlled domestic electrical work (not CPS)	Domestic Building Type		250.00	
Renovation of a thermal element (non-structural)	Domestic Building Type		75.00	
Renovation of a thermal element (structural)	Domestic Building Type		135.00	
Rooms in a roofspace including means of access	Domestic Building Type		385.00	
Additional rooms in a roof space excluding means of access	Domestic Building Type		320.00	
Other domestic work - estimated cost < £2,000	Domestic Building Type		140.00	
Other domestic work - estimated cost £25,000 - £50,000	Domestic Building Type		450.00	
Other domestic work - estimated cost > £50,000	Domestic Building Type		Individually Determined Charge	
NON-DOMESTIC BUILDING WORKS				
Installation of < 20 windows and doors	Non Domestic Building Type		150.00	
Installation of 20 - 50 windows and doors	Non Domestic Building Type		Individually Determined Charge	
Other non-domestic work - estimated cost < £2,000	Non Domestic Building Type		200.00	
Other non-domestic work - estimated cost £2,000 - £5,000	Non Domestic Building Type		225.00	
Other non-domestic work - estimated cost £10,000 - £25,000	Non Domestic Building Type		300.00	
Other non-domestic work - estimated cost > £25,000	Non Domestic Building Type		420.00	
Other non-domestic work - estimated > £50,000	Non Domestic Building Type		Individually Determined Charge	
STREET NAMING & PROPERTY NUMBERING CHARGES				
New property addresses on existing street				
1	1 property		50.00	
2 to 5	2 to 5 properties		80.00	
6 to 10	6 to 10 properties		100.00	
11 to 50	11 to 50 properties		150.00	
51+	51+ properties		200.00	
Change to a new development after notification				
1	1 property		50.00	
2 to 5	2 to 5 properties		80.00	
6 to 10	6 to 10 properties		100.00	
11 to 50	11 to 50 properties		150.00	
51+	51+ properties		200.00	
Re-addressing of properties on existing street (per property)	per property		120.00	
New property addresses requiring new street names				
1	1 property		70.00	
2 to 5	2 to 5 properties		100.00	
6 to 10	6 to 10 properties		140.00	
11 to 50	11 to 50 properties		200.00	
51+	51+ properties		270.00	
MUSIC SERVICE				
Instrument Hire (per term)	per term		15.00	333
Contin Lessons per term	per term		32.00	
Group Lessons per term	per term		48.00	
20 minute Individual Lessons per term	per term		95.00	
30 minute Individual Lessons per term	per term		138.00	
KS11 projects per year	per year		1,140.00	
KS2 full year projects	per year		700.00	
Development Management.				
Planning Application Fees (Statutory)	Variable	Statutory Fees set by Government		894
Non Statutory Fees:				
Householder Enquiry Forms	Per enquiry	33	Non Statutory Fees approved and to be implemented from 1st January 2015	11
Minor Pre-application Advice	Hourly Rate	33		10
Listed Buildings & Conservation Area Advice	Hourly Rate	33		2
Sec 106 Local Agreement Enquiries	Hourly Rate	33		1
Planning Policy Evidence Based & Land Allocation Discussions	Variable	(Delegated approval received in November 2014)		1
Markets				
Barnsley Open Market				
All Stalls	Day Rate		20.00	
Barnsley Central Sunday Market				
All 8ft stalls	Day Rate		10.00	
Barnsley Glassworks Market - all days				
Stall rental	Per Square Foot		31.00	
Cafe rental	Per Square Foot		37.20	
Basement storage	Per Square Foot		12.75	
Service Charge	Per Square Foot		13.00	
Trader car parking				
Standard trader bay	Day Rate		2.50	
District Markets				
Wombwell				
Stall 10 x 8	Day Rate		13.22	127
Hovland				
A 11' stall	Day Rate		12.00	
Goldthorpe				
A 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	
Commercial Space Management				
Barnsley 4m x 4m				
Day Rate	Day Rate		100.00	31
Barnsley 6m x 4m				
Day Rate	Day Rate		130.00	
Barnsley 8m x 4m				
Day Rate	Day Rate		150.00	
Wombwell				
Day Rate	Day Rate		65.00	
Hovland				
Day Rate	Day Rate		30.00	
Goldthorpe				
Day Rate	Day Rate		30.00	
Penistone				
Day Rate	Day Rate		30.00	
Book to roam (leaflets)	Per distributor		15.00	
Culture & Housing Services				
Museums and Heritage Centres				
At cost - this includes charges for car parking , room hire etc.	Variable	At cost - this includes charges for car parking , room hire etc.		424
Cooper Gallery				
Per Day	Per Day		220.00	
Per hr outside core hrs	Per hr outside core hrs		Charities -full day	
Charities -full day	Per hr outside core hrs		Gallery Hire (2 hours)	500.00

Basis of charge	PROPOSED INCOME 2019-20			
	2019/20 (units if applicable)	proposed charge for 2019/20	Proposed Budget 2019/20	Variance
Market Value	Increase of 3% across all charges to reflect increases in minimum wage affecting service contracts and potential changes in utility prices. Any increase in income will be offset by increases in costs.	4,768.00	139	0
Per allotment	£73.14 per plot with water access/ £36.04 with no access to water.	121.00	0	0
per site	£47.00	5.00	0	0
Office Space	£11.86 per sq ft			
Workshops	£8.83 per sq ft			
Office Space	£10.77 per sq ft			
Workshops	£9.48 per sq ft			
Hourly Rate	Variable	2.90 with SFA public subsidy 5.60 per hour without. 1.45 (or 2.90) for clients on means tested benefits excluding JSA & ESA (WRAG)	176	0
Per Search	At cost	Searches	1	0
See Below	See Below		351	-
1 Dwelling		542.00		
2 Dwelling		750.00		
3 Dwelling		958.00		
4 Dwelling		1,167.00		
5 Dwelling		1,375.00		
6 or more Dwellings		Individually Determined Charge		
Domestic Building Type		217.00		
Domestic Building Type		292.00		
Domestic Building Type		500.00		
Domestic Building Type		558.00		
Domestic Building Type		83.00		
Domestic Building Type		Individually Determined Charge		
Domestic Building Type		333.00		
Domestic Building Type		83.00		
Domestic Building Type		150.00		
Domestic Building Type		417.00		
Domestic Building Type		333.00		
Domestic Building Type		142.00		
Domestic Building Type		450.00		
Domestic Building Type		Individually Determined Charge		
Non Domestic Building Type		217.00		
Non Domestic Building Type		Individually Determined Charge		
Non Domestic Building Type		200.00		
Non Domestic Building Type		225.00		
Non Domestic Building Type		300.00		
Non Domestic Building Type		420.00		
Non Domestic Building Type		Individually Determined Charge		
1 property		55.00		
2 to 5 properties		90.00		
6 to 10 properties		110.00		
11 to 50 properties		165.00		
51+ properties		220.00		
1 property		55.00		
2 to 5 properties		90.00		
6 to 10 properties		110.00		
11 to 50 properties		165.00		
51+ properties		220.00		
per property		135.00		
1 property		80.00		
2 to 5 properties		110.00		
6 to 10 properties		155.00		
11 to 50 properties		220.00		
51+ properties		300.00		
per term		15.00		
per term		35.00		
per term		51.00		346
per term		102.00		13
per term		147.00		
per year		1,230.00		
per year		750.00		
Variable	Variable	Statutory Fees set by Government	894	0
Per enquiry	40	Non Statutory Fees approved and to be implemented from 1st January 2015	11	0
Hourly Rate	40		10	0
Hourly Rate	40		2	0
Hourly Rate	40		1	0
Hourly Rate	Variable	(Delegated approval received in November 2014)	1	0
Day Rate			20	
Day Rate			10.00	
Per Square Foot			31.00	
Per Square Foot			37.20	
Per Square Foot			12.75	
Per Square Foot			13.00	
Day Rate			2.50	
Day Rate			13.50	127
Day Rate			12.00	
Day Rate			9.50	
Day Rate			10.00	
Day Rate			15.00	
1/2 day rate			50.00	
Day Rate			100.00	31
Day Rate			130.00	
Day Rate			150.00	
Day Rate			65.00	
Day Rate			30.00	
Day Rate			30.00	
Day Rate			30.00	
Day Rate			30.00	
Day Rate			30.00	
Per distributor			15.00	
Variable	Variable	At cost - this includes charges for car parking , room hire etc.	424	-
Per Day	Per Day		220.00	
Per hr outside core hrs	Per hr outside core hrs		Charities -full day	
Charities -full day	Per hr outside core hrs		Gallery Hire (2 hours)	500.00

EXISTING FEES & CHARGES REVISIONS FOR 2019/20

PLACE

DIRECTORATE/ SERVICE - TYPE OF FEE AND CHARGE	INCOME 2018-19				PROPOSED INCOME 2019-20					
	Basis of charge	2018/19 (units if applicable)	proposed charge for 2018/19	Proposed Budget 2018/19	Basis of charge	2019/20 (units if applicable)	proposed charge for 2019/20	Proposed Budget 2019/20	Variance	
Cannon Hall	Sadler for Weddings (depends on length of time) Sadler (1 hour) Commission on Artists work sales Spencer Wing Conference Hire Full day Per Hour Charities full day, £30 per hr outside core hrs Charities per hour Victorian Wing per dav per hr weekends per hr weekends (Charities) Ballroom Hire for ceremony Deer Shelter for Ceremony Library Hire for ceremony Ballroom Hire for private functions Gallery Hire for functions £500 (2 hours) Drink Functions (walled garden/Spencer wing) per hr		400.00 -700.00 100.00 35% 220.00 75.00 150.00 30.00 50.00 -100.00 70.00 30.00 -75.00 30.00 840.00 - 1,000.00 +VAT 840.00 - 1,000.00 +VAT 500.00 - 840.00 from 800.00 + VAT 500.00 50.00		Sadler for Weddings (depends on length of time) Sadler (1 hour) Commission on Artists work sales Spencer Wing Conference Hire Full day Per Hour Charities full day, £30 per hr outside core hrs Charities per hour Victorian Wing per dav per hr weekends per hr weekends (Charities) Ballroom Hire for ceremony Deer Shelter for Ceremony Library Hire for ceremony Ballroom Hire for private functions Gallery Hire for functions £500 (2 hours) Drink Functions (Spencer wing) per hr		400.00 -700.00 100.00 35% 220.00 75.00 150.00 30.00 50.00 -100.00 70.00 30.00 -75.00 30.00 1,000.00 - 1,200.00 +VAT 1,000.00 - 1,200.00 +VAT 840.00 - 1,000.00 from 800.00 + VAT 500.00 100.00			
Museums and Heritage Centres (cont)	Cannon Hall Car Parking up to 2 hours or £3 all day cars and minibuses All Day Coaches Motorcycles Season Ticket Land Hire per day per day per pitch (charities)		1.00 3.00 5.00 free 100.00 (incl VAT) 1,250.00 50.00 (25.00 charities)		Cannon Hall Car Parking up to 2 hours or £3 all day cars and minibuses All Day Coaches Motorcycles Season Ticket Land Hire per day per day per pitch (charities)		1.00 3.00 5.00 free 100.00 (incl VAT) 1,250.00 50.00 (25.00 charities)			
Eisecar	Building 21 Hire per hour /all day Hard based space outside Stairs Hire Seating Trestle tables - per table Additional chairs(over 50) per chair Crash barriers per barrier per day Visitor Centre Meeting Room Private & Commercial Mon-Fri per day Weekends and evenings per hour		50.00 -1,000.00 + VAT 250.00 + VAT 500.00 250.00 2.00 - 6.00 2.00 5.00 220.00 50.00		Building 21 Hire per hour /all day Hard based space outside Stairs Hire Seating Trestle tables - per table Additional chairs(over 50) per chair Crash barriers per barrier per day Visitor Centre Meeting Room Private & Commercial Mon-Fri per day Weekends and evenings per hour		50.00 -1,000.00 + VAT 250.00 + VAT 500.00 250.00 2.00 - 6.00 2.00 5.00 220.00 50.00			
Worsbro Mill	Season Ticket (incl VAT)		100.00 (incl VAT)		Season Ticket (incl VAT)		100.00 (incl VAT)			
Experience Barnsley	Car Parking per hour per day per day coaches Land Hire per day pitch per day (charities) Hire of Learning Lab (office hours) Hire of galleries (evening function) Archives Various copying, printing charges Commercial use of images or documents. Various charges Low resolution images for use on the internet Commercial use of exhibitions Television - first broadcast VAT for subsequent repeats		1.00 3.00 5.00 1,000.00 50.00 (25.00 charities) 220.00 from 500.00 (0.35 - 20.00) 120.00 - 480.00 6.00 - 240.00 60.00 -180.00 360.00 180.00		Car Parking per hour per day per day coaches Land Hire per day pitch per day (charities) Hire of Learning Lab (office hours) Hire of galleries (evening function) Archives Various copying, printing charges Commercial use of images or documents. Various charges Low resolution images for use on the internet Commercial use of exhibitions Television - first broadcast VAT for subsequent repeats		1.00 3.00 5.00 1,000.00 50.00 (25.00 charities) 220.00 from 500.00 (0.35 - 20.00) 120.00 - 480.00 6.00 - 240.00 60.00 -180.00 360.00 180.00			
Bereavement Services	School Visits Visits per child (full day) Half day per child Outreach in classroom Handling boxes per week Use of Learning Lab per hour Talks and Tours on Site (10:00am - 4:00 pm) (after 4:00pm) Talk off site - + expenses Professional consultancy rates - per day + expenses		8.99 4.99 150.00 50.00 25.00 80.00 150.00 150.00 From 250.00		School Visits Visits per child (full day) Arts Award Visits per child (full day) Half day per child Removed Use of Learning Lab per hour Talks and Tours on Site Removed Removed Removed Loan Box Hire 1 week Loan Box Hire 2 weeks Professional consultancy rates - per day + expenses		12.75 8.99 4.99 - 25.00 - - - 25.00 45.00 From 250.00			
Sports	Passport to Leisure Golf Course Green Fees Green Fees - Weekend Season Tickets	-	5.00 17.00 22.00 615.00	5 - - 300	Per Annum Per Round Per Annum	-	5.00 17.00 22.00 635.00	5 - - 300	-	-
Bereavement Services	Burial & Cremation fees	-	various fees - see separate listing	2.057	Per Burial/Cremation	-	various fees - see separate listing	2.117	60	
Pet Cremation Fees	Scatter Tube Rabbits & Small Pets Small Cat or Dog Medium Sized Dog Large Dog Wooden Box Small Cat or Dog Medium Sized Dog Large Dog	£60 £126 £174 £210		20			60.00 126.00 174.00 210.00	20	-	
Housing	Landlords Accreditation Scheme Landlords with more than 1 property	variable	50.00		Per Landlord	variable	50.00			
Gypsy Sites	Pitch rents at Smithies Lane Gypsy & Traveller site (Small improved pitch) Pitch rents at Smithies Lane Gypsy & Traveller site (Large improved pitch) Hire of caravans (Inns Road site etc)		75.71 98.41 61.42 68.02	- 133 - -	per week per pitch per week per pitch per week - 28ft caravan per week - 35ft caravan		78.13 101.58 63.38 70.20	- 137 - -	0 4 -	
Environment & Transport	Waste Commercial waste collection Assisted Collection Registration Fee		10.00		per registration		10.00			
Zone B Zone C charity a charity b charity c recycling up to 3 bins recycling over 3 bins Duty of Care	Commercial Waste Bin delivery Bin delivery charges Special (bulk) collection 1 to 2 items 2 items Premium Upgrade Additional premium item		20.00 20.00 4,000 5.00 10.00	999 115 102	Commercially Sensitive Information - available on request		Commercially Sensitive Information - available on request	1,036	37	
Fleet	MOT fees - general public	160			Per Inspection	160				

EXISTING FEES & CHARGES REVISIONS FOR 2019/20

PLACE

DIRECTORATE/ SERVICE - TYPE OF FEE AND CHARGE	INCOME 2018-19				PROPOSED INCOME 2019-20					
	Basis of charge	2018/19 (units if applicable)	proposed charge for 2018/19	Proposed Budget 2018/19	Basis of charge	2019/20 (units if applicable)	proposed charge for 2019/20	Proposed Budget 2019/20	Variance	
Neighbourhood Services										
External income			Individually priced jobs dependant upon work required	50			Individually priced jobs dependant upon work required	50	-	
Disposal of dead animals following RTA	per Animal		30.00		per Animal		30.00			
Transport										
Transport (Day Care) per Journey	Per Journey		2.00	36	Per Journey		2.00	36	-	
Stores										
Sales of scrap metal and timber		-	Individually priced per material and tonnage purchased	1			Individually priced per material and tonnage purchased	1	-	
Sale of Recycled Materials			Individually priced reflecting market forces				Individually priced reflecting market forces			
Tipping		232 tonnes	Individually priced per type of material	1		232 tonnes	Individually priced per type of material	1	-	
Weighbridge	per use	180	10.00	2	per use	180	11.67 (+VAT)	2	0	
Engineers										
Street Lighting - external		70	Individually priced jobs dependant upon work required	290		70	Individually priced jobs dependant upon work required	295	5	
Other (dropped crossings)		80	Individually priced jobs dependant upon work required	80		80	Individually priced jobs dependant upon work required	85	5	
Other (signs)		20	Individually priced jobs dependant upon work required	45		20	Individually priced jobs dependant upon work required	50	5	
Other (Engineering Services external works)			Individually priced jobs dependant upon work required	50			Individually priced jobs dependant upon work required	50	-	
Mechanical sweeping - external	per hour		66.42	58	per hour		67.00	64	6	
Cesspit emptying - domestic	per visit		281.14	54	per visit		282.00	60	6	
Cesspit emptying - industrial	per hour + disposal costs + vat		99.42	18	per hour + disposal costs + vat		100.00	18	-	
Drain Clearance - 9:00am - 5:00am	per hour + vat		99.42		per hour + vat		100.00			
Drain Clearance - outside normal hours	per hour + vat		202.34		per hour + vat		203.00			
Preparation & site induction for mechanical sweeping & cesspit emptying where required	actual costs +10%		actual costs +10%		actual costs +10%		actual costs +10%			
Professional Fee's - Engineering	Per hour				Per hour		150.00			
Recycling	Per ton per material	-	individually priced	105	Per ton per material	-	individually priced	105	-	
Highways Licences, Permits and Services										
Licensing of builders' skips placed on the highway	Licence	Variable	24.00	46	Licence	Variable	24.00	52	6	
Licensing of builder's skips placed on the highway - retrospective licence	Licence	Variable	81.00		Licence	Variable	81.00			
Licence charge for scaffolding and other structures on highways (Fixed)	First week (subsequent weeks)	Variable	186.00 (67.00 for subsequent weeks)	10	First week (subsequent weeks)	Variable	192.00(69.00 for subsequent weeks)	10	0	
Licence charge for scaffolding and other structures on highways (Mobile)	Licence	Variable	56.00	1	Licence	Variable	56.00	1	-	
Licensing of builder's materials deposited on the highway	Licence	Variable	12.00	1	Licence	Variable	12.00	1	-	
Licence to dispense with erection of a hoarding	Licence	Variable	83.00	1	Licence	Variable	83.00	1	-	
Site inspections to monitor compliance with duties relating to the erection of hoardings	Licence	Variable	53.00	1	Licence	Variable	53.00	1	-	
Section 50 licence to install private apparatus in the highway	Licence	Variable	439.00		Licence	Variable	440.00			
Retrospective Section 50 Licence	Licence	Variable	518.00		Licence	Variable	520.00			
Various licences to make openings in the street or footway for constructing works, cellars or the admission of light into premises	Licence	Variable	194.00	1	Licence	Variable	195.00	1	0	
Section 171 licenceto carry out highway works	Licence	Variable	201.00		Licence	Variable	202.00			
Additional Fee for retrospective issues of section 171 or 184 notice	Licence	Variable	73.00		Licence	Variable	73.00			
Licence to construct a vehicle crossing - use of private contractors	Licence	Variable	200.85		Licence	Variable	201.00			
Licence to construct a vehicle crossing - use of BMBC Engineering Services or private contractors	Licence	Variable	67.00	5	Licence	Variable	69.00	5	0	
Clearance of accident debris	Actual costs +10%		Actual costs +10%		Actual costs +10%		Actual costs +10%		5	
Road Closure Orders (Planned)	Road Closure Order		984.00	69	Road Closure Order		1,013.00	71	2	
Road Closure Notice (Emergency)	Road Closure Notice		721.00		Road Closure Notice		742.00			
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		206.00			
Road Closure Order (Special Events)	Road Closure Order		984.00		Road Closure Order		1,013.00			
Application for a traffic sign to specified land or premises (permanent)	Application	Variable	52.00		Application	Variable	52.00			
Application for a traffic sign to specified land or premises (temporary)	Application	Variable	54.00		Application	Variable	54.00			
Placement of traffic sign for specified land or premises	Variable				Variable					
Pavement cafe licences	Licence	Variable	439.00	3	Licence	Variable	452.00	3	-	
Consideration of applications for consent for overhead beams, rails, wires, barriers etc above the highway	Application	Variable	97.00		Application	Variable	100.00			
Licence to Overalst the Highway with Tower Cranes etc	Licence	Variable	92.00		Licence	Variable	95.00			
Consideration of applications to buildings, structures, balconies etc over the highway	Application	Variable	600.00		Application	Variable	618.00			
Licence to non-Statutory Undertakers to place and maintain apparatus in the Highway (New Roads and Street works Act)	Licence	Variable	439.00	83	Licence	Variable	452.00	88	4	
Construction of highways to be adopted (section 38 Highways Act 1980) HIGHWAY DC ONLY	Variable			155	Variable			160	5	
Charges for Demolition Notices	Demolition Notice	Variable	300.00	13	Demolition Notice	Variable	300.00	13	0	
Penalty charges to Statutory Undertakers for exceeding permitted licence to occupy the Highway (Section 74 New Roads and Street works Act)	Variable	Variable	Variable	152	Variable	Variable	Variable	157	5	
Bus lane enforcement	Per enforcement	Variable	60.00 for driving in a bus lane with 50% discount for early payment and 50% enhancement for late payment. 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 overhanding vegetation.	15	Per enforcement	Variable	60.00 for driving in a bus lane with 50% discount for early payment and 50% enhancement for late payment. 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 overhanding vegetation.	15	-	
Increased Highways Act enforcement	Actual costs to clear the highway	Variable		5	Actual costs to clear the highway	Variable		5	-	
Licensing of builder's skips placed on the highway - retrospective licence	per skip	30	80.00	2	per skip	30	82.00	2	0	
Weekly Inspection of Scaffolding and hoarding	Inspection		67.00		Inspection		69.00			
Retrospective Licences for S184, S50 & Scaffold licences would incur a charge of £70 additional to the normal license fee.	Licence	36	78.00	3	Licence	36	80.00	3	0	
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	Variable	520.00	-	Road closure order	Variable	535.00	-		
Road Closure Orders (Planned) PROW weekly fee	Road closure order	Variable	100.00	-	Road closure order	Variable	100.00	-		
Road Closure Orders (Planned) PROW Extension	Road closure order	Variable	260.00	-	Road closure order	Variable	268.00	-		
Road Closure Notice (Emergency) PROW	Road closure order	Variable	260.00	-	Road closure order	Variable	268.00	-		
Public Path Orders (Diversion Orders) - dependant on dwelling numbers, sliding scale for more than 1 dwelling	Public Path Diversion Order	Variable	minimum charge of 3,200.00 rising to maximum 5,500.00, variable upon scale of order required = based upon work involved	-	Public Path Diversion Order	Variable	minimum charge of 3,296.00 rising to maximum 5,665.00, variable upon scale of order required = based upon work involved	-		
Pavement cafe licences (continuation fee)	Licence	16	216.00	3	Licence	16	225.00	3	0	
Per Consent	Per Consent	9	50.00	-	Per Consent	9	50.00	0		
Section 81 Demolition Notices under the Building Act	per demolition notice	15	300.00	5	per demolition notice	15	300.00	5	-	
Status Enquiries	per status enquiry	100	59.00	5	per status enquiry	100	61.00	5	0	
Status Enquiries incl Highways DC	per status enquiry	Variable	85.00	5	per status enquiry	Variable	88.00	5	0	
Residents Parking Zones										
Residents - First Permit	Residents - First Permit	Variable	20.00	24	Residents - First Permit	Variable	25.00	30	6	
Residents - Second Permit	Residents - Second Permit	Variable	40.00		Residents - Second Permit	Variable	50.00			
Business - First Permit	Business - First Permit	Variable	30.00		Business - First Permit	Variable	37.50			
Business - Second Permit	Business - Second Permit	Variable	60.00		Business - Second Permit	Variable	75.00			
Car Parking										
Off Street Parking Market Gate/Pontefract Road Lambra Rd Burligh St, Joseph St, Pitt St St Marks Place, Grahams Orchard John St, Saville St Churchfield; County Way/Court House; Multi Storey; Mark Street West Road Pogmoor Wellington House	SUBJECT TO SEPARATE REPORT				SUBJECT TO SEPARATE REPORT				688	69
On Street parking				310				310	-	
Public Season Ticket	Public Season Ticket		22.00 pw, 62.00 pm, 230.00 qtr, 770.00 yr	72	Public Season Ticket		22.00 pw, 62.00 pm, 230.00 qtr, 770.00 yr	72	-	
Staff Discounted Season Tickets	Staff Season Ticket		17.50 to 35.00 per month 50.00 or 70.00 depending on seasonality of offence 50% discount if paid within 14 days	203	Staff Season Ticket		17.50 to 35.00 per month 50.00 or 70.00 depending on seasonality of offence 50% discount if paid within 14 days	203	-	
Charges for Fixed Penalty Notices	Fixed Penalty Notice		Estimated loss of parking revenue plus 10% to cover administration costs	284	Fixed Penalty Notice		Estimated loss of parking revenue plus 10% to cover administration costs	284	-	
Parking place suspension	Parking place suspension	Variable			Parking place suspension	Variable				
Pest Control & Drainage										
Pest Control Fees (Owner occupiers, B Homes, Private contracts)				155				159	4	
Rats & Mice (3 visits)	Rats & Mice (3 visits)		99.00		Rats & Mice (3 visits)		109.00			
Wasps, Bees, Flies Ants (1 visit)	Wasps, Bees, Flies Ants (1 visit)		52.50		Wasps, Bees, Flies Ants (1 visit)		55.00			
Flies (1 visits)	Flies (1 visits)		99.50		Flies (1 visits)		99.50			
Moles (3 visits)	Moles (3 visits)		199.00		Moles (3 visits)		199.00			
Cockroaches (2 visits)	Cockroaches (2 visits)		199.00		Cockroaches (2 visits)		199.00			
Bed Bugs (2 visits)	Bed Bugs (2 visits)		199.00		Bed Bugs (2 visits)		199.00			
Squirrels (2 visits)	Squirrels (2 visits)		199.00		Squirrels (2 visits)		199.00			
Others (per hour)	Others (per hour)		60.00		Others (per hour)		65.00			
Premium Upgrade	Premium Upgrade		20.00		Premium Upgrade		25.00			

Fees and Charges To Be Added Via This Report

10,538 751

EXISTING FEES & CHARGES REVISIONS FOR 2019/20

COMMUNITIES

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	INCOME 2018-19					PROPOSED INCOME 2019-20					
	Basis of Charge	Basis and proposed charge for 2018/19	Proposed Charge 2018/19	2018/19 (units if applicable)	Proposed Budget 2018/19	Basis of Charge	Basis and proposed charge for 2019/20	Proposed Charge 2019/20	2019/20 (units if applicable)	Proposed Budget 2019/20	Variance
Customer Services											
School Meals School Meals					3,798					3,798	0
	Charge is based on providing the level of service (SLA) required by each individual school governing body, and legislation necessary to fulfil their requirement.		Individually priced per school				Charge is based on providing the level of service (SLA) required by each individual school governing body, and legislation necessary to fulfil their requirement. Based on SLA, which takes into account the individual site infrastructure, governing body service requirements, resourcing the service and total number of meals provided, as well as any extra catering requirements that incur additional charge.	Individually priced per school			0
Bus Communities											
Transport (Day Cards)	per journey	No proposed change. Significant increase in recent years as part of KLOE	£1.00	30		per journey	No proposed change. Significant increase in recent years as part of KLOE	£1.00	30		0
Lunch/Afternoon (All Day Cards)	per meal	Review of charges to be done in 2016/17	£1.00	1		per meal	Review of charges to be done in 2016/17	£1.00	1		0
Lunch (All Day Cards)	per meal		£3.00	54		per meal		£3.00	54		0
Assisted Living Technology											
Assisted Living Careline - Base Price	Service Per Week		4.2	4,900	21			4.2	4,900	21	0
Petrol/rent Equipment	Service Per Week		0.5	400	0.2			0.5	400	0.2	0
Bandwidth Library & Information Service											
Fines, Sales and Receipts (Book fines, Loans & CD hire - obsolete stock sold)	Various Charges	No proposed change for 2016/17. Review to be undertaken to consider income and level of charges during the year.	Various Charges	118		Various Charges	No proposed change for 2019/20. Review to be undertaken to consider income and level of charges during the year.	Various Charges	118		0
Barnesdale Homes	Based on number of transactions attributable to BH over the various locality settings and specific costs for out of hours support and Contact Centres	No change for 2016/17. Business review being undertaken with BH to consider needs for 2017/18	Based on number of transactions attributable to BH over the various locality settings and specific costs for out of hours support and Contact Centres	780		Based on number of transactions attributable to BH over the various locality settings and specific costs for out of hours support and Contact Centres	No change for 2019/20.	Based on number of transactions attributable to BH over the various locality settings and specific costs for out of hours support and Contact Centres	780		0
Other											
Statutory Fees											
General Search Certificates	General Search Certificates		£18.00	8	141	General Search Certificates		£18.00	8	141	0
Marriages (Registrar Office)	Marriages (Registrar Office)		£10.00	1		Marriages (Registrar Office)		£10.00	1		0
New Statutory Fees	New Statutory Fees		£45.00	5		New Statutory Fees		£45.00	5		0
Marriages (Ceremonies (Ceremony Suits))	Per Ceremony		£113.00	9		Per Ceremony		£113.00	9		0
- Monday - Thursday			£135.00	12		- Monday - Thursday		£135.00	12		0
- Friday			£180.00	33		- Friday		£180.00	33		0
- Saturday			£348.00	90		- Saturday		£348.00	90		0
- Sunday			£444.00	90		- Sunday		£444.00	90		0
- Bank Holiday			£462.00	1		- Bank Holiday		£462.00	1		0
Advanced Booking Fee			£462.00	1		Advanced Booking Fee		£462.00	1		0
Salon, Stronach & Healthier Communities											
Public Health and Drainage											
Works in Default	Charged @ Cost	Variable	Variable	49		Charged @ Cost	Variable	Variable	49		0
Rechargeable works a/c						Rechargeable works a/c					
Parks Services											
Fairs & Circuses			£200.00	10				£205.00	83	13	3
Gravel Lane			£400.00	2				£415.00	10	4	4
Playground Inspections - Yearly	Per inspection	No change recommended	£48.33	2		Per inspection	Large circuit/level	£50.00	16	1	0
Playground Inspections - 6 Monthly			£48.33	3				£52.00	51	3	3
Football Pitch Rent Income	per season	No change recommended	£385.00	34		per season		£407.00	26	10	34
Football Pitch Adult			£205.00	34				£211.00	39	8	8
Football Pitch Junior			£55.00	34				£57.00	39	8	8
Football Car A Adult			£285.00	1				£294.00	1	0	0
Football Car A Junior			£285.00	1				£294.00	1	0	0
Football Car B Adult			£450.00	1				£469.00	1	0	0
Football Car B Junior			£235.00	1				£242.00	1	0	0
Football Car C Adult			£130.00	1				£140.00	1	0	0
Football Car C Junior			£130.00	1				£140.00	1	0	0
Mini Soccer			£130.00	1				£140.00	1	0	0
Cricket Pitch Rent Income	per season	No change recommended		1		per season	Cricket pitches not hired out for a number of years so not included.	No longer received			-1
Fees and Charges To Be Agreed Via This Report					5,300	5,286			5,198	5,286	2

EXISTING FEES & CHARGES REVISIONS FOR 2019/20

PUBLIC HEALTH

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19				PROPOSED INCOME 2019-20					
	Basis of charge	2018/19 (units if applicable)	proposed charge for 2018/19	Proposed Budget 2018/19	Basis of charge	2018/19 (units if applicable)	proposed charge for 2019/20	Proposed Budget 2019/20	Variance	
Dog Warden Fees										
Dog Release Fee	Per Dog	Variable	£50.00	7	Per Dog	Variable	£50.00	7	-	
Dog Surrender Fee	Per Dog	Variable	£100.00	2	Per Dog	Variable	£100.00	2	-	
Pollution Control										
Misc Fees & Charges		variable - anticipated drop in volumes expected	No change recommended- various charges.	2		variable - anticipated drop in volumes expected	No change recommended- various charges.	2	-	
PPC Permits	Cost Recovery	variable - anticipated drop in volumes expected	Statutory Fee - Individual charge to each company based on an Annual Risk Assessment	31	Cost Recovery	variable - anticipated drop in volumes expected	Statutory Fee - Individual charge to each company based on an Annual Risk Assessment	31	-	
Local Site Operator Contracts	Tendered Contract	variable - anticipated drop in volumes expected	Fixed Annual Contracts - Varying terms	6	Tendered Contract	variable - anticipated drop in volumes expected	Fixed Annual Contracts - Varying terms	6	-	
Trading Standards										
Stamping Fees		Variable	No change recommended.	1		Variable	No change recommended.	1	-	
Second Hand Dealer Registration							17.00		-	
Food Hygiene										
Reinspection Charge							182		-	
Issuing of Export Certificate							182		-	
Health and Safety										
Skin Piercing Registrations (eg Tattooing, Acupuncture, Ear Piercing etc)							106		-	
Animal Health - Licence Fees										
Home Dog Boarders	Per Licence	Variable	£107.00	10	Per Licence	Variable	£107.00		-	
Performing Animals	Per Licence	Variable	£107.00		Per Licence	Variable	£107.00		-	
Dangerous Wild Animals (+ vets fees)	Per Licence	Variable	£107.00		Per Licence	Variable	£107.00		-	
Dog Day Care (Low Volume)	Per Licence	Variable	£107.00		Per Licence	Variable	£107.00		-	
Dog Day Care (High Volume)	Per Licence	Variable	£139.00		Per Licence	Variable	£139.00		-	
Dog Breeders	Per Licence	Variable	£139.00		Per Licence	Variable	£139.00		-	
Pet Shops	Per Licence	Variable	£130.00		Per Licence	Variable	£130.00	10	-	
Boarding Kennels (Dogs / Cats)	Per Licence	Variable	£159.00		Per Licence	Variable	£159.00		-	
Greyhound Racing Track	Per Licence	Variable	£139.00		Per Licence	Variable	£139.00		-	
Riding Schools Hiring out of Horses (+ vets fees)	Per Licence (plus rechargeable vets fees)	Variable	£139.00		Per Licence (plus rechargeable vets fees)	Variable	£139.00		-	
Zoo (+ vets fees)	Per Licence (plus rechargeable vets fees)	Variable	£203.00		Per Licence (plus rechargeable vets fees)	Variable	£203.00		-	
									0	
Fees and Charges To Be Agreed Via This Report				60	Fees and Charges To Be Agreed Via This Report				60	0

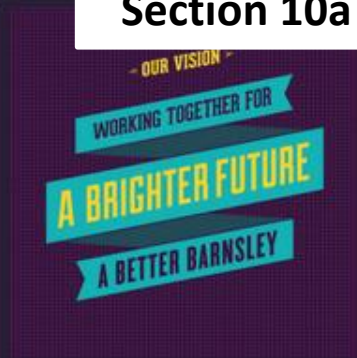
EXISTING FEES & CHARGES REVISIONS FOR 2019/20

CORE SERVICES

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	PROPOSED INCOME 2018-19			PROPOSED INCOME 2019-20		
	Basis of Charge	proposed charge for 2018/19	Proposed Budget 2018/19	proposed charge for 2019/20	Proposed Budget 2019/20	Variance
Finance						
Summons	Per Order	£28.00		£28.00		0
Benefits/Taxation - Liability Order	Per Summons	£52.00	925	£52.00	925	0
Benefits/Taxation - Late Payment of Commercial Debts (Interest) Act 1998	£28 Per Order		25	Ceased charging		-25
Commercial - Prompt Payment Discount Scheme	Percentage Discount dependant on payment terms	upto 1.25% of invoice value dependant on individual agreements with companies	284	upto 1.25% of invoice value dependant on individual agreements with companies	284	0
Commercial - Finance Support to Schools	Per number of visits	Commercially sensitive available on request	51	Ceased services		-51
Commercial - payroll for schools	per payslip	Commercially sensitive available on request	175	Commercially sensitive available on request	197	22
Commercial - BACS service for Rotherham	per BACS File	Commercially sensitive available on request	23	Commercially sensitive available on request	13	-10
Free school meals eligibility checking (Academy)			4		4	0
Procurement - Support to External Bodies				Commercially Sensitive available on request	20	20
Audit - Support to External Bodies		Commercially Sensitive available on request	430	Commercially Sensitive available on request	430	0
HR						
Human Resources / Performance / Comm's						
Recruitment - DBS Checks	DBS Checks (per check)	Enhanced DBS Check £53.95 Berneslai Homes, Other organisations & £64 for taxi drivers	181	Enhanced DBS Check £53.95 for Schools, Berneslai Homes, Other organisations & £64 for taxi drivers	181	0
Business Advisory - Pre-Employment Checks	DBS Checks (per check)	Standard DBS Check £35.95 for Civil Enforcement.		Standard DBS Check £35.95 for Civil Enforcement.		
Recruitment - online advertising	Pre employment checks (per check)	Engage £16.25 & £33.53 for Nurse follow up	21	Engage £16.25 & £33.53 for Nurse follow up	21	0
Recruitment - NS1 Form check	Per Advert	£115		£115		
Recruitment - VC01 Form check	Per Check	£35	31	£35	31	0
Recruitment - Barred List / DfE check	Per Check	£17.50		£17.50		
Barnsley HR Services - Provision of HR Services	Per Check	£9.00		£9		
Health and Safety - Provision of health and safety services	per employee	£126 per employee for Fixed Based rate of £75 per hour for	206	£129 per employee for Fixed Fee Service, £67-77p/hour	206	0
Health and Safety - Training Courses	Variable dependo on the customers want	Based rate of £75 per hour for	105	Based rate of £80 per hour for costs	94	-11
Research and Business Intelligence	Per delegate	Variable dependo on total cost	4	Variable dependo on total cost of course and	15	11
OWI - Assessment Centre Qualification Fees	SLA	Individually priced per SLA	120	Individually priced per SLA	120	0
OWI - Workforce Development - Training Fees	Per qualification	variable depending on type and size of qualification	68	variable depending on total cost of qualification	68	0
Legal, Elections, Governance	Per delegate	variable depending on total cost of course	162	variable depending on total cost of course	162	0
Land Charge Searches - Various Types	Various Charges Dependant on type of Search	All Fees are set by parliament	196	All Fees are set by parliament	196	0
Entertainment Licenses						
Licence Fees - Premises, Alcohol & Gambling	Per establishment	Variable	206	Statutory fees set by Government, except sex establishments. New charges	206.264	0
Hackney Carriage Licenses						
Private Hire & Hackney Vehicle, Driver & Operator Licensing	Per Licence	Variable	171	Can only recover fees to recover total cost of service. The cost of 3 year licences is	171	0
Fees and Charges To Be Agreed Via This Report			3,388		3,344	-44

NEW FEES & CHARGES TO BE IMPLEMENTED FROM 1st APRIL 2019

DIRECTORATE / SERVICE - TYPE OF FEE AND CHARGE	Charge Basis	proposed charge for 2019/20
<u>Environment & Transport</u> Professional Fee's - Engineering	Per Hour	£150.00
<u>Culture & Housing Services</u> Visits per child (full day) Arts Award	Per pupil	£12.75
<u>Corporate Procurement</u> Professional Fee's	Per Hour/Day	commercial sensitive



FUTURE COUNCIL UPDATES
COMMUNITIES

Communities: prioritising and targeting our resources

- To increase the number of people with LD in employment
- Extend travel training offer to under 16's to reduce need for home to school transport
- Increase effectiveness, efficiency and reduce the unit cost of the Re-ablement service
- Establish a new affordable Warm Homes team within the assisted living service
- Establish a co-production approach with people with a LD, their carers and stakeholders to design a blueprint for a future that meets their needs and aspirations
- Responding to Homelessness and Rough Sleeping demands
- Understanding and addressing challenges with Private Rented Sector
- Developing integrated working in the Dearne (Neighbourhood Project)
- Implementation of DF initiatives / projects to deliver enabling technologies
- Implementation of remodelled customer services
- Complete and open Lightbox & branch library refurb / relaunch

Communities: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2019/20 net £m
Management Team	0.743	(0.014)	0.729
School Catering Services	3.702	(3.965)	(0.263)
Provision of Equipment and Property Adaptations to Vulnerable Adults	2.906	(2.395)	0.511
Provision of in-house care services to vulnerable adults	1.949	(0.701)	1.248
Area Governance and Area Based Commissioning	3.420	(0.020)	3.400
Homeless / Welfare Support	1.440	(1.026)	0.414
Family Support Service	0.663	(0.605)	0.058
Work with Troubled Families	0.631	(0.648)	(0.017)
Assist communities to tackle unhealthy lifestyles, harm caused by drugs	6.685	(6.457)	0.228
Support safer communities (ASB / environmental crime / private sector landlords / tenancy and behaviour standards / victims of crime)	2.841	(1.194)	1.647
IT Support	9.039	(3.191)	5.848
Customer Contact	3.415	(1.035)	2.380
Provision of Registrars Service	0.362	(0.393)	(0.031)
Total	37.796	(21.644)	16.152

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**2020 FUTURE COUNCIL
2019/20 Efficiency Proposals
COMMUNITIES DIRECTORATE**

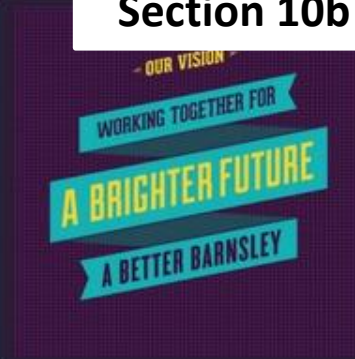
Ref	Proposal Theme	Brief Description of Proposal	2019/20 Saving £	KEY ACTIONS REQUIRED / KEY MILESTONES	IMPACT	MITIGATIONS	GROSS BUDGET £
Customer Services							
BU7 E1/19-20 (Now merged with BU7 E2/19-20)	Re-Modelling Customer Services	Remodelling of the Customer Services division in line with the Digital First and Customer Service Strategies.	840,562	<p>New structure now prepared. Future key milestones are:</p> <ul style="list-style-type: none"> - Staff consultation - October - Recruitment process - Oct - Dec - Notice period - Jan - Mar - New Structure go live - 1 Apr <p>There will be dependencies on IT projects e.g. increased webchat, chatbots which will need to be live in April. Detailed plans will be prepared concurrent to above.</p>	<p>"- Key risk = public consultation period. Impact = delay in realisation of savings if objections raised.</p> <p>- There will be up to 30 FTEs affected by the proposal. The likelihood is that less posts will actually be deleted however this is yet to be decided.</p> <p>- Risk of citizen /Member objection to potential service degradation in contact centre (longer waits / more abandons). J10</p> <p>- Risk of lack of adoption of digital solutions. Impacts on level of service post go live, ability to achieve reductions required.</p>	<p>Public consultation re Library Structures - this has been mitigated by extensive prior consultation.</p> <p>Risk of IT projects being delayed / not implemented.</p> <p>Risk of citizen / member objection to potential service degradation in contact centre (longer waits / more abandons)</p> <p>Risk of lack of adoption of digital solutions</p> <p>Mitigated by project planning, communication plan</p>	3,687,747
BU7 E4/19-20	Reduce resources in Customer Feedback and Improvement Team	PLEASE NOTE - KLOE MOVED TO CORE (£31,486)					
BU7 E10/19-20	Day Opportunities and Enablement Teams	Deletion of current vacancies and continue the day opportunities review.	84,070	Savings target achieved via restructuring of Day Opportunities offer.	None. Savings secured.		2,063,866
Sub - Total Customer Services			924,632				

Ref	Proposal Theme	Brief Description of Proposal	2019/20 Saving £	KEY ACTIONS REQUIRED / KEY MILESTONES	IMPACT	MITIGATIONS	GROSS BUDGET £
Safer, Stronger & Healthier Communities							
BU8 E3/19-20 (Now merged with BU8 E12/19-20)	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.	400,000	BU8 E3 and E12 - the provider (PSS) of this service will terminate their contract from end Oct 2018. Savings will be realised by 1 April 2019.		There are no key risks associated with delivering the savings. We are developing new commissioning intentions that will plug the gaps in provision. We have mapped other services across Barnsley and to mitigate further will develop Live Well Barnsley and the referral routes into them.	993,156
BU8 E5/19-20	Contract efficiencies	Contract efficiencies through new tender and contract awards for domestic abuse, substance misuse and multiple needs contracts. The proposal assumes cashable savings by providers of 10% in year 3.	280,000	Ongoing process as contracts expire and are re-tendered. Robust strategic commissioning practices are in place to mitigate, as far as is practicable, the risks outlined.		Market forces represent an inherent risk to savings delivery when renewing contracts. A £60K increase in the overall KLOE amount in this area (i.e. from £220k to £280k) will need to be accommodated to replace the planned, but subsequently rejected, reduction in Welfare Rights related funding thereby increasing the difficulty/risk of full KLOE delivery. Robust strategic commissioning practices are in place to mitigate as far as is practicable the risks identified above.	3,045,367
BU8 E9	Reconfigure staff teams across safer and healthier	Restructure following the findings the Community Safety Review and the Welfare Rights Review.	-		See above.	See above	
BU 8 E14/19-20	Safer Communities Out of Hours Service Review	Re-scope and streamline the Out of Hours service offered by Safer Communities to align more closely to locality SNS activity delivering both efficiencies and more effective collaborative working with the police	10,000	Contractual changes required, full consultation already undertaken. Changes implemented from 27/08/2018 with 12 month pay protection accounted for in corporate budget. Please Note: Original saving targets increased by £10k to partially mitigate withdrawal of BU8 E4.		Already part way through implementation. Key risk is robustness of the out of hours offer in terms of capacity and management	1,572,617
Sub - Total Safer, Stronger & Healthier			690,000				
TOTAL COMMUNITIES EFFICIENCIES			1,614,632				

**2020 FUTURE COUNCIL
2020/21 Efficiency Proposals
COMMUNITIES DIRECTORATE**

Ref	Proposal Theme	Brief Description of Proposal	2020/21 Saving £	FTE's	People	GROSS EXPENDITURE £
COM1 E1/20-21	Digital First	<p>A total of 12 themes, each supported by a range of underpinning business cases, have been identified to radically enhance the Council's Digital capabilities and drive out efficiencies.</p> <p>Sitting above these individual themes an overarching theme to reconfigure IT service on the basis of a hybrid cloud operating model</p>	1,488,005	30	30	9,738,546
TOTAL COMMUNITIES DIRECTORATE			1,488,005	30	30	

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FUTURE COUNCIL UPDATES
PEOPLE

People Directorate: Key Priorities

- SEND strategy and action plan implementation
- Placement sufficiency - looked after children and care-leaver placements
- Managing adult social care funding
- Further improve quality and consistency of performance across the directorate
- Building inclusive practice in high performing schools
- Continue to invest in sector-led school improvement
- Further improve and support pathways for adolescents
- Development / sustainability of adult social care market
- Further engagement and influencing developments in Health
- Partnerships with Area Councils to recruit foster carers
- Support work undertaken in the Communities directorate on strengthening local communities

People: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2019/20 net £m
Schools Budget	88.831	(88.097)	0.734
Early Start, Family Centres and Targeted Youth Support	9.982	(5.350)	4.632
School Evaluation, Inclusion Services & LA functions to schools	16.464	(15.073)	1.391
Adult social Care – Care purchasing budgets (OP/LD/MH)	62.029	(27.252)	34.777
Adult social care - Assessment & Care (locality / specialist teams)	7.583	(0.118)	7.465
Children in Care - Adoption, Fostering, Placements costs and Leaving Care	18.045	(0.840)	17.205
Children Assessment & Care, Disability & Short Breaks and Safeguarding	8.487	(0.470)	8.017
Commissioning, Partnership and Preventive Services	4.214	(3.519)	0.695
Directorate, Service Management and Other Costs	1.305	(0.689)	0.616
Total Resource Envelope	216.940	(141.408)	75.532

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**2020 FUTURE COUNCIL
2019/20 Efficiency Proposals
PEOPLE DIRECTORATE**

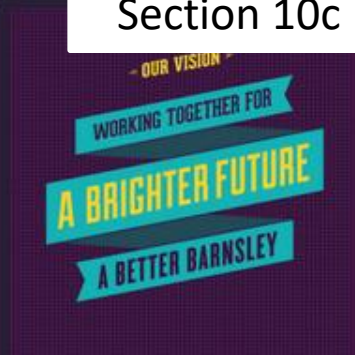
Ref	Proposal Theme	Brief Description of Proposal	2019/20 Saving £	KEY ACTIONS REQUIRED / KEY MILESTONES	IMPACT	MITIGATIONS	GROSS BUDGET £
PEOPLE							
<u>Education, Early Start & Prevention</u>							
BU1 E1/19-20	Co-location of the Targeted Youth Support Service	Proposal to relocate the early intervention and prevention team and the YOT team at 18 Regent street with a customer facing building at 20 Regent street. This will result in the vacation (and savings on the rent) of the McClintocks building and the staffing base moving from the Wombwell site. Services for young people will continue to be delivered from Wombwell.	102,000	Assets have confirmed that December 2018 is the planned relocation date. Service/Assets to confirm plans for ground floor and space allocated to direct work with young people. Assets to progress plans for area allocated to staff.	There is the risk of slippage.	Project timeline and detailed plan from Assets Management should help mitigate risk of slippage	102,000
BU1 E2/19-20	Increase income generation for services to the private, voluntary, maintained and independent sector providers of early years and education	Review current income generating activities and fee charging policy with the view of increasing opportunities / capacity for income generation - across early years settings / schools both locally and across networks.	65,000	£36,300 achieved in 2018/19. Appointing to a post in Targeted Youth Support to develop alternative provision for schools following consultation which will lead to increase in traded offer. Increase income generated through training and consultancy to the private, voluntary and maintained sector through the Early Start and Families Service.	Risk that schools and providers buy services from alternative providers.	Mitigated through excellent reputation, understanding of customer needs and delivering high quality services to specification.	-113,000
BU1 E3/19-20	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	Agreed closure of IKIC Centre at Athersley generating a saving of £20,000 in 2019/20. Services to continue to be delivered in Athersley through the Family Centre, community venues and detached. This will commence September 2018.			30,000
BU1 E4/19-20	Review current contracts and commissioned services	Cost savings or efficiencies from the review of the following: Commissioned contracts cuts across the range of services within the Business Unit including early years / childhood services; Alignment of the Young People Substance Misuse services with Adolescent Support; and greater personalisation of Short Breaks / SEND – reduce 'block' contract provision	50,000	Review of contracts to be undertaken in light of recent contracts brought back in-house due to failure of contracted provider. To review costs alongside the wider review of adolescent services. Savings target expected to be achieved.			847,000
BU1 E5/19-20	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 staff across the following service areas: early start and families service; family centres; 0 -19 service (including Targeted Youth Support service) and school admissions / organisation service. NB the scale and impact of the proposal will be mitigated by maximising the use of centrally retained Dedicated Schools Grant.	427,000	Savings of £70k already implemented from staff changes in 17/18 (£21k) and 18/19 (£49k). A change in the use of early years schools funding in 19/20 will contribute £250k towards this KLOE and help mitigate the impact on staffing and the service. A staff restructure to be implemented to achieve remaining KLOE saving of £107k.	The remaining savings (£107k) would be achieved through developing a staffing skill mix which will result in some higher grade posts being deleted and replaced with lower grade positions and some overall reduction in posts/capacity through service alignment. The risk is that the current staffing structure is over-stretched, which would increase pressure to meet demand for early help services; a loss of knowledge/experience within the service; and may impact on the services ability to achieve targets and outcomes.	The revised model of delivery will retain one to one support alongside targeted group provision thereby mitigating the risk that children, young people and families are unable to access a service to meet their needs. The service will need to monitor the impact on its ability to continue to meet demand for early help which requires a early help assessment and action plan. Any service alignment, resulting in a reduction in posts, will ensure that statutory duties continue to be met.	7,748,000

Ref	Proposal Theme	Brief Description of Proposal	2019/20 Saving £	KEY ACTIONS REQUIRED / KEY MILESTONES	IMPACT	MITIGATIONS	GROSS BUDGET £
PEOPLE							
BU1 E7/19/20	Review of education/schools support services funded through the Education Services Grant	The cessation of the education services grant funding and changes in the role of local authorities in education and support to schools (as per the education white paper / the increasing number of academies in Barnsley) offers the opportunity to review existing support functions to the remaining schools. Savings proposals have been put forward following the review of the ESG funded fundctions / services based on anticipated statutory guidance and the role of the LAs going forward. The proposed savings are in school improvement (£140k); commissioning & governance (£132k) and asset management (£100k).	370,000	<u>Commissioning</u> : savings of £100k already achieved in 17/18 through deletion of posts. The balance to be delivered in 2019/20 through review of contract spend; <u>School Improvement</u> : savings to be achieved by maximising the use of govt grant and investment funding; <u>Asset Management</u> : savings to be achieved through contributions from schools as part of the BSF contract.	Staffing related elements of the savings plan already achieved		1,490,000
BU1 E11/19/20	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.	80,000	This KLOE requirement can be accommodated within the forecast top slice allocation from the Early Years DSG in 19/20. Grant conditions allow for the top slice of the DSG for LAs' central administration costs. Top slice amount would be confirmed on notification of the 19/20 Early Years DSG allocation in Dec 2018.	There is the risk that the Govt could change the rules around top slice and the % of funding that can be retained for admin costs	Top slice % has been confirmed for 2018/19 - there is no indication that this would change for 19/20.	647,000
Sub - Total Education, Early Start & Prevention			1,124,000				
Adult Social Care & Health							
BU2 E1/19/20	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	150,000	All service users in receipt of on-going care and support are required to be reviewed at a minimum annually. Performance on reviews improved significantly in 2017/18 and continues to be monitored closely on a monthly basis.	Risk that reviews will equally identify clients with changing needs, which could lead to increase in care costs.	This would be mitigated through close monitoring of review outcomes and any impact managed through maximum use of universal services and consideration of eligibility for health funding.	24,790,000
BU2 E6/19/20	Direct payment surplus claw-back and monitoring	Short, medium and long-term approach to reduce surpluses and monitor more closely.	200,000	There is an on-going programme of monitoring of direct payment accounts and clawback of surpluses.	Risk that clawbacks fall short of the required amount.	This would be mitigated through close monitoring and targeting of accounts with potential surpluses	13,713,000
Sub Total Adult Social Care & Health			350,000				
Sub - Total Children's Social Care & Safeguarding			-				0
TOTAL PEOPLE EFFICIENCIES			1,474,000				

2020 FUTURE COUNCIL
2020/21 Efficiency Proposals
PEOPLE DIRECTORATE

Ref	Proposal Theme	Brief Description of Proposal	2020/21 Saving £	FTE's Affected	People	GROSS BUDGET £
Education, Early Start & Prevention						
BU1 E1/20-21	Review the support arrangements within the school improvement service	It is proposed to reduce the secondary school adviser post to 0.6fte, cease the funding for the business support post and reduce spend on commissioned interventions in schools	52,000	1.00	1.00	728,000
BU1 E2/20-21	Reduction in case officer posts within SEN Assessment & Review	A revised staffing structure for the Inclusions service will be implemented from April 2019 to ensure capacity and flexibility to effectively deliver on the Barnsley SEND strategy and compliance with the SEND reforms. It is proposed to review and take stock of the Improvement in the service and delete a assistant case officer post in 2020/21	27,090	1.00	1.00	413,000
BU1 E3/20-21	Increased income from schools for Outdoor Education	Proposed to raise the income target / budget for the Outdoor Education service to reflect the level of actual income earned for health & safety advice / guidance provided to schools	10,000			-15,000
BU1 E4/20-21	Review of early help / preventive contracts and funding	Examine further scope for cost savings or efficiencies on contracts across the range of Children Services commissioned contracts, such as (1) cease the funding to SWYPFT for LD nurses / occupational therapists; (2) reduce contract value for the support element to siblings of young carers; (3) reduce council's contribution to Healthwatch; and (4) cease the hidden harm contract - support for children of substance abusing parents	209,000			797,000
Sub Total Education, Early Start & Prevention			298,090	2.00	2.00	
Adult Social Care & Health						
BU2 E1/20-21	Remodelling day opportunities for people with learning disabilities	The council currently operates day services from 4 buildings locates across Barnsley as a total cost of £2.1m. Following extensive reviews of the current service and its diminishing attendance by people with learning disabilities (no current users are aged below 30 years) an alternative more personalised service is being considered. The reviews and a future model of a less building based service will be considered within a wide co-design exercise with current users, carers and stakeholders.	250,000	10.00	tbc	2,572,000
BU2 E2/20-21	Closure of Keresforth Day centre	Represents the balance of resources / base budget available after the re-provision for existing clients following the closure of the Keresforth day unit (outcome of the Day Opportunities review).	120,000			120,000
BU2 E3/20-21	Maximise the use of BCF and other resources to fund adult social care demographic growth	Maximise the use of Better Care Fund resources (including future years uplift) and recurrent savings from the SWYPFT mental health contract to mitigate demographic growth pressures in adult social care (by releasing associated base budget).	670,000			59,220,000
BU2 E4/20-21	Provision of the night service within the Council's Reablement Service	The council currently funds the provision of an external night service contract (provides support to eligible clients at night to prevent admission to residential care). Few clients currently access this service, resulting in a lot of downtime. It is proposed to give consideration to subsuming this provision within the Reablement Service and use the downtime capacity within the service to meet the needs of the reducing clients accessing the Night Service.	80,000			1,294,000
BU2 E5/20-21	Review of commissioned contracts with voluntary / independent sector organisations	Identify the scope for savings by reviewing and decommissioning some contracts managed by the Adult Commissioning team including (1) MENCAP employment service; (2) HIV support contract; etc.	99,470			1,258,000
BU2 E6/20-21	Deletion of post within Specialist Assessment North Team	It is proposed to delete a Grade 4 post attached to the Specialist North Team , historically seconded to Learning Disabilities support within SWYPFT that is no longer required.	23,080	1.00	0.00	557,000
Sub Total Adult Social Care & Health			1,242,550	11.00	0.00	

Ref	Proposal Theme	Brief Description of Proposal	2020/21 Saving £	FTE's Affected	People	GROSS BUDGET £
Children Social Care & Safeguarding						
BU3 E1/19-20	Children social care & safeguarding management structure review	It has been agreed not to proceed with the original proposal to review the management structure. An alternative efficiency proposal is being considered and would be put forward to replace the original plan.	208,000			9,923,000
BU3 E1/20-21	Review of the administration of the Safeguarding Boards	The childrens' and adult safeguarding boards are currently managed within the Childrens Safeguarding service - with one independent Chair working across both Boards. Consideration is been given to streamlining the administration of both boards and reducing the number of board managers.	56,270	1.00	1.00	159,000
Sub Total Childrens Social Care & Safeguarding			264,270	1.00	1.00	
TOTAL PEOPLE DIRECTORATE			1,804,910	14.00	3.00	



FUTURE COUNCIL UPDATES
PLACE

Place: prioritising and targeting our resources

- Deliver town centre redevelopment incl. Glassworks Phase 2, Digital Campus, Library@thelightbox, high profile events, anti-social behaviour.
- Accelerate economic development/employment incl. Master Planning of strategic sites e.g. J36/J37, exploit Local Plan opportunities.
- Complete a strategic accommodation review to rationalise buildings & complement Digital First.
- Deliver 200 additional school places at Penistone Grammar School & 63 at Darton Academy.
- Housing & Energy – Develop more homes, bring more empty homes back into use & deliver more energy schemes.
- Environment & Transport , improve the quality of service delivery, manage demand, manage our assets efficiently & effectively, prioritising Health & Safety, Home to School Transport, Car Parking & household waste.
- Culture and visitor economy incl. Visitor economy strategy, improve Barnsley's visitor attractions, transfer of Wentworth to the National Trust

Place: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2019/20 net £m
Planning and Building Control	2.929	(1.958)	0.971
Business Growth and Regeneration	4.234	(2.678)	1.556
Town Centre and Markets	1.038	(1.278)	(0.240)
Property	16.967	(10.659)	6.308
Adult Skills, Employability and Community Learning	7.173	(5.541)	1.632
Bereavement	1.319	(2.482)	(1.163)
Sports, Culture, Heritage and Arts	4.045	(2.029)	2.016
Housing and Energy Service	1.099	(1.130)	(0.031)
Commercial Services	13.981	(7.812)	6.169
Highways Engineering and Transportation	24.961	(15.301)	9.660
Waste and Recycling	3.835	(0.000)	3.835
Transport	7.980	(2.850)	5.130
Neighbourhood Services	3.678	(1.682)	1.996
Total Resource Envelope	93.239	(55.400)	37.839

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**2020 FUTURE COUNCIL
2019/20 Efficiency Proposals
PLACE DIRECTORATE**

Ref	Proposal Theme	Brief Description of Proposal	2019/20 Saving	KEY ACTIONS REQUIRED / KEY MILESTONES	IMPACT	MITIGATIONS	GROSS BUDGET £
PLACE							
Economic Regeneration							
BU4 E4/19-20	(PLN) Community Infrastructure Levy Adoption	Proposal is to implement Community Infrastructure Levy. Implementation is delayed pending Government white paper on possible replacement for CIL. Efficiency is expected to be delivered through recent increase in planning fees in interim	25,000	Alternative proposal currently being worked through. Expectation is that additional 20% increase on planning fees will offset this saving but final details still being worked through.	Adoption of CIL has been deferred as Government still working up proposal. Saving will therefore be delivered via alternative proposal		-1,029,000
BU4 E5/19-20	(CROSS CUTTING) - IT Consolidation	Potential consolidation of the Planning Services IT Systems. Total combined maintenance cost of both packages is £44k. Assume a 25% saving equates to £11k efficiency.	11,000	Currently being progressed with IT. There may be a delay in implementation due to resourcing/other priorities. Possible alternative may therefore be required which is currently being worked up however saving expected to be delivered in full.	Possible overlap/resource issue with Digital First. Saving will still be delivered		232,410
BU4 - E7/19-20	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.	220,000	Current review of structure and options ongoing. Update of Glassworks budget includes provision for capitalisation of staff costs on the project			2,382,000
BU4 E8/19-20	Markets Restructure	Restructure of Markets Team following completion of markets redevelopment (expected Nov 18)	80,000	Restructure complete. Agree with unions. Posts appointed to. Restructure to be implemented from 1st November	minimal impact expected		629,000
BU4 - E10/19-20	Town Centre Events	Discussions will be held with the Barnsley Economic Partnership (BEP) with regards sponsorship of the Town Centre Events to encourage footfall. In addition a merger of all existing budget for town centre events is currently being progressed which is expected to generate efficiencies as well as better procurement of specialist event equipment.	50,000	Discussions ongoing with BEP. Some efficiencies will be created by merger of multiple budgets across Place. Any shortfall will be delivered via a re-programming of events.	Main focus at the moment is sustaining footfall and the development of a core events programme for the Town Centre. Following identification of the core events programme, work can progress to look at securing sponsorship for the 19/20 financial year although bearing in mind the Town Centre development will still be in progress then this may be challenging to achieve.	Positive work completed during 2018/19 on sponsorship of events - specifically Tour De Yorkshire and Cycle Criterium attracted sponsorship. Our Dancing Town also generated income to offset total costs	225,000
BU11 E4a/19-20	Minor Restructure in Shared Services	Minor restructure of Shared Services to reflect reduction in workloads in line with Digital First Strategy.	47,000	Restructure of whole property division currently being progressed. Implementation 1st April 2019.	No impact expected		483,000
BU11 E4b/19-20	Minor Restructure in Strategic Assets	Deletion of x1 vacant Grade 4 Technician (Strategic Assets)	23,000	Restructure of whole property division currently being progressed. Implementation 1st April 2019.	No impact expected		729,000
Sub - Total Economic Regeneration			456,000				

Ref	Proposal Theme	Brief Description of Proposal	2019/20 Saving	KEY ACTIONS REQUIRED / KEY MILESTONES	IMPACT	MITIGATIONS	GROSS BUDGET £
PLACE							
Culture, Housing & Regulatory Services							
BU5 E1/19-20	Various Income Generation Proposals	Proposals include: - 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. - Burial & Cremation Fees - Inflationary increase in the fees currently charged for the burial and cremation service by approx. 3% p.a. This is in line with increases in recent years and is not expected to be detrimental to the market. - 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	95,000	£25K to be achieved through capitalisation of project officer time for the Longcar Lane development and ongoing housing development proposals . Fees increased in line with proposal. On Target equates to £60k additional income	No impact expected		773,000
							-2,048,000
							0
BU5 E2/19-20	External Contributions	Review and re-negotiate contributions made to Barnsley Premier Leisure and the Barnsley Civic Partnership - Barnsley Premier Leisure (BPL) - Barnsley Civic Partnership (BCP)	100,000 8,000	Reduction in Management Fee completed for 18/19. BPL informed of proposal for 19/20 Liaison and ongoing monitoring BCP. Support package to be developed .	On Target .Monitoring of BPL performance through strategic liaison meetings		334,000 211,000
Sub - Total Culture & Housing Services			203,000				

Ref	Proposal Theme	Brief Description of Proposal	2019/20 Saving	KEY ACTIONS REQUIRED / KEY MILESTONES	IMPACT	MITIGATIONS	GROSS BUDGET £
PLACE							
Environment & Transport							
BU6 E1/19-20	Various Income generation proposals	<p>Areas to be reviewed will include:</p> <ul style="list-style-type: none"> - 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. <p>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</p> <p>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</p> <p>Commercial Services - Review of services provided via commercial arm - Completed in 17/18 with year on year savings being delivered</p>	200,000	<p>No issues will be delivered as part of the 2019/20 budget process via the fees and charges review/uplift</p> <p>This was completed during 2017/18 with charges being amended accordingly</p> <p>Cost Benefit Analysis for DMBC & BMBC out with third parties; then 8-week consultation period with Statutory Undertakers; then Thereafter circa 10 week period for consultation consideration, HR work & Cabinet Report</p> <p>Expected to be implemented during 2018/19 (exact date yet unknown) however no concerns over delivery. Will be incorporated into the 2019/20 fees and charges review as a "new charge"</p> <p>Review complete, recommendations implements saving being delivered</p>	<p>May create a fall in customer base however this is expected to be minimal as pricing structure remains competitive and in some case the Council is the only</p> <p>Positive impact already received following changes to car parking in summer 2018. will need to be monitored if courthouse car park is closed</p> <p>Little impact expected</p> <p>May see negative comments received by developers</p> <p>Little impact to date - continues to be monitored</p>	<p>Customer base will be monitored accordingly</p> <p>N/A</p> <p>Consultation proposed with developers</p> <p>Ongoing monitoring and review</p>	-2,433,000
BU6 E2 & E3/19-20	Cross Business Unit Reorganisation/Workforce Planning	<p>A number of individual service reviews have been completed which will result in a deletion of positions with various sections together with improved procurement and use of technology. Key areas currently being looked at:</p> <ul style="list-style-type: none"> * Neighbourhood Services - £390k via staffing and plant and materials changes - Review completed and approved implementation date Jan 19 * Highways Engineering & Transport - £410k achieved via staffing, procurement of materials, better asset management & use of plant & equipment * Waste Review £90k achieved by staffing following introduction of In - Cab Technology and collaborative/Shared Service opportunities across SY * Fleet £50k to be achieved via staffing, better procurement of materials linked to asset replacement * Stores £180k Review has just commenced. Expected to deliver saving in full via staffing reductions and improved stock processing and less waste. Opportunity to also link with other LA's for improved procurement 	1,118,000	<p>Review of Neighbourhood Services complete</p> <p>Highways review complete. New operating model approved by Cabinet 20th September 2018</p> <p>South Yorkshire Municipal Waste Strategy approved through all 4 cabinets and MOU also approved. Road map of opportunities and changes agreed</p> <p>Review of Fleet Service complete - posts deleted following closure of Keresforth Care Facility</p> <p>Stores review ongoing. Report expected late 2018</p>	<p>Possible impact on staff motivation and ongoing service delivery</p>	<p>Thorough consultation process taken place with all staff and Unions. Positive comments to date</p>	14,812,000
BU6 E7/19-20	PTE 3-5 Year strategic plan	Reduction in the levy through efficiencies in SYPTE.	240,000	No concerns. SYPTE given 3% efficiency target by SCR DOF's therefore this is expected to be delivered in full	Little impact as SYPTE already built savings into their own financial plans	N/A	9,711,000
Sub - Total Environment & Transport			1,558,000				
TOTAL PLACE EFFICIENCIES			2,217,000				

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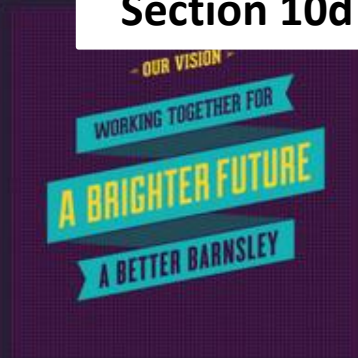
2020 FUTURE COUNCIL
2020/21 Efficiency Proposals
PLACE DIRECTORATE

Ref	Proposal Theme	Brief Description of Proposal	2020/21 Saving £	FTE's Affected	People Affected	Gross Budget £
<u>Regeneration & Property</u>						
BU4 E1/20-21	ECONOMIC REGENERATION Planning Fee Income	To increase the fee income target by £50k. This is to reflect the anticipated increase in planning applications arising from the adoption of the Local Plan and the subsequent completion of the masterplanning of the large, strategic sites. By 2020/21 it is also expected that the Government will have increased planning fees to account for inflation. It is considered that there will be capacity within the service to deal with the increased workload arising from the additional or larger, more complex planning applications given a reduction in resources needed for plan-making. Accordingly, should the fee income target not be achievable, there would be scope to consolidate the number of planning officers by one post.	50,000	-		1,054,000
BU4 I1/20-21	Investment in Property function	In order to drive forward a number of property related programmes including the accommodation rationalisation programme and accelerating growth, investment is required within the property division. 7 new positions will be created offset by the deletion of 2 posts. This investment will however be offset by savings targets totalling £910,000 included within the cross cutting efficiency savings total (See cross cutting savings below*)	- 200,000	-5	2	2,052,000
Sub Total Regeneration & Property			- 150,000	-5		
<u>Culture & Housing</u>						
BU5 E1/20-21	Capitalisation of salaries currently funded from revenue.	Capitalisation of project management fees against the Housing Growth Strategy including developments at Hawshaw Lane and St Michaels Avenue.	30,000	-		773,000
BU5 E2/20-21	External Contributions	Review and re-negotiate contributions made to Barnsley Premier Leisure. This saving gives total efficiencies delivered against the BPL contribution to £370,000 since 2017/18	120,000	-		234,000
Sub Total Culture & Housing			150,000	-		

Ref	Proposal Theme	Brief Description of Proposal	2020/21 Saving £	FTE's Affected	People Affected	Gross Budget £
Environment & Transport						
BU6 E1/20-21	LED Street Lighting Replacement Programme	The scope of the project is to enable a replacement programme of Group A (primary roads) and the remaining Group B (secondary roads) street lighting lanterns, from energy inefficient lanterns to energy efficient LED units. To enable resilience of the stock requiring a lantern change-over, structural examination of the columns will be undertaken at the same time as the lantern replacement. The new lanterns will be future proof to accept suitable technological improvements in the future. Capital expenditure is required for the procurement and installation of new lamps.	200,000	-	-	1,336,000
BU6 E2/20-21	Providing customers with a charged for additional green bin service	Our standard garden waste collection service consists of a fortnightly collection of a 240 litre green bin from March to November. This proposal will consider the option to offer residents an additional green bin for which an annual charge for the collection would be made. This proposal will be considered on its own and in combination with E3/20-21.	50,000	-	-	8,533,000
BU6 E3/20-21	Universal charge for green waste collections	Our standard garden waste collection service consists of a fortnightly collection of a 240 litre green bin from March to November. This proposal will consider the option to introduce an annual charge for the collection of green bin garden waste. The proposal will seek to see whether this will provide a self-financing service. The Controlled Waste (England & Wales) Regulations 2012 sets out the powers that Local Authorities' have to charge for the collection and disposal of certain wastes. Paragraph 4 of Schedule 1 of these regulations sets out that a Council may charge for the collection.	1,000,000	-	-	See above
3U6 E4/20-21	Car Parking	Free car parking at weekends has been in place for a number of years. It was proposed that once the Town Centre redevelopment was complete that this position will be reviewed. In order to prepare for the opening of the Glass Works an initial proposal is to charge upto £2 for a full days stay on Saturdays and 50p all day on Sundays (as opposed to the current all day charge on week days of £5) from 1st April 2020.	100,000	-	-	1,739,000
BU6 E5/20-21	Commercials Services Back Office Review	As part of the transformation review of Environment and Transport a number of services have already been reviewed with significant efficiencies being delivered. One area yet to be reviewed in the back office support within commercial services. With automation and business process re-engineering it is believed that this support can be reduced. (reduction of 2 FTE's)	50,000	2	2	2,193,000
BU6 E6/20-21	PTE Saving	Discussions are ongoing with SYPTE. For planning purposes a 1% reduction in the levy payment is considered prudent	100,000	-	-	9,471,000
PL E1/20-21	Cross Directorate collective increase in fees and charges	General increase in fees and charges in line with RPI across the Directorate (excludes fees and charges set statutorily)	100,000	-	-	4,741,000
Sub Total Environment & Transport			1,600,000	2	2	

Ref	Proposal Theme	Brief Description of Proposal	2020/21 Saving £	FTE's Affected	People Affected	Gross Budget £
Cross Cutting						
Property Investment Fund	Economic growth as a result of the Property Investment Fund	The Council's Property Investment Fund Phase 2 to date has directly supported the delivery of 3 key strategic development properties. A further 4 properties have also been supported via SCR's Jessica programme. This is expected to generate business rate growth over and above current planning assumption	150,000	-	-	
Accelerating Growth	Commercial investment to stimulate Growth (linked to BU4 11/20-21 above)	A number of potential commercial opportunities have presented themselves where the Council could act as investor to stimulate economic growth, giving a rate of return in terms of rental income, potentially additional business rates and generate employment (Return is based on investment in the Core Building)	160,000	-	-	
Town Centre Buildings Review	Review of town centre accommodation (linked to BU4 11/20-21 above)	Review of the Council's property/accommodation needs within the town centre linked to the Digital First strategy. The review will consider specifically the future use of the following properties: Wellington House - annual running costs (library only) £100k (FYE in 2021/22 of £650k) Beevor Court - Annual running costs £250k Burleigh Court £60k Computer Centre - annual running costs £50k Commerce House - Annual Running Costs £30k 18 Regent Street annual running cost £250k The Civic annual running costs £320k	600,000	-	-	
Community Buildings Review	Review of properties within districts (linked to BU4 11/20-21 above)	Similar to the Town centre buildings review, a review of the assets the Council owns within a number of districts across the borough. This review will focus on a potential disinvestment of buildings working collaboratively with other public sector partners in line with the "One Public Estate" strategy. The areas under consideration include: Various district town buildings (e.g. Penistone, Cudworth, Wombwell, Goldthorpe) - running costs £50k Various district depots (Platts Common, Goldthorpe, Penistone etc) Running costs £34k Smaller community buildings (inc but not exhaustive district supported accommodation e.g. 73 Huddersfield Road, resource centres etc) - Running costs £50K Resource /Business Centres - Running Costs £150k	150,000	-	-	
Sub Total Cross Cutting			1,060,000	-		
TOTAL PLACE DIRECTORATE			2,660,000	-3		

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FUTURE COUNCIL UPDATES
PUBLIC HEALTH

Public Health: prioritising and targeting our resources

- Develop cabinet approved **Alcohol Plan** and **Resilience Plan**
- Publish 2018 **DPH Annual Report** focussing on our connections with others
- Submit Barnsley's **Purple Flag** application
- Secure funding for **suicide prevention** locally through Integrated Care System
- Continue to **make smoking invisible**
- Ensure successful delivery of **NHS Health Check** service
- Develop **population health management** approach
- Further develop **health protection** arrangements and partnership working
- Improve health offer and outcomes for **children in care**
- Improve support for **teenage parents**
- Improve healthcare **pathways for children, young people and families**
- Work with partners to improve integration of **Sexual Health Pathways**
- Clear the **Food Hygiene inspection** backlog and improve working practices.
- Implement **Air Quality** Action Plan.
- Carry out intelligence led enforcement to address illicit sale of **tobacco** products

Public Health: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2019/20 net £m
• Public Health Management and Co-ordination	1.334	(0.473)	0.861
• Healthy Child Programme	5.364	(5.024)	0.340
• Integrated Sexual Health Service	2.094	(1.069)	1.025
• Health Checks	0.200	(0.200)	0.000
• Other Public Health Protection and Improvement	0.161	(0.161)	0.000
Regulatory Services	1.488	(0.982)	0.506
Total Resource Envelope	10.641	(7.909)	2.732

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BARNSELY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL
2019/20 Efficiency Proposals
PUBLIC HEALTH DIRECTORATE

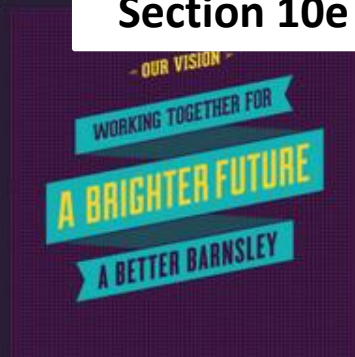
Ref	Proposal Theme	Brief Description of Proposal	2019/20 Saving £	KEY ACTIONS REQUIRED / KEY MILESTONES	IMPACT	MITIGATIONS	GROSS EXPENDITURE
PUBLIC HEALTH							
PH E2/19-20	Review of Contracts & Commissioning	Efficiency savings in 2019/20 will be achieved through a comprehensive review of public health nursing services.	96,000	There are no risks identified in delivering the 19/20 efficiency. The public health nursing service review is completed, with oversight from the Head of Public Health (Children & Young People) and regular reporting to Public Health DMT.	The Head of Public Health (Children & Young People) has completed all required CIA's and EIA's. No issues have been identified.	No mitigation required.	5,101,742
BU5 E3/19-20	Various Efficiencies Regulatory Services	Saving of £33,766 was achieved from a Regulatory Services restructure implemented 1.4.17, the majority of this saving was as a result of a deleted post. The remainder of this efficiency is made up from the following income - Pollution and Environmental Searches £1,625, Scrap Metal Licences £2,450 and Gambling Machines £2,600. Total = £40,441	40,400	£33k already achieved. The remaining income efficiencies will be achieved by the Pollution Team within Public Health (BU10) and the Licencing Team within Legal Services (BU17). These efficiencies have been agreed by the Service Directors of both Business Units and will be monitored closely on a quarterly basis.	Key risk - £6,675 of this efficiency will be achieved through income earned by the service. If the income target is not met there will be a shortfall.	It is anticipated that any shortfall will be identified from existing Regulatory Services budgets within BU10 and BU17.	472,632
BE	Review of Management Structure within Regulatory Services	Deletion of a Group Leader post within Regulatory Services = £52,608.	52,600	A saving from the deletion of one of the two Group Leader Posts in the Service with on-costs will equal £52,608. This added to the saving above in BU5 -E3 will meet the total saving of £93,000. (£40,441 + £52,608 = £93,049)	Key risk - deleting a Group Leader post will result in reduced management capacity.	This will be dealt with and risks will be managed and mitigated by re-structuring senior management within Regulatory Services.	766,016
TOTAL PUBLIC HEALTH EFFICIENCIES			189,000				6,340,390

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**2020 FUTURE COUNCIL
2020/21 Efficiency Proposals
PUBLIC HEALTH DIRECTORATE**

Ref	Proposal Theme	Brief Description of Proposal	2020/21 Saving £	FTE's Affected	Gross Budget £
PH E1/20-21	Contract Efficiencies - Plus Me	Expiration of the Plus Me contract will result in saving of £14,000 per year.	14,000	-	14,000
PH E2/20-21			Health Check Savings	Efficiencies were identified via the procurement of Health Checks service in 2017/18. In addition since the commencement of the new contract in 2018/19 additional efficiencies have been identified, currently estimated at £46,000	46,000
PH E4/20-21	Reduction in Base Budget Support	A £200k reduction in base budget contributions from BMBC to support the Public Health 4 Year plan is proposed. A combination of lower than anticipated cuts in Public Health Grant and effective financial management has resulted in PH 4 year plans showing a significant and increasing projected surplus. It is important to note that this proposal does not affect PHG allocations and that the Council still remain committed to providing base budget contributions in support of PH activities.	200,000	-	8,594,781
TOTAL PUBLIC HEALTH DIRECTORATE			260,000	0.00	

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FUTURE COUNCIL UPDATES

CORE

Core: prioritising and targeting our resources

- Embrace Digital First through greater use digital technologies including SharePoint & SAP Success Factors;
- Further enhancement of the Councils financial management systems BPC & SAP;
- Further embed commercialism through VfM reviews, commercial clinics & innovative income generation & cost reduction strategies;
- To proactively respond to the National Governments new Fair Funding Formula, CSR (April 2019), refining the Councils MTFS as required in order retain a balanced position and sustainable landscape;
- To lead and support the Corporate Peer Review as an effective improvement tool;
- Implementation and roll out of a Mental Health Action Plan & Training;
- Development & roll out of the Managers Toolkit & complimentary training;
- Implementation & ongoing development Town Spirit.

Core: key activities – proposed spending

Activity	Gross expenditure £m	Gross income £m	2019/20 net £m
Procurement and Commissioning Unit (Inc BSF and PFI)	44.925	(47.199)	(2.274)
Strategic Finance/Budgetary Control	4.556	(1.870)	2.686
Housing Benefit, Council Tax and Business Rates	70.203	(68.896)	1.307
Audit	0.896	(0.472)	0.424
Business Improvement, HR & Communications	6.247	(1.790)	4.457
Health, Safety and Emergency Resilience	0.470	(0.137)	0.333
Legal Support to the Council	1.894	(0.930)	0.964
Pollington and Electoral Registration.	0.726	(0.031)	0.695
Governance, Members & Business Support	5.102	(1.379)	3.723
Total Resource Envelope	135.018	(122.703)	12.315

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BARNSELY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL
2019/20 Efficiency Proposals
CORE DIRECTORATE

Ref	Proposal Theme	Brief Description of Proposal	2019/20 Saving £	KEY ACTIONS REQUIRED / KEY MILESTONES	KEY ACTIONS REQUIRED / KEY MILESTONES	IMPACT	MITIGATIONS	GROSS BUDGET £
CORE SERVICES								
BU7 E4/19-20	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	The removal of a support role from 2017/18 with a further expected reduction in resources from 2019/20.				374,644
BU13 E1/19-20	Finance Business Unit - major restructure	Planned re-design of the Finance Business Unit to be transitioned over 2018/19 and fully implemented for 2019/20. To comprise of both cost savings and re-investment to ensure the finance function continues to be as efficient and effective as it can be and it remains fit for purpose to help contribute towards creating a sustainable landscape for our Future Council. In addition change is required to address concerns around reducing income levels, lack of career progression and the need to be equipped to deal with national funding policy changes.	239,000	<ol style="list-style-type: none"> 1. Formal Consultation within BU to commence April 2018 (done) 2. Confirmation of SVER by 30th April (done) 3. Assimilation / Preference process 1st May - 19th July 18 4. Recruitment to vacant posts by 19th July 5. 12 Week notice to terminate employment 19th July - 10th Oct 18 6. Go live with new structure 10th Oct 18 	<p>Staff not embracing the change</p> <p>Delays in implementation</p> <p>Structure isn't fit for purpose in addressing key areas of concern / new demands</p> <p>Not been able to retain right mix of knowledge / expertise</p> <p>Not been able to appoint the right calibre of staff</p>	<p>Staff feel under valued and de-motivated, impacting on productivity and performance and the quality of service delivered by the function - having a wider detrimental impact across the Council given the Finance functions core role.</p> <p>Delays in implementation and/or the new structure not being fit purpose impacting further on staff performance and on the robustness of the services that needs to be delivered and ultimately impacting on the achievement of the KLOE for 19/20, not only within the Finance BU but Council wide - potential risk as a BU we are not equip to support the organisation in creating a sustainable landscape.</p>	<p>Ensure staff are kept fully informed throughout the processes and ensure individuals fully understand what that means for them, providing adequate support where required.</p> <p>Ensure proper assessment and due diligence of the change is completed giving considering to both internal and external factors both now and known to be in the future (i.e. changes to business rates retention / LA funding model) to ensure the function is best structured to meet demands.</p>	7,455,093
TOTAL CORE SERVICES			270,486					

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**2020 FUTURE COUNCIL
2020/21 Efficiency Proposals
CORE DIRECTORATE**

Ref	Proposal Theme	Brief Description of Proposal	2020/21 Saving £	FTE's Affected	People Affected	Gross Budget £
<u>Financial Services</u>						
BU13-E1/20-21	Finance BU minor restructure	Minor restructure to reflect reduced workloads as a result of the transfer of the HB function to DWP, and loss of traded activity within Internal Audit (approx 4 FTE's). In addition further streamlining of processes to increase automation resulting in further efficiencies across the Business Unit.	165,000	4	4	7,163,642
TOTAL Financial Services			165,000	4	4	
<u>HR & Business Support</u>						
BU14-1/20-21	HR Senior Staff Restructure	Restructure of senior level staffing within Core Directorate and transfer of the Busienss Support function to BU15 and BU19 / Joint Authorities	296,300	6	6	4,433,009
TOTAL HR			296,300	6	6	
<u>Legal Services</u>						
BU17-E1/20-21	Restructure of Licensing and Litigation Team	Deletion of posts as a result of the implementation of more efficient ways of working through increased automation and streamlined processes. Includes ceasing routine inspections and move to demand / risk based inspections. Proposal also considers to cease internal hearings by elected Members with regards refusal of taxi driver licenses, and delegate authority to the SD Legal Services.	84,850	3	3	201,615
TOTAL LEGAL			84,850	3	3	
<u>Electoral Services</u>						
BU18-E1/20-21	Automation of electoral process	Further automation to increase online voting, resulting in reduced printing and postage, anticipate saving of 15% of current budget spend.	15,000	-		100,000
BU18-E2/20-21	Reduction in canvases	To increase use of technology in line with Digital First Strategy, resulting in reduced number of election canvases.	5,000	-		56,000
TOTAL ELECTORAL			20,000	-		
<u>Governance Services</u>						
BU19-E1/20-21	Senior Staffing Restructure	Restructure of senior level staffing within Core Directorate and transfer of Governance functions to Joint Authorities Service Director.	96,600	1	1	627,176
Total GOVERNANCE			96,600	1	1	
<u>Joint Authorities</u>						
JA-E1/20-21	New income - Joint Authority support	Review of current SLA's to ensure income opportunities are maximised, and secure new income commercial income through tender opportunities, namely NBMA.	50,000	-		
Total JOINT AUTHORITIES			50,000	-		

Cross Directorate						
Core-11/20-21	Investment	Investment in staffing structure across the Directorate to ensure structure remains fit for purpose to adequately support service delivery. Namely within Communications and Marketing x1 Grade 9 and X1 Career Grade 5-7 , Council Governance x1 Career Grade 5-7 , and Legal appointment of new Commercial Lawyer Grade 10.	-159,250	-4		
Total Cross Directorate			-159,250	-4	0	
Crosscutting						
HRA Review	Review of cost sharing arrangements with HRA	Appropriate sharing of costs with the Council's Landlord Function e.g homelessness, RTB etc	538,000	-		
Pensions	Pension deficit payments	Anticipated reduction in the Council's pension deficit payments	2,200,000	-		
Total Crosscutting			2,738,000	-		
TOTAL CORE DIRECTORATE			3,291,500	10.00	14.00	

BARNSELEY METROPOLITAN BOROUGH COUNCIL

FUTURE COUNCIL 2020

SERVICE DIRECTOR PAY

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval to create a spot salary of £95k for the role of Service Director with effect from 1 June 2019.

2. RECOMMENDATIONS

- 2.1 **To approve the creation of a spot salary of £95k for the role of Service Director with effect from 1 June 2019.**

3. INTRODUCTION

- 3.1 Currently Service Director roles are evaluated using the NJC Job Evaluation Scheme and are paid on the council's NJC 17 grade pay structure.
- 3.2 Service Director grades vary from grade 14 to grade 17 which reflects the size and scope of the portfolio's they are responsible for.
- 3.3 Concerns have been raised regarding Service Director pay levels which has prompted questions around competitiveness with other authorities in the region.
- 3.3 A pay benchmarking exercise has been undertaken to examine this further. This has highlighted that salaries for comparable posts average £95k whereas the top of grade 17 currently equates to £89,176 which is a £6k difference.

4. PROPOSAL AND JUSTIFICATION

- 4.1 To ensure the council can continue to attract, recruit and retain the best talent in these key strategic roles we need to address the pay disparity issue to remain competitive in terms of salary levels.
- 4.2 In addition, the number of Service Directors has reduced which in some cases has resulted in larger portfolio's and spans of control.
- 4.3 To recognise this it is therefore proposed to create a generic Service Director profile which will attract a spot salary of £95k.
- 4.4 This will provide the same consistent fixed salary point for all Service Directors and mirrors the approach already adopted to determine salaries of the Senior Management Team.
- 4.5 The existing NJC 17 Grade pay structure remains unaffected by this proposal.

5. CONSIDERATION OF ALTERNATIVE APPROACHES

- 5.1 An alternative option would be to retain existing arrangements.
- 5.2 This option would not resolve the risk to the council in not being able to attract, recruit and retain talent in key strategic Service Director roles.

6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

- 6.1 None arising directly from this report.

7. FINANCIAL IMPLICATIONS

- 7.1 As a result of the reduction in the number of current Service Director Positions (paragraph 4.2 refers) there is a net saving to the Council of this proposal of £10,000.
- 7.2 This will represent a saving across Business Unit budgets once realigned.

8. EMPLOYEE IMPLICATIONS

- 8.1 These proposals will affect 12 Service Director roles.
- 8.2 If approved, the proposal will also remove the need to pay market supplement payments to four roles.

9. COMMUNICATIONS IMPLICATIONS

- 9.1 None other than managing internal communications within the council.

10. CONSULTATIONS

- 10.1 The Trade Unions have been informed.

11. PROMOTING EQUALITY, DIVERSITY AND SOCIAL INCLUSION

- 11.1 There are no particular equality implications. The proposal would be consistently and equally applied to those affected.

12. RISK MANAGEMENT ISSUES

- 12.1 By implementing the approach proposed, the council will reduce the ongoing risk of both losing employees to alternative employment and failing to recruit to key senior posts.

13. GLOSSARY

NJC - National Joint Council for Local Government Services

14. LIST OF APPENDICES

15. BACKGROUND PAPERS

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

Report author: Janine Hollingsworth – Head of HR Business Advisory, Pay & Reward

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BARNSELY METROPOLITAN BOROUGH COUNCIL

FUTURE COUNCIL 2020

SCHEME OF ALLOWANCES – INDEXATION FORMULA

1. Purpose of Report

- 1.1 To consider the continued operation of an indexation formula within the Council's Scheme of Allowances as part of the setting of the Council's budget for 2019/20.

2. Recommendation

- 2.1 **That the existing Scheme of Allowances continue and that following consideration of a report from the Council's Independent Remuneration Panel that its indexation formula for the increase in allowances linked to related increases in officer remuneration be retained.**

3. Background

- 3.1. The Council's Medium Term Financial Strategy makes provision within the Financial Forecast 2019 -2021 for the related National Pay Award which includes an equivalent increase to allowances within the Scheme of Allowances.
- 3.2. The Members Allowances (England) Regulations 2003 provide that a Council's Scheme of Allowances may include an indexation formula to provide for increases in allowances within the Scheme. Use can only be made of that formula for a period of four years without the Council considering a report of its Independent Remuneration Panel.
- 3.3 The Council's Scheme of Allowances has historically contained an indexation formula linked to related increases in officer remuneration.
- 3.3 The Barnsley Independent Panel last met and submitted a report to the Council in February 2015 and recommended as part of a wider review of the Scheme that the relevant indexation formula be retained.
- 3.4 Any further increase in allowances with reference to the indexation formula requires consideration of a report from the Panel.

4. Current Position

- 4.1 The Panel has met to consider in particular the issue of the ongoing use of the indexation formula and has produced a report which is attached as Appendix 1 to this report.
- 4.2 The Panel has taken the view that in the present circumstances it was not necessary to undertake any wider review of the Scheme of Allowances. There will be the opportunity to do so in future years when the medium term financial issues facing the Council beyond 2020 become clearer.
- 4.3 The report of the Panel recommends the continuation of the current indexation formula linked to officer remuneration. This would provide for an increase in all the relevant allowances within the Scheme of 2% for the financial year 2019/20.
- 4.4 The retention of the formula as recommended by the Panel will allow for increases in allowances, linked to any related increases in officer remuneration, in future years up to the financial year 2023/24 without the need for any further report from the Panel.
- 4.5 It is anticipated however that Panel is likely to be asked to undertake a wider review of the Scheme during the intervening period in which event a further report of the Panel would be produced for consideration by the Council.

5. Proposal

- 5.1 That the existing Scheme of Allowances continue subject to an increase in the various allowances within the scheme of 2% in accordance with the relevant indexation formula and as recommended by the Independent Remuneration Panel.
- 5.2 Details of the revised Basic Allowance and Special Responsibility Allowances are set out in Appendix to the report of the Panel.

6. Financial Implications

- 6.1 There are no additional financial implications. The cost of the increases have been provided for within the Medium Term Financial Forecast 2019 - 2021.

Officer Contact Andrew Frosdick – Executive Director Core Services - 773001

Background Papers

Members Allowances (England) Regulations 2003 and related statutory guidance.

Report of Barnsley MBC Independent Remuneration Panel

1. Introduction.

- 1.1 This is a brief report of the Barnsley Independent Remuneration Panel which deals with the discrete issue of the ongoing use of an Indexation Formula within the Council's Scheme of Allowances.
- 1.2 The Council's Scheme of Allowances includes an Indexation Formula to increase the Allowance's payable, within the Scheme, on an annual basis in line with any increases payable in respect of officer remuneration. The use of such a formula is permitted by the Members Allowances (England) Regulations 2003.
- 1.3 The Regulations provide that a Scheme cannot utilise an indexation formula for more than four years without considering a further report of the Council's Independent Remuneration Panel.
- 1.4 The Panel last met and submitted a formal report to the Council in early 2015 which included recommending that the relevant Index continue to be applied. The Panel reviewed the Scheme of Allowances more generally, in the light of progress in the development of the role of the Area Councils, and in particular the role of the Area Chairs for whom a new Special Responsibility Allowance had been provided for when the Scheme had previously been examined by the Panel in 2013.
- 1.5 The Council must now therefore consider a further report from the Panel, if it is to continue to provide for an indexation formula for its Scheme of Allowances, for the coming financial year 2019/20 and future years. The Panel has consequently been asked to give further consideration to the issue of the indexation formula and to produce an appropriate report.
- 1.6 Details of the composition of the Panel are included in Appendix 1.

2. Background

- 2.1 In producing this report the Panel is mindful of its independent role and has reflected on the advantages of looking more generally at the Council's Scheme of Allowances, given last did so four years ago and also that on the two previous occasions when the Panel has met it has done so, on the basis of a wider brief to examine the Scheme in its entirety. Consideration of the continuation of the Indexation formula has been part of that wider exercise.
- 2.2 However, the Panel does recognise that this more extensive brief arose in response to changing circumstances relating to the governance of the Council in particular with the creation of the Area Councils. The present context is somewhat different in that the Council has set a medium term financial strategy which has proposals, which will allow it to achieve a balanced budget for the next financial year 2019/20, which were put to members last year at the time of the setting of the 2018/19 budget.

- 2.3 So the organisational context is a stable one in terms of the potential impact of the Council's financial position on the wider role of elected members and any implications for the Scheme of Allowances. The Council has recently endorsed the ongoing Area Governance framework, having considered certain changes to the operation of the Ward Alliances, which are a component part of the framework.
- 2.4 The position beyond 2019/20 is less certain, as the wider financial context within which future budgets will be set will be very much influenced by certain external developments:
- Local retention of business rates;
 - New Comprehensive Spending Review;
 - The uncertain wider financial implications for public expenditure in the light of Brexit.
- 2.5 It is too early to make clear predictions but, the Council is prudently anticipating that there may be further financial pressures to be addressed in setting its ongoing Medium Term Financial Strategy to inform the setting of its Budgets for 2020/21 and onwards. It is within this wider context that any implications for future of the Council's governance arrangements, and any implications for the role of elected members, would fall for consideration.
- 2.6 In these circumstances, the Panel has concluded that it would not be a particularly productive use of the Panel or of the time and resources that would be involved, in undertaking any detailed examination of the Scheme of Allowances prior to the setting of the Budget for 2019/20.
- 2.7 There may be a need for a more in depth review of the Scheme as the emerging financial pressures beyond 2019/20, and what that could mean for the role of elected members, becomes clearer during the course of the next financial year. The outcome of the Comprehensive Spending Review and its implications for the resources that may be available to the Council is awaited. In those circumstances there would be a further more in depth process that the Council would need its Independent Remuneration Panel to assist with in reviewing the Scheme of Allowances into 2020 and beyond.
- 2.8 In the short term there is a need for the Council to comply with the requirements of the regulations in setting its budget for 2109/20 and so, the Panel has confined itself to the discrete issue of whether or not to continue to provide for the existing indexation formula within the Scheme on the assumption that no other changes are to be made to the Scheme, given that member roles will essentially remain unchanged.

3 The Indexation Formula

- 3.1 The Council's Scheme of Allowances, as indicated above, provides for an Indexation Formula to increase the allowances payable within the Scheme on an annual basis in line with any increases payable in respect of officer remuneration.

- 3.2 This has resulted, in most years, in the allowances paid under the Council's Scheme being increased to reflect the percentage increase in officer pay, under the annual national local government pay settlement, given that Barnsley is part of the national pay bargaining framework as indeed are most local authorities.
- 3.3 The Council has therefore, made the assumption in its financial forecasting, as part of the annual budget setting process, that there will be such an increase in the same way that it forecasts for the anticipated increase in officer pay and appropriate provision is built into the budget. There have been one or two occasions in recent years, in the climate of austerity, where the members have voluntarily decided to forego the increases but in most cases the indexation formula has been applied. That is a matter for the members to determine although, the Panel has always been of the view that the consistent application of the index is both reasonable and advantageous to avoid any growing gap developing between rates of allowances payable and sector comparators.
- 3.4 There is no specific requirement for an indexation formula to be designed with reference to increases in officer remuneration. However, the current formula within the Council's Scheme reflects sector practice generally and also, has been used for some considerable time without it being viewed as a contentious issue. The Panel remains of the view, in supporting the continued use of an index within the Council's Scheme of Allowances that, it is important that allowances do not fall too far behind earnings growth within the wider economy.

4 Recommendation

- 4.1 The Panel therefore recommends that the Council, in making its Scheme of Allowances for the financial year 2019/20, that the Scheme retains the existing indexation formula which is linked to increases in officer remuneration.
- 4.2 It is noted that where there has been a two year national pay settlement for local government employees for 2018/19 and 2019/20 of 2% per annum which reflects the Government's revised Public Sector pay norms.
- 4.3 If the use of the current indexation formula is retained within the Council's Scheme of Allowances, this would provide therefore for an increase of 2 % in respect of the Basic Allowances which would increase from £11,087 to £11,309 with a similar percentage increase in respect of Special Responsibility Allowances.
- 4.4 Details of the relevant increases in all allowances are provided in the attached Appendix 1.

Mr D Winchurch (Chair)

Mr D Brannan

Ms D Brown

Dr D Hall

Mr C Watkinson

February 2019.

Composition of BMBC Independent Remuneration Panel

David Winchurch - Chair; former local authority Chief Executive

David Brannan – nominated on behalf of the voluntary and community sector

Diane Brown – independent member of BMBC Audit Committee

Dr Declan Hall – Formerly of Birmingham University: academic adviser specialising
in elected member remuneration

Clive Watkinson – nominated on behalf of Chamber of Commerce and Industry

Andrew Frosdick Executive Director Core Services and Secretary to the Panel

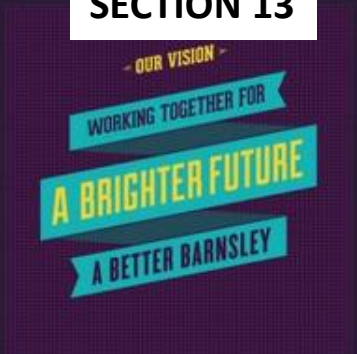
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2019/2020 - MEMBERS ALLOWANCES - BASIC & SPECIAL RESPONSIBILITY ALLOWANCES

DESIGNATION	SRA AMOUNTS 1ST APRIL 2018 TO 31ST MARCH 2019	INCREASE	SRA AMOUNTS 1ST APRIL 2019 TO 31ST MARCH 2020
	£		£
LEADER	26,721	534	27,255
DEPUTY LEADER	17,369	347	17,716
CABINET SPOKESPERSONS (6) £13,360 each	80,160	1,603	81,763
CHAIR OVERVIEW & SCRUTINY COMMITTEE	8,551	171	8,722
CHAIR AUDIT COMMITTEE	8,551	171	8,722
CHAIR AREA COUNCILS (6) £8,722 each	51,306	1,026	52,332
CHAIR PLANNING BOARD	8,551	171	8,722
CHAIR LICENSING BOARD	8,551	171	8,722
LEADER POLITICAL GROUP 1 (2) **	3,420	69	3,489
LEADER POLITICAL GROUP 2 (4) **	4,167	86	4,253
CABINET SUPPORT (6) £3,149 each	18,522	370	18,892
COMMUNITY COHESION CHAMPION	2,645	53	2,698
OVERVIEW & SCRUTINY TASK & FINISH LEADS (3) £2,181 each	6,414	128	6,542
PENSION AUTHORITY REPRESENTATIVES			
MEMBER BASIC (2) £3,924	8,004	Increased in June	8,004
SECTION 41 SPOKESPERSON (SRA VICE CHAIR)	6,625	Increased in June	6,625
SRA TOTAL	259,557	4,902	264,459
BASIC ALLOWANCE (63) £11,309 each	698,481	13,986	712,467
BASIC & SRA TOTAL	958,038		976,926
BMBC AUDIT COMMITTEE CO-OPTEES (5) £1,209 each	5,925	119	6,044
ETHICAL STANDARDS CO-OPTEE (3) £752 each	2,211	44	2,255
TOTAL ALLOWANCES	966,174	19,051	985,225

TOTAL COST OF INCREASE	19,051
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** Calculation is 10% of Leader plus additional per member



FUTURE COUNCIL 2020
HR IMPLICATIONS

2019/20 HR implications in numbers

Directorate	Business Unit	Service Director	Number of staff affected	Number of potential redundancies	Number of Notice Letters Issued
Place	BU4 Economic Regeneration	David Shepherd	18	1	1
Place	BU5 Culture, Housing & Regulation	Philip Spurr	5	1	0
Place	BU6 Environment & Transport	Paul Castle	18	2	0
Public Health	BU10 Public Health	Carrie Abbott	5	1	0
Communities	BU12 Customer Information and Digital Services	David Robinson	138	28	27
Core	BU15 Business Improvement and Communications	Michael Potter	26	3	3
Total			210	36	31

Timeline for implementation of 2019/20 proposals

Date	Process
8 October 2018	Formal consultation commences . Letters to be issued
October to December 2018	Consultation with Trade Unions, employees and undertake change process in accordance with Managing Change policy
5 January 2019	Consultation period ends
6 January 2019 (effective from 7 January 2019)	12 weeks notice period commences and issue termination letters
31 March 2019	End of 12 weeks notice period

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BARNSELY METROPOLITAN BOROUGH COUNCIL

2020 FUTURE COUNCIL

Aggregated Equality Implications of Budget Efficiency Proposals 2019/20

1. Purpose of Report

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

2. Background

A. Purpose of Equality Impact Assessment (EIA) Process

- 2.1 The budget efficiency process is an area where the Public Sector Equality Duty requires us to demonstrate that we have given “due regard” to the equality impact of our decisions and sought to 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

- 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.
- 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.

C. Stage Two – Full Equality Impact Assessment

- 2.5 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.
- 2.6 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.
- 2.7 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.
- 2.8 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. The Aggregated Equality Impact Assessment (EIA)

- 2.9 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.

3. Aggregated Impacts 2018 / 2020

- 3.1 In 2018/19 there are 8 budget efficiency proposals that either the Initial Community Equality Impact Assessment or the full Equality Impact Assessment process have identified as having a medium or a high impact on one or more diverse groups. Some of these impacts are predicted to be negative and in each of these circumstances mitigations have been identified to minimise the impacts. In other cases the budget efficiency proposal has led to a refocusing of a service or a service re-organisation that is predicted to result in improved outcomes for one or more diverse groups. The Full EIAs for these budget efficiency proposals will be completed (with any appropriate mitigating actions also considered) before the efficiencies are implemented from April 2019.

3.2 The aggregated impact of these budget efficiencies on each the diverse groups is outlined in table 1:

Diverse Group (Protected characteristic)	Positive Impact	Negative Impact
Disabled people	2	4
Older people	1	3
Young people	1	2
Men	1	2
Women	1	1
BME people	1	2
Other diverse groups	1	2
Vulnerable groups / local incomes	2	1

3.3 The specific details of each budget efficiency predicted to have a significant impact on one or more diverse groups is summarised in table 2:

<u>Communities Directorate</u>					
In Communities Directorate there are five budget efficiencies where the EIA process has indicated there is a potentially medium or high impact.					
Business Unit	Ref	Efficiency Title	Impact	Groups Most Affected	Reason for Impact
Customer Services	BU7 E1 / E2	Re-Modelling of Customer Services Project / Telephony Channel	Medium	Disabled People Older People	As more service contacts move to on-line some disabled and older people will find this transition harder. This has been mitigated through ongoing efforts to improve the accessibility of on-line services and identify and meet the needs of those unable to access on-line services. The remodelling of library services has been separately impact assessed and the Low Impact reported to cabinet following implementation of mitigating actions.
Stronger, Safer and Healthier Communities	BU8 E3 & E12	Barnsley Wellbeing Service (replacing Be Well Barnsley)	Medium	Men Children and young people Disabled people Older people	The focus of the new service aims to reduce inequalities through improved community engagement, and will

		This is a new service and it has been designed to result in improved outcomes for one or more diverse groups.		Pregnant women	work to improve outcomes for the following groups; Men are less likely to access healthy lifestyle services and are more likely to be overweight. There are fewer services for young people. Older people who are more at risk of isolation. There are fewer services for disabled people who are more likely to experience health inequalities. Specialist services required for pregnant women.
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Place Directorate

In Place Directorate there are two budget efficiencies where the EIA process has indicated there is a potentially medium impact.

Business Unit	Ref	Efficiency Title	Impact	Groups Most Affected	Reason for Impact
Environment and Transport	BU6 E2	Cross Business Unit Restructure	Positive (Medium)	Disabled People and Care Leavers	Increased provision of apprenticeship opportunities.
Environment and Transport	BU6 E3	Service Delivery Re-design	Medium	Disabled People, Older People, BME New Arrivals	Changes to collection processes may have greatest impact on disabled and elderly people and new arrivals to the borough. However each specific change to the collection service has had a full EIA and any negative impacts have been individually reported and mitigated.

Public Health Directorate

In Public Health there is one budget efficiency where the EIA process has indicated there may be a potentially significant impact.

Business Unit	Ref	Efficiency Title	Impact	Groups Most Affected	Reason for Impact
Public Health	PH E2	PH E2 Review of Contracts and Commissioning	Positive and negative	All diverse groups	There are three key lines of enquiry. 1) The re-procurement

			impacts: Medium		<p>of NHS Health Checks: 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.</p> <p>2) Sexual Health Service: A needs assessment has been undertaken and EIAs have been completed. Impact monitoring and mitigation responses to be built into service.</p> <p>3) 0-19 Service. Efficiencies associated to staffing structures. A service review and re-design is also being undertaken to ensure that the services are fit for purpose. EIAs will be completed as the projects progress.</p>
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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 targeted to those in greatest need of support such as disabled people and older people.

4. Cumulative Impact of Budget Efficiencies on Disabled People and Older People

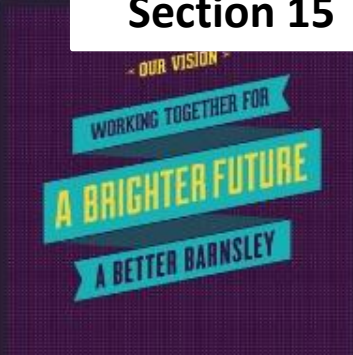
4.1 The framework of service available to support disabled people to live their lives in an equitable and inclusive way with the wider community has changed in recent years beyond almost all recognition. Welfare reform has transformed the package of benefits available to disabled people and the eligibility 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.

- 4.2 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.
- 4.3 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?
- 4.4 To better understand this impact the Council last year commissioned 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. This research project has now concluded and reported its findings to the Council which are currently being considered by Senior Management Team and will in due course inform the development of an Improvement Plan to address its key findings and recommendations.

5. Proposed Mitigation

- 5.1 The greatest impacts identified this year are likely to be felt by disabled people and older people, and this has been the case for several years. As such the Council will take steps to mitigate the impact on these groups:
 - i. The Council will continue to develop its digital offer for customers, improving access to services for customers who will be able to enquire, apply and pay for services from the comfort of their own homes any time of the day or night. For some however, digitisation of services creates greater barriers, for example due to their disability, or their lack of access to the internet. Through the 'ConnectAbility' project and the development of a new Customer Portal we have been addressing these barriers by ensuring our on-line offer meets the highest standards of accessibility, to better understand and meet our customers' individual access requirements and to support and encourage more disabled and older customers to undertake more enquiries and transactions on-line.
 - ii. We will also fully consider the findings and recommendations of the Austerity research project report. This is currently being considered by Senior Management Team and an Improvement Plan will be developed in due course. This may have implications for how the Council undertakes its EIAs for budget efficiencies in future years, to ensure we better understand the actual impacts of our decisions following implementation.



FUTURE COUNCIL
COMMUNICATIONS



Talking to our residents

Consultation

- Allowing people time to give their views on proposed plans
- Taking their views into account

Information on decisions, investments and changes

- Being clear, open and honest with the information we give out
- Clear links to our priorities and outcomes/ Town Spirit

Key messages

- Timescales for setting budget
- Reductions vs strong position in time difficult times
- This is what it means for you...

Channels

- Social media, community magazines, website, media

YOUR GUIDE TO COUNCIL TAX AND THE BUDGET 2018-19

A DAY IN THE LIFE OF OUR 2018/19 BUDGET

This is how much we'll spend EVERYDAY to provide you and your family with the vital services you need.

Figures in thousands £000

£326 EDUCATION AND YOUTH SERVICES	£97 CHILDREN'S SOCIAL CARE	£214 ADULT SOCIAL CARE	£11 LEISURE, CULTURE AND TOURISM
£41 ROAD MAINTENANCE	£12 NEIGHBOURHOOD SERVICES	£44 WASTE COLLECTION, DISPOSAL AND RECYCLING	£242 HOUSING

Barnsley's budget 2018/19 explained

pleased to present a balanced budget. means we can continue to deliver and prove the services you need the most.

will the budget increase and my family? been taken lightly, but...

To balance the budget, council tax will increase in April by:

4.49% including:

- 2.99%** General services
- 1.5%** Adult Social Care

our funding from Central Government continues to reduce

demand and pressure on our services continues to increase

resulting in... **£10m** further savings to make over the next 2 years

How will the increase affect my council tax bill?

Please beware that this increase doesn't include the contribution you pay for fire and police services

Band	Annual increase	Weekly increase
A-	£33.89	£0.65
A	£40.67	£0.78
B	£47.45	£0.91
C	£54.23	£1.04
D	£61.01	£1.17
E	£74.56	£1.43
F	£88.12	£1.70
G	£101.68	£1.95
H	£122.01	£2.34

Did you know?

The money we receive in council tax only contributes around **15%** of the total amount we'll spend in providing you with services

Town Spirit

Working together for a better Barnsley

Talking to our staff

Benefits

- Pass on key information to their family and friends – act as champions
- Feel well informed and in the loop about what is happening in their directorates

See clear links to our priorities and outcomes/ Town Spirit

Many of our staff are residents

Page 295

Channels

- Information in Straight Talk
- Intranet news feed
- Frequently asked questions
- SMT blogs / Diana's blog / Leader's blog

Tell Us What You Think Month

Talkabouts/ Leadership conferences

Page 279

Looking ahead to 2018/2019

We're well into those busy few months where we're planning for our services for 18/19 and beyond which of course means financial planning too. Focusing our financial resources on our **priorities and outcomes** is essential and our starting point for this is, as you know, our business planning process. I hope as many of you as possible have been involved, been consulted and contributed to it.

Although planning can sometimes be a lengthy process, it's necessary to make sure that we're spending our money where it's needed most and with the greatest efficiency too.

Our plans and budget for 2018/19

Our proposed budget to deliver our business plan for 2018/19 will be formalised at Full Council on Thursday 22 February on our website.

Our Future Council 2020 has helped us to re-shape our services to make sure we are a high performing, sustainable Council.

Our Executive Directors have blogged to help you understand the budget:

- Wendy Lowder – Communities
- Andrew Frostick – Core services
- Rachel Dickinson – People
- Matt Gladstone – Place
- Julia Burrows – Public Health

We'll be adding more information about the budget to our website. We'll also be 'myth busting' and answering your questions.

Budget 2018/19 - approved!

Our 2018/19 budget has now been approved by Cabinet and formalised at Full Council this week. We're pleased to be presenting a balanced budget for the year and financial stability to 2020.

We can now confirm that from April, council tax will increase by 4.45 percent - including a 2.99 percent general increase and 1.5 percent contribution to adult social care.

As many of you, and your family and friends are also residents of Barnsley, we'd like to reassure you that this increase has not been taken lightly. A number of options were explored to minimise the increase and the impact that it will have on you.

As employees and residents, we'd like to encourage you to support our decisions and help your family and friends understand the financial pressures we face. With year on year cuts from central government and increased pressures on our services, if we didn't increase council tax to reflect this, we'd have to cut vital services - as the funding is simply not there.

We know it can all be a bit mind-boggling, so check out the highlights for a reminder of how you might be affected. For more info, take a look at [Diana's blog](#) or read our [FAQs](#).

Barnsley's budget 2018/19 explained

Barnsley's budget 2018/19 highlights

Budget 2018/19 - approved!

Barnsley's budget 2018/19 explained

We're pleased to present a balanced budget. This means we can continue to deliver and improve the services you need the most.

How will the budget affect me and my family? **£638.55* million** has been taken lightly, but...

To address the budget, council tax will increase in April by:

- 4.49% overall
- 2.99% for Council Tax
- 1.5% for Adult Social Care

£10m will be raised from the council tax increase.

How will the increase affect my council tax bill?

Band	Annual Increase	Weekly Increase
A	£35.89	£0.65
B	£40.07	£0.78
C	£47.45	£0.91
D	£54.23	£1.04
E	£61.01	£1.17
F	£74.56	£1.43
G	£88.12	£1.70
H	£123.48	£2.35

Did you know? 15% of the total amount will be spent on providing services to workers.

The increase in council tax is the highest in the Midlands for 10 years.

Barnsley's budget 2018/19 highlights

Presenting a balanced budget and financial stability up to 2019/20

Spending the budget today and in the future

We'll invest in those areas that help us continue our drive to change, improve and meet the increasing demand for our services:

- 14 additional full-time social workers
- All Age Early Help plan to reduce demand on our social care services
- Invest in Highways to keep roads safe and improve our infrastructure
- Improve the efficiency and delivery of waste management services

Capital investment: £57.9 million

Invest in our digital services, making it easier for customers to access services and improve our services.

Invest in business parks to attract investment and create jobs.

Looking ahead to 2018/2019

We're well into those busy few months where we're planning for our services for 18/19 and beyond which of course means financial planning too.

Read my blog to find out more about:

- our plans and budget for 2018/2019. Our Executive Directors, Wendy, Andrew, Rachel, Matt and Julia have also blogged about what the year ahead holds for your directorates
- delivering quality services – take a look at our 2018 LGC award nominations
- listening to your feedback – update on our employee survey

Click here to visit DIANA'S BLOG

Town Spirit

Working together for a better Barnsley

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Item 4

BARNSELEY METROPOLITAN BOROUGH COUNCIL

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

Report of the Executive Director – Core Services &
Service Director – Finance (Section 151)

CORPORATE FINANCIAL PERFORMANCE QUARTER ENDING 31st December 2018

1. Purpose of Report

1.1 To consider the financial performance of the Authority during the third quarter ended December 2018 and assess the implications against the Council's Medium Term Financial Strategy (MTFS). The key headlines are:

- The position for Council services is a projected operational underspend of £2.418M in 2018/19;
- The position on Corporate Budgets shows an operational underspend of £2.530M;
- Although quarter 3 is reporting a positive position, the Council still has some significant savings to deliver over the next 3 years within a financial climate that remains both uncertain and challenging.

2. Recommendations

2.1 It is recommended that Cabinet:

- Requests that Executive Directors for Place reviews the plans in place within Environment & Transport to ensure a balance position and sustainable budget in 21019/20 and beyond.;
- requests that the Executive Director of People brings forward a further report on the specific interventions planned in relation to Special Educational Needs outlining the impacts that these are projected to have on both the outcomes for children and the associated cost profile'
- Approves the earmarking of £4M of the projected underspend for SEN on the basis that this is a known commitment.
- Note the anticipated slippage in expenditure/transfer to reserves required to fund known expenditure commitments in 2019/20 as shown in Appendix 2 Column 7;
- Approve the write off totalling £1.549M of historic debt (£1.423M General Fund/ £0.126M HRA) as shown at para 5.11 of this report;
- Approve the budget virements at Appendix 1;
- Note the challenging financial environment facing the Council despite the positive quarter 3 position;

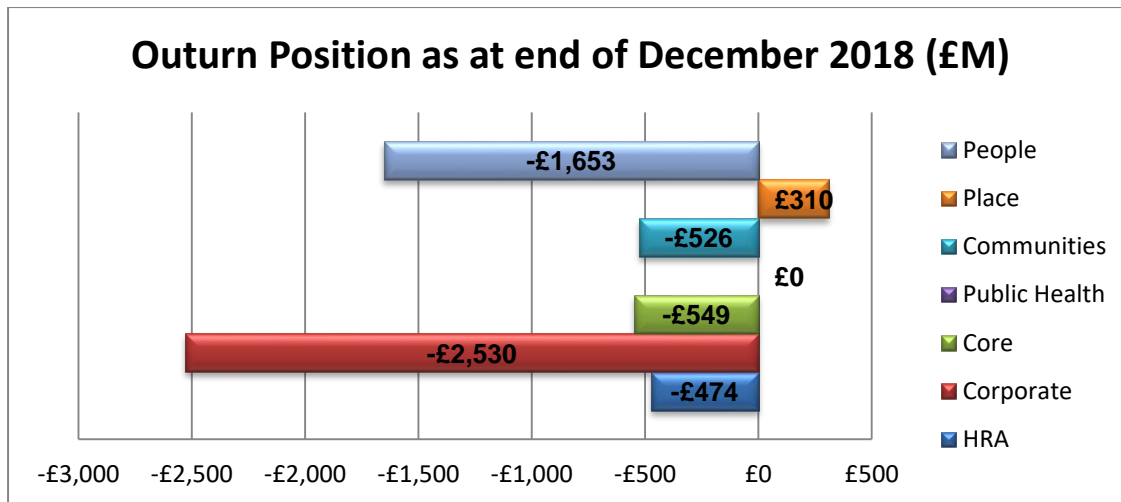
Overall Position to the Quarter Ending December 2018

There is a projected underspend on Directorate budgets of £2.418M in 2018/19. Corporate Budgets are currently reporting an underspend of £2.530M in an overall Council underspend of £4.948M. As at September the reported position showed an underspend of £2.760M which has subsequently been reflected in the Council's updated Reserves Strategy. However, since that time there has been a further deterioration in relation to the SEN budget position that will result in the need to earmark £4M of the overall underspend, and consequently reduce the BREXIT contingency approved in the budget papers by £1.8M.

The table below provides the monitoring position for the Council as at the end of December 2018 broken down between the 'in year' operational position for 2018/19 and the FYE 2019/20 position. This takes into account one-off funding and non-recurrent savings dropping out, as well as the assumptions that have already been factored into the Council's 2017-2020 Medium Term Strategy. As at Quarter 3, there is no expected impact on the 2019/20 position.

DIRECTORATE	Approved Net Budget 2018/19	Projected Net Outturn 2018/19	Forecast Deficit / (Surplus)	Adjustment for Slippage & Transfer to reserves	Operational Deficit / (Surplus)	FYE (19/20)
	£'000	£'000	£'000	£'000	£'000	£'000
People	72,792	69,244	(3,548)	1,895	(1,653)	-
Place	40,760	38,950	(1,809)	2,120	310	-
Communities	21,447	18,711	(2,736)	2,210	(526)	-
Public Health	4,190	2,171	(2,019)	2,019	-	-
Core Services	15,964	13,835	(2,129)	1,580	(549)	-
Service Totals	155,153	142,912	(12,241)	9,823	(2,418)	-
Corporate / General items	13,835	7,513	(6,322)	3,792	(2,530)	-
Sub Total – Council	168,988	150,425	(18,563)	13,615	(4,948)	-
HRA	52,067	45,507	(6,560)	6,087	(474)	-

- 3.1 The chart below provides an overview of the overall position which breaks down the Deficit/Surplus (-) position across Council Directorates.



4. Delivery of 2018/19 Future Council Savings Proposals

- 4.1 The Q3 position is forecasting a 100% delivery rate against the target for 2018/19 of £4.404M.
- 4.2 The Councils 2018/19 budget is dependent on the delivery of our efficiency savings. These targets are reviewed on a regular basis with Budget Managers and any issues are highlighted early so that recovery plans can be put in place where necessary.



5. Corporate Resources

Collection Rates

- 5.1 The Council's major sources of discretionary income are Business Rates and Council Tax. The Council's ongoing financial health is therefore almost completely reliant upon the collection of both these major sources of income. The table below shows the estimated collection rates for Quarter 3 compared to the stretch targets set at the start of 2018/19:

2017/18	2018/19	Quarter 3	Variance
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	Actual	Stretch Target		Q3 to Target
Council Tax	96.07%	96.1%	96.05%	-0.05%
Business Rates (local share)	98.36%	97.6%	97.54%	-0.06%

- 5.2 The current Council Tax collection rates are forecast slightly to be slightly below the current stretch target by 0.05% (equivalent to £57k in income) in 2018/19. Every effort will be made during the final quarter to ensure that this shortfall is collected to try and ensure that the stretch target is achieved by the end of quarter 4.
- 5.3 The current Business Rate collection rate is also slightly below the stretch target set for 2018/19 by 0.06% (equivalent to £33k). As the budget is set on a more prudent basis this shortfall does not present a major concern at this stage. The reasons for the reduced collection rate reflect a number of factors including the following:-
- Appeals - Following a successful appeal to the Valuation Office Agency (VOA) a particular hereditament was split into 1889 individually rated 'pods'. This has resulted in the rating assessments becoming more difficult to determine. A number of the accounts have been placed on hold until ratings assessments have been completed by the VOA, meaning 0.15% of the net business rate debit is awaiting collection.
 - Payment Delays – Expected payments in December from a number of businesses have yet to be received (0.26% of net collectable debit). We expect the payment owed for December to be paid in January along with the January instalment. If received, the collection rate would be higher than the stretch target set although there is no guarantee at this stage that this will be the case.
- 5.4 However, it is important to understand that business rate income remains extremely volatile. To counter this, there are monitoring and collection processes in place to ensure that external pressures and any potential risks are considered throughout the financial year.
- 5.5 The Council's 2020 capital investment plans, to accelerate growth in jobs and businesses are expected to provide an increased business rate yield over the period of the MTFS.
- 5.6 There is also an enhanced framework in place of joint working across Council Departments and other agencies/partners to ensure the plans and investment are effective. This is particularly relevant since under the current Business Rate Retention scheme, the Council is able to retain 50% of business rates collected from within the area but Chancellor has since announced that this will rise to 75% by 2020. This increases the significance of the business rate base and subsequent collection rates.
- 5.7 It seems likely that the final deal (including the 'no deal' option) on Brexit will have a major impact on the economy. Until the deal is agreed, it is still very difficult to determine what the exact impact will be but economists continue to indicate that it could create a negative impact on economic growth over the medium term.

Arrears Position

5.8 A summary of the current debt position is shown in the table below. The opening balance of debt at the beginning of the year stood at £26.9M with the current balance at the end of December 2018 being £23.8M. This shows a reduction of £3.1M from the opening balance.

Type of Debt	Pre-18/19 Arrears £M	2018/19 Arrears £M	TOTAL Arrears £M	Bad Debt Provision £M	Write Offs For Approval £M
Opening 2018/19 Position (position as at 31.03.2018)	26.945	n/a	26.945	14.752	-
Total as at end of September	15.530	8.344	23.874	15.952	-
Total as at end of December	13.413	10.367	23.780	14.326	1.512
MOVEMENT September to					
December	(2.117)	2.023	(0.094)	(1.626)	1.512

5.9 The table above also showed an opening bad debt provision balance at the beginning of the year of £14.752M. The current provision as at the end of December stands at £14.326M, a reduction of £0.426M.

5.10 Historic debt is traditionally much more difficult to collect so the position on pre-2018/19 debt is particularly encouraging. The service has already collected 50% of pre 2018/19 debt at the end of quarter 3. A reduction of this size indicates that the measures being taken to improve debt recovery are having a positive effect although it remains good financial management to provide for non-recovery of some of these debts

5.11 The Service Director Finance (Section 151 Officer) is now also seeking approval to write off debt amounting to £1.549M which has become uneconomical to pursue. This is summarised in the table below:

Type of Dept	Value of Write off (£M)
Council Tax	1.095
Business Rates	0.252
Trade Debt General Fund	0.025
Trade Debt HRA	0.089
Housing Benefit Overpayment	0.051
Total (Collected by BMBC)	1.512
Former Tenant Rent Arrears- HRA	0.037
Total (Including Tenant Rent Arrears)	1.549

Impact on MTFS/Reserves

- 6.1 An updated 2019-22 MTFS forecast will be presented into Cabinet in February 2019 for approval. This reflects a number of pressures and mitigations and will show a balanced position for the period 2019-2021 with a modest deficit remaining for 2021/22.
- 6.2 This position does make some provision for future demands on services but largely assumes that the current service pressures, outlined in this report, will be contained prior to 2019/20. To the extent that these are not fully contained by services there will be a corresponding adverse impact on the updated MTFS position.
- 6.3 An updated reserves position/ strategy will also be included in the 2019/20 budget papers and this position will be continually monitored particularly when the final 2018/19 outturn is known.
- 6.4 It should be noted that the current underspend reported at Q3 is predominantly as a result of one-off funding received for Adult Social Care, as explained in more detail in Section 1 below. This underspend position is not sustainable moving forwards with the funding for Adult Social Care being uncertain MTFS reflects where possible any future pressures in relation to Adults Social Care.

	2019/20	2020/21	2021/22
Revised MTFS at December 2018 pre efficiencies	£-M	£0.028M	£4.857M

- 6.4 Full plans are in place to deliver the approved 2019/20 KLOE's and detailed delivery plans are currently being worked up for the 2020/21 KLOE's (subject to final approval) to ensure a balanced position over these two years. An approach to deliver the remaining shortfall in 2021/22 of £4.9M will be identified in due course.
- 6.5 It is anticipated that the current forecast underspend in 2018/19 is one-off in nature. The underspend position as at end of September (£2.7M) has been included within the Council's 2019-2022 Reserves Strategy. However, since this time the underlying budget pressures on SEN have worsened. It is now recommended that £4M of the underspend position highlighted within this report (£5M) is earmarked for to offset this pressure. This means the BREXIT contingency set aside within the Reserves Strategy will reduce by £1.7M.

Background Papers

- Service and Financial Planning 2018/19 – Revenue Budget, Capital Programme and Council Tax (Cab.7.2.2018/6)
- The Council's Medium Term Financial Strategy -2019/20 (Cab.6.2.2019/6)

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3. Detailed Budget Variances for Directorates
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SECTION 1 - Executive Director's Summary for People

Highlights

The latest 2018-19 approved budget envelope for the People Directorate is **£72.792M** and includes schools related budgets of -£2.334M (schools balances and DSG deficit). An underspend is reported against the approved budget before earmarking's of £3.548M. It is proposed to earmark £1.895M, resulting in a net operational underspend of **£1.653M** in the current financial year.

Quarter 3 position to the end of the quarter ending December 2018

DIRECTORATE	Approved Net Budget 2018/19 (after Virement)	Projected Net Outturn 2018/19	Forecast Deficit / (Surplus)	Adjustment for Slippage, Grant balances & Transfer to reserves	Operational Deficit / (Surplus)	FYE (19/20)
	£'000	£'000	£'000	£'000	£'000	£'000
Education, Early start & Prevention	8,544	8,169	(375)	114	(261)	-
Adult Social Care & Health	41,525	37,884	(3,641)	1,781	(1,859)	-
Children Social Care & Safeguarding	25,057	25,525	468	-	468	-
Sub-Total	75,126	71,578	(3,548)	1,895	(1,653)	-
Schools	(2,334)	(2,334)	-	-	-	-
Total - People	72,792	69,244	(3,548)	1,895	(1,653)	-

Key Variances

Education, Early Start & Prevention – a net underspend of (£0.261M) after proposed earmarkings of £0.114M. The increased underspend of £0.011M when compared to Q2 is due to an improved financial performance in Targeted Youth and Education Welfare services. An explanation of the key variances for the year are detailed below:

Education Welfare underspend (£0.075M)

- An improved financial position is currently reported for the Service compared to Q2 due to continuing staff vacancies and turnover in the service.

School Sufficiency Services underspend (£0.073M)

- The reported underspend relates to staff savings from the early implementation of the Early Start Services staffing review KLOE for 2019/20.

Targeted Support Services underspend (£0.112M)

- The reported underspend compares favorably to the Q2 position (-£0.018M) and is attributable to staff vacancies and turnover within Youth Services as well as reduced operating costs (ICT spend) within the Youth Offending Team (YOT).

Adult Social Care & Health – A balance of resources (£1.859M) is currently reported for ASC after allowing for a proposed earmarking of £1.781M. The latest position represents a significant change (£1.5M) from that reported in Q2, and is mainly attributable to the impact / use of non-recurrent one-off Government funding such as the Improved Better Care Fund (IBCF), Adult Social Care support grant and the Winter Pressures funding. The use of one-off funding by the Government (in advance of the ASC Green Paper) is not sustainable moving forward and makes it difficult to plan effectively for the long term (i.e. managing significant future risks relating to demographic and cost of care).

Whilst the use of one-off grant funding has had a significant impact on the reported position for the Older People and Working Age Adult client groups, there has also been a noticeable reduction in care provision costs as well as increased health funding / client contributions in the current year. The following explains the key variances for the year:

Older People aged 65+ underspend (£0.946M)

- Staff vacancies and turnover savings of £0.096M – across the various social care locality teams;
- Reduction in care provision costs (residential & nursing care) for the year. The number of clients in receipt of supported care has fallen, with lower rate of admission into residential / nursing care homes since the beginning of the year (16% reduction by Q3 compared to 2017/18). Residential / nursing care home admissions are expected to be below target for 2018/19.
- Higher than expected (£1.6M) contributions from clients, health funding (e.g. continuing health care) as well as funding clawed back from direct payments managed accounts. The increased income is a result of: positive outcome from a number of financial assessments of clients recently undertaken; full year impact of the removal of the £150 weekly fee cap on non-residential care and continuing challenge of the level of health contributions to care packages.
- Proposed earmarking's of (£0.723M) to cover the estimated cost of the uplift of the weekly residential care fee (yet to be formally agreed).

Working Aged Adults aged <65 underspend (£0.831M)

- Staff vacancies and turnover savings of £0.123M – across the Learning Disabilities and Mental Health specialist locality teams;
- An increase in the level of funding contributions from health for joint funded care packages (particularly s117 funding) and increasing level of funding clawed back for direct payments managed accounts.

Joint Commissioning Unit underspend (£0.112M)

- The forecast underspend has arisen mainly from staff turnover / vacancies and minor savings on commissioned contracts.

Children's Social Care & Safeguarding – an overspend of £0.468M is forecast for Q3 for the Children Social Care & Safeguarding Business Unit and is mainly attributable to increased children in care (placement) costs.

Children in Care overspend (£0.563M)

- An increase in the number of looked after children (LAC) and associated costs of £0.2M since Q2, mainly attributable to higher external residential care costs offset by reduced spend on fostering and other placement costs over the same period.
- Barnsley's overall LAC population at the end of Q3 is 317, which represents an increase of 31 since Q2. The LAC sufficiency strategy assumes numbers during the year would be managed around the guideline target of 300.
It should be noted that Barnsley's 2018 LAC numbers (62 per 10k population aged <18) still compares favorably to its statistical neighbours (98) and national average (64).
- Whilst the number of residential care placements has remained stable over the quarter, the overall cost continues to exert pressure on the budget, with 16 residential placements including 2 secure welfare and 8 semi-independent placements for young people requiring housing placed at the end of Q3. Included in the above are a number of Unaccompanied Asylum Seekers Children (UASC) recently taken into care by the Authority in the last quarter. It should be noted that UASC grant funding and contribution from health has been secured to mitigate placement costs where possible.

Safeguarding & Quality Assurance underspend (£0.065M)

- The above forecast underspend is mainly due to staff vacancies and higher than anticipated training income.

Other Variances underspend (£0.030M)

A net underspend is reported across a number of service budgets including: Assessment & Care (staff vacancies offset by LIFT accommodation / staff travel costs); Leaving Care (staff vacancy savings); and Short Break (cost pressures relating to childminding / direct payments spend).

Schools DSG - The latest Dedicated Schools Grant (DSG) budget for 2018/19 totals £99.5M, comprising of £79.3M delegated to schools / academies and £20.2M retained centrally by the Council. The DSG budget includes the recently announced additional high needs funding of £0.528M. The following outline the forecast position for schools' budgets:

Delegated DSG budgets underspend (£1.2M)

- Comprises of elements allocated to schools through the local schools funding formula, as well as high needs and early years funding. The latest reported schools balances position showed a projected net surplus of £1.2M for the current financial year.
- The position includes 3 schools (Hoylandswaine primary, Penistone Grammar school, and Springvale primary) with reported deficit positions for the year. Recovery plans or actions have been agreed with these schools to address or manage down these deficits over set timeframes.

Centrally retained schools DSG budget overspend £8.4M

- A DSG overspend of £8.4M is currently forecast across all the centrally retained budgets and includes the additional high needs funding allocated by the Government of £0.5M. The reported position represents a worsening position when compared to the £7.3M

deficit reported for Q2 position (a change of £1.5M after adjusting for the additional Government funding). The increase in the forecast deficit is attributable to increased external SEN placements in the 2018 autumn term (new academic year), plus assumed underspend in the early years block was less than the level forecast in Q2.

- The above net overspend, which mainly relates to the high needs block, is made up of £5.2M carried forward from 2017/18 plus an in-year net pressure of £3.2M (mitigated by underspends in the early years funding block). The pressures faced in the high needs block are mainly due to the following: out of borough SEN placements costs; increased termly adjustments and exceptional funding allocations to schools/academies – due to rise in pupils with EHC plans);
- Also, the planned reduction in Out of Borough SEN costs as outlined in the approved SEND Strategy/Financial Plan has not been realised in the current year.

Approved Savings Position

The approved 2018/19 savings target for the PEOPLE Directorate totals £2.187M, analysed across the respective business units as follows:

- £0.985M - BU1 Education, Early Start & Prevention;
- £1.202M - BU2 Adult Social and Health care.

All 2018/19 approved savings proposals are on track and expected to be fully delivered in the current year.

Current Actions and Future Risks

The following outline the **key actions** being undertaken by the Directorate to address the identified pressures in Children Social Care & Safeguarding:

- Continue to manage placements in an effective and safe manner and ensure that costs are managed down through the following: tracking of placements by the Placement Oversight Resource Panel; implementing the action plan from the review of the fostering service; and continuation of the targeted recruitment campaign to attract in-house foster carers.

The main **risks in 2019/20** relate to demand-driven pressures in children services, adult social care as well as the escalating cost of SEN placements in external provision. The following summarises the key risks facing the Directorate :

- BU1: Education, Early Start, & Prevention
The business unit will continue to face pressures from reductions in external funding e.g. Youth Justice Board (YJB) grant, SEN implementation grant and trading income from schools (Education Psychology, Education Welfare and Schools Governor services).
- BU1: Schools Budgets (High Needs)

An in-year net budgetary pressure of £3.2M (excluding the carry forward deficit) is currently forecast against the high needs budget in 2018-19. Whilst this in-year pressure is expected to reduce over the coming years (due to the impact of the implemented actions in the SEN strategy), there is still an ongoing sustainability issue with projected deficits forecast in future years. There is a DfE requirement for LAs to put in place a 3 year recovery plan to address sustainability issues. This would be very challenging for Barnsley to deliver a sustainable plan within 3 years given the cost pressures in the high needs budget. As a longer timescale would be required to turn things around following recent investments and implementation of agreed actions.

- **BU2: Adult Social Care & Health**

Pressures from care providers for fee increases to meet national living wage commitments, cost of care (to address market sustainability) and our need to improve the quality of care provision will pose the greatest challenge to the Council in 2019/20. This is in addition to significant demand risks that might arise from projected growth in the adult population, particularly in the 65+ age group. The delay of the Government's Adult Social Care Green Paper and the continued use of non-recurrent and one-off funding (e.g. IBCF, Winter Pressures funding) makes long term planning difficult.

- **BU3: Children social care & safeguarding**

The increasing forecast LAC cost, particularly in relation to residential placements reflects some of the challenges facing the Council in finding suitable / appropriate placements, such as: increasing competition for limited placements both locally and within the region (a catalyst for driving up costs) and difficulty in placing older children (with challenging needs) with foster carers.

The required actions / measures to manage LAC numbers over the medium term are set out in the recently refreshed LAC Sufficiency Strategy, however rising unit cost of placements is beginning to exert pressure on budgets. The ongoing work to track / plan LAC placements would ensure the stability of Barnsley's LAC numbers around the 300 mark and maintain costs within affordable limits

SECTION 2 – Executive Director’s Summary for Place

Highlights

The latest revised 2018/19 approved budget envelope for the Place Directorate is **£40.760M**. Based on current projections, there is an under-spend against the approved budget before earmarking’s of (£1.809M). Of this, £2.119M is proposed for ear marking resulting in a net operational overspend of **£0.310M** in the current financial year. This represents an improvement of (£0.199M) on the position reported at the end of Quarter 2.

Quarter 3 position to the end of the quarter ending December 2018

DIRECTORATE	Approved Net Budget 2018/19 (after Virement)	Projected Net Outturn 2018/19	Forecast Deficit / (Surplus)	Adjustment for Slippage, Grant balances & Transfer to reserves	Operational Deficit / (Surplus)	FYE (19/20)
	£'000	£'000	£'000	£'000	£'000	£'000
*Regeneration & Property	10,514	8,276	(2,238)	2,120	(119)	-
Culture & Housing	1,095	1,039	(56)	-	(56)	-
Environment & Transport	29,151	29,636	485	-	485	-
Total – Place	40,760	38,950	(1,809)	2,120	310	-
Housing Revenue A/C	52,067	45,507	(6,560)	6,087	(474)	-

**Includes schools BSF/PFI net budgets of (£1,283) ring-fenced from the Directorate*

Key Variances

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

Regeneration & Property – underspend of (£0.119M) is forecast at quarter 3 after proposed earmarking’s of £2.120M, an increase of (£0.082M) from quarter 2. Predominately as a result of increases in vacancies across the structure.

The main variances contributing to the forecast underspend are:

- Staff vacancies Planning & Building Control (£0.157M);
- Undeliverable Planning Fee Income £0.127M;
- Delays in progressing the Strategic Transport Feasibility study (£0.160M);
- (£0.309M) savings across the Authority’s Asset portfolio as a result of lower than anticipated utilities due to a change of supplier; NNDR savings relating to the town centre redevelopment and a more prudent approach to repairs and maintenance across the estate to ensure maximization of the planned maintenance resource envelope.
- After earmarking’s of £1.670M associated with the PFI whole life cost models, a further £0.450M is proposed to be earmarked to mitigate in year pressures identified in 2019/20 as a result of under occupancy across the estate whilst the town centre is under development and the wider buildings rationalisation review is completed.

Culture & Housing – an underspend of (£0.056M)

- A forecast shortfall in commercial income £0.056M;
- Staff savings across the service (£0.068M).
- Bereavement Fee Income (£0.050M).
- Contributions & Overheads £0.006M.

Environment & Transport – An overspend of £0.485M is forecast for Quarter 3, an improvement of £0.098M from quarter 2 as a result of savings against fleet vehicle leasing.

The key variances are detailed below:

Operations, Recycling, Neighbourhoods & Transport £0.083M overspend

- Transport £0.401M – Continued significant rise in demand for Home to School transport together with the increased cost of out of borough placements and a rising demand for the use of escorts (provision made in 2019/20 MTFS for increased costs);
- £0.225M undelivered KLOE from previous periods – mitigation below.
- Neighbourhood Services (£0.207M) – primarily relates to staff vacancies within the team and the part year effect of the restructure of the service to be implemented from February 2019;
- Fleet (£0.052M) – The under-spend relates to the additional cost of repairs to the authorities fleet of vehicles being offset by savings on operational leasing rents;
- Waste Collection (£0.230M) – The under-spend relates to delays in filling the new staffing structure, forecast savings on contract hire charges and fuel following the purchase of new refuse collection vehicles in 2017/18.
- Staff Vacancies and other savings (£0.041M).

Highways, Engineering & Transportation Services (£0.823M)

- Construction Services (£0.378M) – delays in appointing to management posts within the service, a continuation of the same productivity levels as in 2017/18;
- Highways / Engineers / Highways Maintenance (£0.463M) – underspend relates primarily to staffing costs (£0.289M) and a non-recurring increase in fee income (£0.135M).

Commercial & Operational Services £1.228M

- Contracts Management / TLS (Waste Disposal) £1.288M – overspend relates to the delay in delivery of mitigating actions (see below) to offset previous undelivered efficiencies from the waste PFI contract (£0.600M) and a continuation of the problems encountered by the service due to the fall in the market price of recyclates (£0.814M).

Approved Savings Position

2018/19 Efficiency Savings

The planned efficiency savings for 2018/19 totaling £1.215M from across the directorate have all been delivered.

Mitigation from prior years (£1.844M total target)

£1.034M of efficiencies has been delivered. The target for 2018/19 is £0.810M with the following proposals still to be delivered for 2019/20:

Efficiency Saving	£M
Transfer Loading Station *	0.300M
Travel Training**	0.075M
Highways Materials ***	0.075M
Contract Procurement	0.250M
TOTAL	0.700M

* The TLS is currently forecast to be delivered in April 2019

** Travel Training is delivered in conjunction with the People Directorate

*** The cold mix pilot has been terminated following evaluation

Housing Revenue Account (-£0.474M)

- The Housing Revenue Account is currently forecasting an operational underspend at the end of December of (£0.474M). This anticipated position is after adjusting for slippage on the capital programme and service earmarking's. See Appendix 5 for a detailed HRA position.
- There are minor adverse variances forecasted across a number of areas of both income and expenditure totalling £0.156M, which represents an overall pressure on the HRA budget. These individual elements will be monitored accordingly during the remainder of the financial year.
- The above is offset by an increase in dwellings rent of (£0.372M) compared to the budgeted position as a result of lower RTB sales and fewer void properties than anticipated. Although the number of voids has started rise in the past month, the current forecast remains prudent as this includes a tolerance for further increases to void rates.
- There is also an expected underspend on the provision for bad debts (£0.258M) due to lower than forecasted arrears, as a result of the delay in rolling out Universal Credit within the Borough. Interest costs are also expected to be lower (£0.200M) as a result of debt maturing within the HRA portfolio.
- The repairs and maintenance budget is currently forecasted to breakeven. Trend analysis and detailed monitoring reports from the PRIP Finance Task Team shows an overspend could materialise. Corrective actions are currently being undertaken to ensure a balanced position is maintained. However, there is no provision in the budget to cover the impact of a severe winter and possible increased required maintenance. The forecasted position includes proposals to earmark £0.295M for the Electrical Testing and Legionella programmes not expected to complete in 2018/19.
- It is proposed to earmark £0.200M to fund the impact of the Homelessness Act over the two year period 2018/19 through 2019/20.
- Finally, £6.087M of the planned revenue contribution to capital is forecasted to be rolled - forward in the HRA working balance to fund commitments on the 5 year approved programme, mainly due to re-phasing of capital schemes with RCCO funding sources.

Current Actions and Future Risks

As highlighted above, a number of mitigating actions have been put forward. Some progress has already been made in delivering on this. Further action will continue to be progressed with a view to delivering a balanced budget by 2020 and beyond, however there remains a number of ongoing pressures:

- The Home to School Transport is highlighted as a key area for concern and has received additional budget provision through the MTFS this year. However, since the start of the September term there has been a rise in transport provision and costs by much more than was originally predicted. This has impacted most on the average cost per day of transporting children to outer borough locations which now includes a number of looked after children, a cohort that has not previously been identified as a pressure. A report will therefore be submitted to update Cabinet on the latest forecast position for 2019/20 and considered as part of 2019/20 Service and Financial Planning.
- Household Waste & Recycling levels will continue to be monitored and address where possible. Whilst recycling remains encouraging with the current position being 2.1% higher than last year's levels, the income associated with this has fallen due to volatile, competitive markets.
- Markets Income there is an anticipated shortfall in markets rental income in 2019/20 due to the ongoing construction programme of the new development, resulting in unoccupied stalls. Market stall lettings will continue to be actively progressed. The £0.150M earmarking proposed above will contribute to alleviate this pressure.
- Council Buildings programme the rationalisation of Council buildings programme is expected to deliver significant savings following the closure and hand back of buildings to contribute towards mitigating future funding gaps. However, there remains the risk of significant cost pressures, potentially giving rise to an overspend within Property services should the programme not happen or delays occur. In addition potential unknown costs relating to the ongoing property maintenance across the estate continues to be a concern, this continues to be monitored and managed as far as possible. Finally a review unoccupied spaces across the asset portfolio will continue, particularly in relation to the Lift Buildings and Business Centres, to ensure we are maximising the use of our assets.

The directorate continues to work hard to bring forward necessary mitigations for all of the above pressures and concerns. A plan is currently in place to achieve a balanced budget by 2020. Progress against the plan will be carefully monitored with any ongoing issues being reported to Cabinet as required.

SECTION 3 - Executive Director's Summary for Communities

Highlights

The total net budget for the Directorate is **£21.447M**. Total forecast net expenditure is £18.711M, resulting in a forecast underspend before earmarking's of £2.736M. Of this sum £2.210M is proposed for earmarking (*primarily relating to multi-year grant allocations and Commissioning and Ward Alliance budgets*) resulting in an operational underspend for the year of **£0.526M**.

Quarter 3 position to the end of the quarter ending December 2018

DIRECTORATE	Approved Net Budget 2018/19 (after Virement)	Projected Net Outturn 2018/19	Forecast Deficit / (Surplus)	Adjustment for Slippage & Transfer to reserves	Operational Deficit / (Surplus)	FYE (19/20)
	£'000	£'000	£'000	£'000	£'000	£'000
Customer Services	2,953	2,205	(748)	103	(645)	-
Safer, Stronger, Healthier	8,885	6,663	(2,222)	2,107	(115)	-
IT	9,609	9,843	234	-	234	-
Total – Communities	21,447	18,711	(2,736)	2,210	(526)	-

Key Variances

The overall forecast overspend for the Communities Directorate has improved by £0.290M since the reported position at quarter 2, this is predominately as a result of reduced contract costs and careful vacancy management. Key variances are summarized below.

Customer Services are currently projecting an operational underspend (£0.645M) for the year. The key contributors to this position are:

- Day Opportunities (underspend £0.332M) – the recent closure of the Keresforth Centre and vacancy retention across the service are key contributors to the expected outturn position.

It should be noted that £0.120M of the underspend has been transferred to Adult Social Care - (People Directorate) and has been reflected in their Q3 reporting figures.

- ALT & Reablement (underspend £0.303M) – the underspend expected is as a result of increased income following the recent price increase for Assisted Living Technology services along with vacancy retention within ALT (£0.040M) and Reablement (£0.082M).

Safer, Stronger & Healthier Communities (SSH) (underspend £0.115M) – the underspend expected is as a result of vacancy retention.

IT Services are currently projecting an over spend for the year of £0.234M, the reasons for this are as follows:

- Software License and Equipment Costs - (£0.482M overspend), a £0.124m reduction in the estimated outturn when compared to quarter 2. This is as a result of a review of contract costs and cost projections. Factors such as an increase in license costs and changes in contracting arrangements offered by external providers continue to cause significant challenges for the service. Software License and Equipment costs will continue to be reviewed as part of the future service redesign and the overarching implementation of the Digital First strategy.
- Vacancy Retention (£0.248M underspend) – it is important to note that £0.342M in salary and vacancy related savings were transferred in Q2 and earmarked to support the delivery to the Digital First programme, these are reflected in the Corporate budget monitoring report

Approved Savings Position

The Directorate has total approved savings of £0.241M to deliver in 2018/19.

The total savings target will be achieved in year however the Selective Licensing KLOE has now been withdrawn. As an interim measure in 2018/19 all savings attributable to Selective Licensing in 2018/19 will be met from a planned earmarking brought forward from 2017/18. From 2019/20 onwards savings will accrue from three new replacement KLOE's.

Current Actions and Future Risks

Several service reviews will be ongoing during 2018/19 across Communities to ensure Business Units continue to provide economic, efficient and effective services and are fully prepared to meet the extensive (£1.7m) in KLOE savings that are due for delivery in 2019/20.

Reviews include:

- Remodeling of Customer Services which notably includes the Library Review.
- Leading the Council's Digital First Strategy.
- Provider Services reviews including Day Opportunities, Reablement and Assisted Living Technology.

Within Safer Communities the requirement to deal with the additional burdens of the latest Homelessness Reduction Act. Holden House and the provision of support services for young people are all expected to bring some significant challenges.

From an IT perspective uncertainty remains regarding software license cost increases along with changes in contracting arrangements from external suppliers - work is ongoing to monitor these arrangements with a view to mitigating these pressures and drive out value for money wherever possible.

Excepting the above, there are considered to be no immediate issues within the Directorate that will impact adversely on Communities ability to operate within its budgetary envelope during 2018/19.

SECTION 4 - Director's Summary for Public Health & Regulation

Highlights

The total net budget for the Directorate is **£4.190M**. Based on financial performance to date and forecast activity for the remainder of the year, an operational under-spend of (**£2.018M**) has been estimate, of which is proposed to be earmarked.

This underspend largely comprises of a planned underspend of £1.553M to be earmarked to support future year Public Health Commitments (as per the PH 4

Quarter 3 position to the end of the quarter ending December 2018

DIRECTORATE	Approved Net Budget 2018/19 (after Virement)	Projected Net Outturn 2018/19	Forecast Deficit / (Surplus)	Adjustment for Slippage & Transfer to reserves	Operational Deficit / (Surplus)	FYE (19/20)
	£'000	£'000	£'000	£'000	£'000	£'000
BU10 – Public Health & Regulation	4,190	2,172	(2,018)	2,018	-	-

Key Variances

The forecast underspend of £2.018M for the current year largely comprises:

- **The Planned Underspend against the 4 Year Plan Commitments (£1.553M)** – this is intrinsic to the fulfilment of the Public Health 4 year plan – the intention being to carry forward the underspend into future years to meet identified commitments.
- **Contract Slippage (£0.127M)** – slippage on planned contract spend has resulted in a requests for earmarking in respect of a number of contracts including Suicide Prevention, Flu Vaccination, Plus Me and Food Inspections.
- **Staff Vacancies (£0.165M)** – this largely relates to the 0-19 service where an underspend in the region of £0.135m is expected due to staff leaving the service and subsequent vacancies.
- **Budget Re-profiling/Early Achievement of KOE Savings (£0.128m)** – representing the preparatory work undertaken to support the effective delivery of future KLOE savings and includes the early achievement of targets.

Approved Savings Position

The Directorate had total approved savings of £0.255M to deliver in 2018/19. All savings have either been delivered in full or are on target to be delivered by the end of 2018/19.

Current Actions and Future Risks

Over the entire four year plan period (to 2020/21), the Council's MTFS includes additional provision to enable the service to mitigate the impact of planned reductions in Public Health Grant.

It is envisaged that the provision of additional funding from the Council, use of earmarkings and delivery of identified savings will enable the service to continue to maintain a modest surplus position to 2020/21.

SECTION 5 - Executive Director's Statement For Core

Highlights

The latest approved budget for 2018/19 for the Core Directorate is £15.964M. Based on current projections the Directorate is forecasting an outturn of £13.836M as at the end of Quarter 3, resulting in an under-spend, before earmarking's of £2.130M. Of this £1.579M is proposed for earmarking resulting in an overall estimated operational under-spend of **£0.549M** for 2018/19.

Quarter 3 Position to the end of the quarter ending December 2018

DIRECTORATE	Approved Net Budget 2018/19 (after Virement)	Projected Net Outturn 2018/19	Forecast Deficit / (Surplus)	Adjustment for Slippage & Transfer to reserves	Operational Deficit / (Surplus)	FYE (19/20)
	£'000	£.000	£'000	£'000	£'000	£'000
Finance	5,474	4,367	(1,107)	750	(356)	-
HR	2,005	1,683	(322)	322	0	-
Business Imp & Comms	3,398	2,964	(434)	405	(29)	-
Legal Services	770	683	(87)	0	(87)	-
Elections	688	633	(55)	55	-	-
Council Governance	1,675	1,640	(35)	0	(35)	-
Joint Authorities	1,954	1,865	(89)	47	(42)	-
Total – Core	15,964	13,835	(2,129)	1,580	(549)	-

Key Variances

An under-spend of £0.549M is forecast for 2018/19, a slight decrease from the underspend reported at quarter 2 by £0.105M. This is largely as a result of the increase in ear marking requests across the Directorate.

Finance – underspend of (£0.356M) after proposed earmarkings of £0.750M:

- A combination of staff turnover and vacant posts as a result of the new staffing structure implemented in October 2018, along with the early delivery of 2019/20 efficiency savings.
- Unspent earmarking's as a result of ongoing projects to further enhance financial systems and other digital technologies to support delivery of the business unit objectives – requested to be carried forward into 2019/20.
- Additional earmarking request of £0.250M to support Council wide business case proposals via the Commercial Investment Fund.

HR– breakeven position after proposed earmarkings of (0.322M)

- High levels of staff turnover and vacant posts pending a wider restructure, along with unspent earmarking's due to delays in the implementation of digital solutions;
- £0.322M earmarking proposed to continue to fund temporary staffing provision to 2020 and ongoing delivery of technological enhancements.

Performance, Business Improvement & Communications – underspend (£0.029M) after proposed earmarkings of £0.405M:

- Staff turnover and vacant posts pending a restructure to support the Business Unit's plans and delivery of 2020 efficiency targets and underspend of Corporate Training;
- £0.405M earmarking requested to continue to fund temporary staffing provision and technological enhancements.

Legal Services – underspend of (£0.087M):

- (£0.144M) additional income received through entertainment licences and court fees as a result of an increase in the number of enforcements;
- (£0.024M) general under-spending of supplies & services;
- £0.041M unforeseen cost pressures associated with a complex legal case;
- £0.040M high levels of a printing due to the delays in implementing the new electronic case management system.

Elections – breakeven position after proposed earmarkings of (£0.055M):

- Reinvestment of the income received from the Sheffield City Region Mayoral election to purchase new polling booths.
- £0.055M proposed to be ear marked to contribute towards costs associated with the 2019/20 Local Election.

Council Governance - underspend of (£0.035M):

- Part year vacant post netted off against early introduction of new post that will be funded by reinvestment in 2019/20 as part of the wider KLOE Core restructure.

Joint Authorities - underspend of (£0.042M) after proposed earmarkings of £0.047M:

- Vacancy factor of the Business Support team which transferred to the service in October 2018;
- £0.047M proposed to be ear marked to continue to fund relief posts.

Approved Savings Position

The Directorate had total approved savings of £0.505M to deliver in 2018/19. All savings have either been delivered in full or are on target to be delivered by the end of 2018/19.

Current Actions and Future Risks

- Technology -There is a common risk across the Core Directorate where there is reliance on technology to support delivery of future year KLOE's, that IT will not be able to provide the required support or the technology does not provide the solutions anticipated presenting a risk to both the quality of service provision as well as the achievement of anticipated savings. This risk cannot be mitigated by the Directorate alone and will be predicated around the re-design of IT services and the ongoing work in support of the Digital First Strategy.
- Capacity and staff turnover continues to be a problem in particular within the Finance and Legal Business Units. Legal are in the process of implementing a minor restructure to increase capacity within the key demand areas Commercial, Planning and Safeguarding to ensure the service is equipped to support the Council effectively.
- The Finance Business Unit has under taken a major re-design of the functions it delivers, with a new structure operational from October 2018. This will allow delivery of 2020 efficiency targets and ensure the service is equipped to continue to support our Future

Council and contribute towards setting a sustainable landscape for the future.

- The Joint Authorities Service are reviewing their income streams to ensure current grant funded schemes are maximised and exploring opportunities for new income streams.
- The transfer of Housing Benefits to the DWP will be further delayed; however funding has been earmarked in 2018/19 and may need to be requested again in 2019/20 to continue to support this transition.
- A major re-design of the Core Directorate is planned to be implemented over the next 2 years commencing April 2019 impacting on BU14 HR and BU19 Council Governance. The changes will ensure that we maintain a 'Strong and Lean Core' to support our Future Council.

SECTION 6 - Commentary on Corporate Budgets

Highlights

The latest 2018-19 approved corporate budget is **£13.835M**. Corporate budgets include for example, Capital Financing, Pension costs, Insurance, Levy's etc. A underspend of **£2.530M** is currently forecast (after earmarkings).

Quarter 3 position to the end of the quarter ending December 2018

Corporate Area	Approved Net Budget 2018/19 (after Virement)	Projected Net Outturn 2018/19	Forecast Deficit / (Surplus)	Adjustment for Slippage, Grant balances & Transfer to reserves	Operational Deficit / (Surplus)	FYE (19/20)
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Financing	16,264	14,764	(1,500)	-	(1,500)	-
CDC	789	789	-	-	-	-
Levies	1,730	1,730	-	-	-	-
Corporate Items	(2,529)	(2,529)	-	-	-	-
Provisions	17,684	12,862	(4,822)	3,792	(1,030)	-
Provisions – Pension Deficit	7,068	7,068	-	-	-	-
Contributions from Balances	(27,171)	(27,171)	-	-	-	-
Total – Corporate	13,835	7,513	(6,322)	3,792	(2,530)	-

Key Variances

- As reported at Quarter 2 the capital financing budget is expected to underspend by £1.500M due to taking advantage of low interest rates. Such savings will reduce as the Council fixes more of its debt in line with its Treasury Management Strategy.
- A £4.822M underspend is currently forecast against the Corporate Provision budget. As reported at Q2 this includes a forecasted £1.2m underspend against a provision that was set aside for reinvestment into Adult Social Care to meet potential additional demographic pressures. A further £3.6M had also been provisionally earmarked within the budget in relation to general spending pressures across the social care service. Since this assumption was made additional specific government grants have been confirmed, meaning that this sum will not be required in the current financial year.
- However, a number of commitments / investment priorities have already been made against this underspend including:
 - Tour De Yorkshire 2019;
 - Pressures within Special Educational Needs;
 - Town Spirt;
 - Town Centre Anti-Social Behaviour;
 - Assets Rationalisation programme;
 - CPO land at Carlton;
 - Funding previously earmarked for Digital First

Other Items

External Trading - BMBC Services Ltd

- BMBC Services is forecasting a 'profit after tax' of approximately £0.150M which will be used to support the Digital First programme.

£3.5 Million Invest to Grow Fund

- A total of £1.875M is estimated to be spent during 2018/19, with a further £0.202M in 2019/20, and £0.088M in 2020/21;
- £0.633M (34%) has been incurred to date during 2018/19 with a further £0.433M (23%) committed and expected to be spent in the final quarter of this financial year. The remaining £0.809M (mainly relating to new schemes approved in August), is expected to slip into 2019/20.

Invest to grow fund	Total	2016/17	2017/18	2018/19	2019/20	2020/21
	£M	£M	£M	£M	£M	£M
Fund allocated	3.000	0.305	2.199	0.457	0.039	0.088
Carry Forward			(1.009)	0.788		
Re-allocated				0.221		
New Allocation	0.660			0.409	0.163	0.088
Total Allocation Q3	3.660	0.305	1.190	1.875	0.202	0.088

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CORPORATE BUDGET MONITORING AS AT 31ST DECEMBER 2018

	<u>(col 1)</u>	<u>(col 2)</u>	<u>(col 3)</u>
	<u>Transfers From:</u>	<u>Transfers To:</u>	<u>Net Effect</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>SECTION A - VIREMENTS FOR APPROVAL (DECEMBER):</u>			
sub-total: Virements for approval	-	-	-
<u>SECTION B - VIREMENTS ALREADY APPROVED BY CABINET (DECEMBER):</u>			
Transfer of Business Support Function from BU14	- 1,940,702	-	1,940,702
Transfer of Business Support Function to Joint Authorities		1,940,702	1,940,702
sub-total: Virements already approved by Cabinet	-	-	-
<u>SECTION C - VIREMENTS WITHIN DELEGATED POWERS (DECEMBER):</u>			
Transfer of Multi Storey Car Park NNDR Budget from BU4	- 39,907	-	39,907
Transfer of Multi Storey Car Park NNDR Budget to BU6		39,907	39,907
BU2 - Lift Building recharge	- 75,000	-	75,000
BU3 - Lift Building recharge		75000	75,000
Transfer of budget for post from Customer Services (BU7)	- 28,535	-	28,535
Transfer of budget for post to IT (BU12) -		28535	28,535
Contribution to Dementia project to (BU8)	- 1,500	-	1,500
Contribution to Dementia project from Corporate Budgets		1500	1,500
<u>Sub-total: Virements within powers</u>	-	-	-
<u>GRAND TOTAL - ALL VIREMENTS</u>	-	-	-

DIRECTORATE / DIVISION OF SERVICE BUDGET VARIANCES		(col 1)	(col 2)	col 3	latest (col 4)	(col 5)	(col 6)	(col 7)	(col 8)
		Original Net 2018-19 Budget £	Cumulative Approved Variations /Earmarkings April - Sept £	Approved Variations Oct - Dec £	Revised Net Budget £	Forecast Outturn December £	Variation £	Adjustment for Slippage & Transfer to Reserves Dec 2018 £	Operational Deficit / (Surplus)
DIRECTORATE									
PEOPLE									
BU1	Education and Early Start Prevention (Inc. Schools)	8,350,976	(2,141,011)	-	6,209,965	5,834,737	(375,228)	113,786	(261,442)
BU2	Adult Assessment and Care Management	39,307,322	2,292,503	(75,000)	41,524,825	37,883,927	(3,640,898)	1,781,207	(1,859,691)
BU3	Children Assessment and Care Management	24,962,963	19,142	75,000	25,057,105	25,525,231	468,126	-	468,126
	sub-total People	72,621,261	170,634	-	72,791,895	69,243,895	(3,548,000)	1,894,993	(1,653,007)
PLACE									
BU4	Regeneration & Property	8,060,042	2,494,314	(39,907)	10,514,449	8,276,022	(2,238,427)	2,119,638	(118,789)
BU5	Culture, Housing and Regulation	1,353,824	(259,214)	-	1,094,610	1,038,610	(56,000)	-	(56,000)
BU6	Environment and Transport	27,372,033	1,738,650	39,907	29,150,590	29,635,590	485,000	-	485,000
	sub-total Place	36,785,899	3,973,750	-	40,759,649	38,950,222	(1,809,427)	2,119,638	310,211
COMMUNITIES									
BU7	Customer Services	2,963,008	18,095	(28,535)	2,952,568	2,205,292	(747,276)	103,436	(643,840)
BU8	Safer Stronger & Healthier Communities	5,079,582	3,803,466	1,500	8,884,548	6,663,336	(2,221,212)	2,106,682	(114,530)
BU12	IT	9,570,566	10,703	28,535	9,609,804	9,842,509	232,705	-	232,705
	sub-total Communities	17,613,156	3,832,264	1,500	21,446,920	18,711,137	(2,735,783)	2,210,118	(525,665)
PUBLIC HEALTH									
BU10	Public Health & Regulation	1,698,519	2,491,492	-	4,190,011	2,171,426	(2,018,585)	2,018,585	-
	sub-total Public Health	1,698,519	2,491,492	-	4,190,011	2,171,426	(2,018,585)	2,018,585	-
CORE									
BU13	Finance	4,774,095	699,586	-	5,473,681	4,367,681	(1,106,000)	750,000	(356,000)
BU14	HR	3,557,959	388,068	(1,940,702)	2,005,325	1,682,778	(322,547)	322,547	-
BU15	Performance, Business Improvement & Comms	2,955,314	443,203	-	3,398,517	2,963,746	(434,771)	405,197	(29,574)
BU17	Legal Services	885,083	(115,146)	-	769,937	683,028	(86,909)	-	(86,909)
BU18	Elections	687,650	-	-	687,650	632,744	(54,906)	54,906	-
BU19	Council Governance	1,674,855	-	-	1,674,855	1,640,314	(34,541)	-	(34,541)
	Joint Authorities	13,497	-	1,940,702	1,954,199	1,864,921	(89,278)	47,000	(42,278)
	sub-total Core	14,548,453	1,415,711	-	15,964,164	13,835,212	(2,128,952)	1,579,650	(549,302)
OVERALL SERVICE TOTALS									
		143,267,288	11,883,851	1,500	155,152,639	142,911,892	(12,240,747)	9,822,984	(2,417,763)
Other Non Service Items									
	Capital Financing Costs	13,907,540	2,356,201	-	16,263,741	14,763,741	(1,500,000)	-	(1,500,000)
	Corporate & Democratic Core & Non Distributed Costs	765,650	25,000	(1,500)	789,150	789,150	-	-	-
	Levies	1,120,529	610,078	-	1,730,607	1,730,607	-	-	-
	Corporate Items	(2,600,000)	70,831	-	(2,529,169)	(2,529,169)	-	-	-
	Provisions	5,458,977	12,225,525	-	17,684,502	12,862,021	(4,822,481)	3,792,137	(1,030,344)
	Provisions - Pension Deficit	7,068,043	-	-	7,068,043	7,068,043	-	-	-
	Contribution From Reserves / Balances	-	(27,171,486)	-	(27,171,486)	(27,171,486)	-	-	-
	sub-total Corporate Budgets	25,720,739	(11,883,851)	(1,500)	13,835,388	7,512,907	(6,322,481)	3,792,137	(2,530,344)
OVERALL AUTHORITY BUDGET									
		168,988,027	-	-	168,988,027	150,424,799	(18,563,228)	13,615,121	(4,948,107)

DETAILED SERVICE VARIANCES @ 31st December 2018

SERVICE / BUDGET HEAD	ONGOING	NON	TOTAL - ALL	Adjustment	Operational	ONGOING	NON	TOTAL - ALL	Adjustment	Operational
	BASE BUDGET ISSUES	ACHIEVEMENT OF EFFICIENCY ISSUES	BUDGETARY ISSUES	for Slippage & Transfer to Reserves	Deficit/(Surplus)	BASE BUDGET ISSUES	ACHIEVEMENT OF EFFICIENCY ISSUES	BUDGETARY ISSUES	for Slippage & Transfer to Reserves	Deficit/(Surplus)
	Sept	Sept	Sept	Sept	Sept	December	December	December	December	December
PEOPLE - KEY FINANCIAL RISKS FOR 2018/19										
ED People										
Pay and other strategic management costs						28,507		28,507		28,507
BU1										
Service Director - additional pay supplement and business support costs	23,052		23,052		23,052	21,562		21,562		21,562
Commissioning - contract savings offset by unachieved Schools Clerking income	(39,112)		(39,112)		(39,112)	(15,540)		(15,540)		(15,540)
Early Start & Family Services - staff vacancies on Childcare Services & reduced running costs	(37,537)		(37,537)		(37,537)	(35,854)		(35,854)	35,000	(854)
Inclusion Services - agency / Ed Psych locum costs offset by investment funding	35,798		35,798		35,798	(71,764)		(71,764)	65,786	(5,978)
Sufficiency - early delivery of Staffing savings (KLOE)	(75,000)		(75,000)		(75,000)	(72,802)		(72,802)		(72,802)
Education Welfare - staffing restructuring savings / think family funding						(83,412)		(83,412)	13,000	(70,412)
Targeted Youth Support - vacancy savings	(17,558)		(17,558)		(17,558)	(112,513)		(112,513)		(112,513)
Other Minor Variances	(642)		(642)		(642)	(4,905)		(4,905)		(4,905)
BU2										
SD Management-C/wfd iBCF funding	(853,877)		(853,877)	853,877	-	(813,207)		(813,207)	813,207	-
Care provision cost	(281,333)		(281,333)		(281,333)	-		-		-
Older People - staffing vacancies / turnover						(96,000)		(96,000)		(96,000)
Older People - slippage on resi care uplift, increased health funding & DP clawback						(1,698,025)		(1,698,025)	848,000	(850,025)
Working Age Adults - staffing vacancies / turnover						(123,000)		(123,000)		(123,000)
Working Age Adults - increase health funding & direct payment clawback						(707,631)		(707,631)		(707,631)
Commissioning - Staffing vacancies & contract savings	(107,842)		(107,842)		(107,842)	(111,542)		(111,542)		(111,542)
Day Service - Keresforth savings	(120,000)		(120,000)	120,000	-	(120,000)		(120,000)	120,000	-
BU3										
SD Management - spend slippage						(33,851)		(33,851)		(33,851)
Assessment & Care - LIFT accommodation & Staff travel/Mileage costs	33,364		33,364		33,364	(32,135)		(32,135)		(32,135)
Children in Care - LAC external residential care costs	422,724		422,724		422,724	821,858		821,858		821,858
Children in Care - LAC fostering & other placement costs	(36,543)		(36,543)		(36,543)	(173,219)		(173,219)		(173,219)
Children in Care - Other costs (CIC, fostering, adoptions teams)	(40,322)		(40,322)		(40,322)	(85,435)		(85,435)		(85,435)
Safeguarding & QA - training income & staff vacancies	(30,913)		(30,913)		(30,913)	(65,078)		(65,078)		(65,078)
Childrens Disability and Short Breaks	24,306		24,306		24,306	80,238		80,238		80,238
Other minor variances	11,922		11,922		11,922	(44,252)		(44,252)		(44,252)
Total - PEOPLE	(1,089,513)	-	(1,089,513)	973,877	(115,636)	(3,548,000)	-	(3,548,000)	1,894,993	(1,653,007)
PLACE - KEY FINANCIAL RISKS FOR 2018/19										
BU4										
Employment & Skills - Clawback of SFA Grant/Running costs of Resource Centres	134,000		134,000		134,000	80,000		80,000		80,000
Employment & Skills - Vacancy Management/additional income	(134,000)		(134,000)		(134,000)	(80,000)		(80,000)		(80,000)
Planning & Building Control - Staffing Costs	(136,000)		(136,000)		(136,000)	(157,000)		(157,000)		(157,000)
Planning Fee Income	99,000		99,000		99,000	127,000		127,000		127,000
Building Control Fee Income						(32,000)		(32,000)		(32,000)
Other Miscellaneous						(38,000)		(38,000)		(38,000)
Strategic Transport - Feasibility Fees						(160,000)		(160,000)	150,000	(10,000)
Building Services - Under occupation of Lift Buildings	185,000		185,000		185,000	185,000		185,000		185,000
Building Services - Overachievement of income	(112,060)		(112,060)		(112,060)	(166,613)		(166,613)	56,905	(109,708)
Building Services - Over estimation of Dilapidations (Temp House & McLintocks)	(105,400)		(105,400)		(105,400)	(5,400)		(5,400)		(5,400)
Building Services - NNDR Underspend						(189,306)		(189,306)		(189,306)
Building Services - Utilities Underspend						(243,095)		(243,095)	243,095	-
Building Services - Repairs & Maintenance	102,827		102,827		102,827	179,748		179,748		179,748
BSF Model	(1,464,849)		(1,464,849)	1,464,849	-	(1,421,010)		(1,421,010)	1,421,010	-
PFI Model	(245,603)		(245,603)	245,603	-	(248,628)		(248,628)	248,628	-
FM/NPS - CCTV & General underspends R&M	(47,157)		(47,157)		(47,157)	(3,714)		(3,714)		(3,714)
School Asset Support - Staffing	(12,540)		(12,540)		(12,540)	(12,979)		(12,979)		(12,979)
Shared Services - Staffing/Overachievement of Income	(48,740)		(48,740)		(48,740)	(53,832)		(53,832)		(53,832)
Strategic Assets - Underachievement of Income	84,495		84,495		84,495	5,335		5,335		5,335
Strategic Assets - Staffing & General Service Underspends	(111,425)		(111,425)		(111,425)	(68,933)		(68,933)		(68,933)
Strategic Assets - Consultancy Costs	65,000		65,000		65,000	65,000		65,000		65,000
BU5										
Commercial Income - Culture	64,000		64,000		64,000	56,000		56,000		56,000
Culture - Contributions & Overheads	29,000		29,000		29,000	-		-		-
Culture - Staffing	(53,000)		(53,000)		(53,000)	(29,000)		(29,000)		(29,000)
Bereavement Fee Income	(40,000)		(40,000)		(40,000)	(50,000)		(50,000)		(50,000)
Housing - Recharge Income to Capital Projects	15,000		15,000		15,000	-		-		-
Housing - Staff Savings	(19,000)		(19,000)		(19,000)	(39,000)		(39,000)		(39,000)
Housing - Other Overheads	4,000		4,000		4,000	6,000		6,000		6,000
BU6										
Contracts Management - Waste Disposal Costs	1,180,000		1,180,000		1,180,000	1,124,000		1,124,000		1,124,000
Transfer Loading Station	164,000		164,000		164,000	164,000		164,000		164,000
Bulky Waste/Bin Deliveries	47,000		47,000		47,000	50,000		50,000		50,000
Car Parking - Fee Income	(72,000)		(72,000)		(72,000)	(89,000)		(89,000)		(89,000)
Construction Services	(277,000)		(277,000)		(277,000)	(378,000)		(378,000)		(378,000)
Highways Maintenance - Electricity Costs	(7,000)		(7,000)		(7,000)	(35,000)		(35,000)		(35,000)
Highways, Engineering & Transportation - Staff Savings	(305,000)		(305,000)		(305,000)	(289,000)		(289,000)		(289,000)
Highways Fee Income increase	(181,000)		(181,000)		(181,000)	(135,000)		(135,000)		(135,000)
Fleet - Vehicle Repairs	76,000		76,000		76,000	137,000		137,000		137,000
Fleet - Leasing of Vehicles						(170,000)		(170,000)		(170,000)
Home to School Transport	452,000		452,000		452,000	401,000		401,000		401,000
Travel Training shortfall						225,000		225,000		225,000
Neighbourhood Services - Staffing	(108,000)		(108,000)		(108,000)	(84,000)		(84,000)		(84,000)
Neighbourhood Services - Running Costs	(73,000)		(73,000)		(73,000)	(73,000)		(73,000)		(73,000)
Public Rights of Way Fee Income	(36,000)		(36,000)		(36,000)	(50,000)		(50,000)		(50,000)
Waste Collection (Staffing/Vehicle Costs)	(191,000)		(191,000)		(191,000)	(230,000)		(230,000)		(230,000)
Operations - Staff savings	(37,000)		(37,000)		(37,000)	(41,000)		(41,000)		(41,000)
Other Miscellaneous	(49,000)		(49,000)		(49,000)	(42,000)		(42,000)		(42,000)
Total - PLACE	(1,164,452)	-	(1,164,452)	1,710,452	546,000	(1,809,427)	-	(1,809,427)	2,119,638	310,211
COMMUNITIES - KEY FINANCIAL RISKS FOR 2018/19										
BU7										
Day Services - Keresforth closure	(102,000)		(102,000)		(102,000)	(100,000)		(100,000)		(100,000)
Day Services - Transport	(88,000)		(88,000)		(88,000)	(87,000)		(87,000)		(87,000)
Day Services - Vacancies	(152,000)		(152,000)		(152,000)	(145,000)		(145,000)		(145,000)
Provider Services - Management - vacancies	(50,758)		(50,758)		(50,758)	-		-		-
ALT - Vacancies	(40,000)		(40,000)		(40,000)	(40,000)		(40,000)		(40,000)
ALT - Increased Income	(165,000)		(165,000)		(165,000)	(180,000)		(180,000)		(180,000)
Reablement Vacancies						(82,000)		(82,000)		(82,000)
Catering						(41,500)		(41,500)	41,500	-
Other <£50k each						(9,840)		(9,840)		(9,840)
Transformation (ED)	(65,000)		(65,000)	65,000	-	(61,936)		(61,936)	61,936	-
BU8										
Think Family - Planned Underspend - Earmark to 2018/19	(462,481)		(462,481)	462,481	-	(514,620)		(514,620)	514,620	-
Healthier Contracts						(40,055)		(40,055)	40,055	-
Local Welfare Assistance Scheme - Planned Underspend - Earmark to 2018/19	(279,232)		(279,232)	279,232	-	(309,435)		(309,435)	309,435	-
Migration Funding	(232,029)		(232,029)	232,029	-	(240,164)		(240,164)	240,164	-
Stronger Communities - Anticipated carry forward balances on Commissioning & Ward	(897,511)		(897,511)	787,834	(109,677)	(1,100,116)		(1,100,116)	1,002,408	(97,708)
Alliance Budgets										
Other <£50k each	4,366		4,366	-	4,366	(16,801)		(16,801)	-	(16,801)
BU12										
Vacancies	(189,895)		(189,895)		(189,895)	(249,000)		(249,000)		(249,000)
Computer Projects & Licences	506,000		506,000		506,000	481,000		481,000		481,000
Income	159,000		159,000		159,000	-		-		-
Other <£50k each	(8,036)		(8,036)		(8,036)	684		684		684
Total - COMMUNITIES	(2,062,576)	-	(2,062,576)	1,826,576	(236,000)	(2,735,783)	-	(2,735,783)	2,210,118	(525,665)
PUBLIC HEALTH - KEY FINANCIAL RISKS FOR 2018/19										
BU10										
Planned unallocated resources per 4 year plan - To meet future year costs	(1,553,103)		(1,553,103)	1,553,103	-					

DETAILED SERVICE VARIANCES @ 31st December 2018

SERVICE / BUDGET HEAD	ONGOING	NON	TOTAL - ALL	Adjustment	Operational	ONGOING	NON	TOTAL - ALL	Adjustment	Operational
	BASE BUDGET	ACHIEVEMENT	BUDGETARY	for Slippage	Deficit/(Surplus)	BASE BUDGET	ACHIEVEMENT	BUDGETARY	for Slippage	Deficit/(Surplus)
	ISSUES	OF EFFICIENCY	ISSUES	& Transfer to		ISSUES	OF EFFICIENCY	ISSUES	& Transfer to	
	Sept	Sept	Sept	Reserves	Sept	December	December	December	Reserves	December
Unspent Ear Markings						(214,113)		(214,113)	210,347	(3,766)
BU17										
Staffing (Market Forces)	34,715		34,715		34,715	2,131		2,131		2,131
General Supplies & Services	(36,506)		(36,506)		(36,506)	(27,310)		(27,310)		(27,310)
Legal Fees	39,683		39,683		39,683	41,612		41,612		41,612
Printing	39,759		39,759		39,759	40,402		40,402		40,402
Overachievement of income (Ent Licencing/fines)	(132,344)		(132,344)		(132,344)	(143,744)		(143,744)		(143,744)
BU18										
Sheffield City Mayoral Election Funding	(152,019)		(152,019)		(152,019)	(154,558)		(154,558)	56,571	(97,987)
Polling Booths	97,987		97,987		97,987	97,987		97,987		97,987
BU19										
Vacancies	(17,403)		(17,403)		(17,403)	(34,541)		(34,541)		(34,541)
Various Supplies & Services	-		-		-	-		-		-
Printing	-		-		-	-		-		-
PCC Members Allowance Reimbursement	-		-		-	-		-		-
Joint Authorities										
Vacancies						(101,404)		(101,404)	47,000	(54,404)
Unfunded Activities via SLA	12,206		12,206		12,206	12,206		12,206		12,206
Total - Core Services	(672,159)	-	(672,159)	18,274	(653,885)	(2,130,537)	-	(2,130,537)	1,581,315	(549,222)
Grand Total	(6,999,531)	-	(6,999,531)	6,540,010	(459,521)	(12,241,358)	-	(12,241,358)	9,823,675	(2,417,683)

KEY LINES OF ENQUIRY - VARIANCES AGAINST APPROVED BUDGET

	£ Target	£ Outturn	£ Variance
PEOPLE			
<u>BU1 - Education & Early Start Prevention</u>			
BU1 E3	30,000	30,000	-
BU1 E4	10,000	10,000	-
BU1 E11	155,000	155,000	-
BU1 E13	40,000	40,000	-
BU1 E14	1,000,000	1,000,000	-
BU1 E15	(250,000)	(250,000)	-
	985,000	985,000	-
<u>BU2 - Adult Assessment & Care Management</u>			
BU2 E1	552,000	552,000	-
BU2 E4	400,000	400,000	-
BU2 E5	50,000	50,000	-
BU2 E6	200,000	200,000	-
	1,202,000	1,202,000	-
	2,187,000	2,187,000	-

PEOPLE DIRECTORATE SUMMARY			
<i>KLOE's on target</i>	2,187,000	2,187,000	-
<i>KLOE's delay in Delivery</i>	-	-	-
<i>KLOE's not on target</i>	-	-	-
TOTAL PEOPLE KLOE's	2,187,000	2,187,000	-

	£ Target	£ Outturn	£ Variance
PLACE			
<u>BU4</u>			
BU4 - E1	20,000	20,000	-
BU4 - E2	50,000	50,000	-
BU4 - E3	30,000	30,000	-
BU4 - E8	50,000	50,000	-
BU4 - E9	10,000	10,000	-
	160,000	160,000	-
<u>BU5</u>			
BU5 - E1	50,000	50,000	-
BU5 - E2	115,000	115,000	-
	165,000	165,000	-
<u>BU6</u>			
BU6 - E1	175,000	175,000	-
BU6 - E2	400,000	400,000	-
BU6 - E3	75,000	75,000	-
BU6 - E7	240,000	240,000	-
	890,000	890,000	-
	1,215,000	1,215,000	-

PLACE DIRECTORATE SUMMARY			
<i>KLOE's on target</i>	1,215,000	1,215,000	-
<i>KLOE's delay in Delivery</i>	-	-	-
<i>KLOE's not on target</i>	-	-	-
TOTAL PLACE KLOE's	1,215,000	1,215,000	-

	£ Target	£ Outturn	£ Variance
COMMUNITIES			
<u>BU7</u>			
BU7 E9	49,167	49,167	-
BU7 E11	6,000	6,000	-
BU7 E14	21,239	21,239	-
	76,406	76,406	-
<u>BU8</u>			
BU8 E1	105,000	105,000	-
BU8 E9	60,000	60,000	-
	165,000	165,000	-
	241,406	241,406	-

COMMUNITIES DIRECTORATE SUMMARY			
<i>KLOE's on target</i>	241,406	241,406	-
<i>KLOE's with Delays</i>	-	-	-
<i>KLOE's not on target</i>	-	-	-
TOTAL COMMUNITIES KLOE's	241,406	241,406	-

	£ Target	£ Outturn	£ Variance
PUBLIC HEALTH			
BU10			
PH E2	163,000	163,000	-
PH E3	20,000	20,000	-
PH E4	10,000	10,000	-
PH E5	62,000	62,000	-
	255,000	255,000	-
PUBLIC HEALTH DIRECTORATE SUMMARY			
<i>KLOE's on target</i>	255,000	255,000	-
<i>KLOE's with Delays</i>	-	-	-
<i>KLOE's not on target</i>	-	-	-
TOTAL PUBLIC HEALTH KLOE's	255,000	255,000	-
	£ Target	£ Outturn	£ Variance
CORE SERVICES			
BU11 - BU18			
BU11 E1	14,000	14,000	-
BU13 E1	374,000	374,000	-
BU14 E1	73,978	73,978	-
BU18 E5	15,000	15,000	-
BU18 E6	28,278	28,278	-
BU18 E7	-	-	-
	505,256	505,256	-
CORE SERVICES SUMMARY			
<i>KLOE's on target</i>	505,256	505,256	-
<i>KLOE's with Delays</i>	-	-	-
<i>KLOE's not on target</i>	-	-	-
TOTAL CORE SERVICES KLOE'S	505,256	505,256	-
OVERALL KLOE SUMMARY 2018/19			
<i>KLOE's on target</i>	4,403,662	4,403,662	-
<i>KLOE's with Delays</i>	-	-	-
<i>KLOE's not on target</i>	-	-	-
	4,403,662	4,403,662	-
		100.0%	0.0%
	£ Target	£ Outturn	£ Variance
Mitigations from prior years			
BU6			
Income Generation - CSS (Ebay etc)	10,000	10,000	-
Transfer Loading Station	300,000	-	(300,000)
Highways Materials change to cold mix	75,000	-	(75,000)
Travel Training - Train 50 children	75,000	-	(75,000)
Waste PFI - Direct Delivery to Manvers	100,000	100,000	-
Contract Procurement	250,000	-	(250,000)
	810,000	110,000	(700,000)
		14%	86%
PLACE DIRECTORATE SUMMARY 2015 - 2019 Mitigations			
<i>KLOE's on target</i>	110,000	110,000	-
<i>KLOE's delay in Delivery</i>	700,000	-	700,000
<i>KLOE's not on target</i>	-	-	-
TOTAL PLACE KLOE's	810,000	110,000	700,000
OVERALL KLOE TOTAL			
<i>KLOE's on target</i>	4,513,662	4,513,662	-
<i>KLOE's with Delays</i>	700,000	-	700,000
<i>KLOE's not on target</i>	-	-	-
	5,213,662	4,513,662	700,000

Item 5

BARNSELY METROPOLITAN BOROUGH COUNCIL

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

Report of the Executive Director – Core Services &
Service Director – Finance (Section 151 Officer)

CAPITAL PROGRAMME PERFORMANCE – QUARTER ENDING 31 DECEMBER 2018

1. Purpose of the Report

1.1. To consider the financial performance of the Council's Capital Programme to the quarter ended December 2018 and assess the implications against the Council's Medium Term Financial Strategy (MTFS). The key headlines are:-

- The position of the Council's Capital Programme for the 2018/19 financial year is currently projected to be an overall lower than anticipated expenditure of **£6.939M**; and
- The position of the Council's Capital Programme over the five year period to 2022/23 is currently projected to be an overall lower than anticipated expenditure of **£0.566M**.

2. Recommendations

2.1. It is recommended that Cabinet:

- Note both the 2018/19 and overall five year Capital Programme positions;
- Approve the 2018/19 scheme slippage totalling £5.102M and re-phasing totalling £1.530M (paragraphs 5.4, 5.5 and Appendix B refer);
- Approve the total net decrease in scheme costs in 2018/19 of £0.307M, (paragraph 5.6 and Appendix B refer);
- Approve the net decrease in scheme costs in future years totalling £0.259M (paragraph 5.7 and Appendix B refer); and
- Approve the reprioritisation of schemes within the quarter (paragraph 5.8 refers).

3. Capital Programme & Funding Position

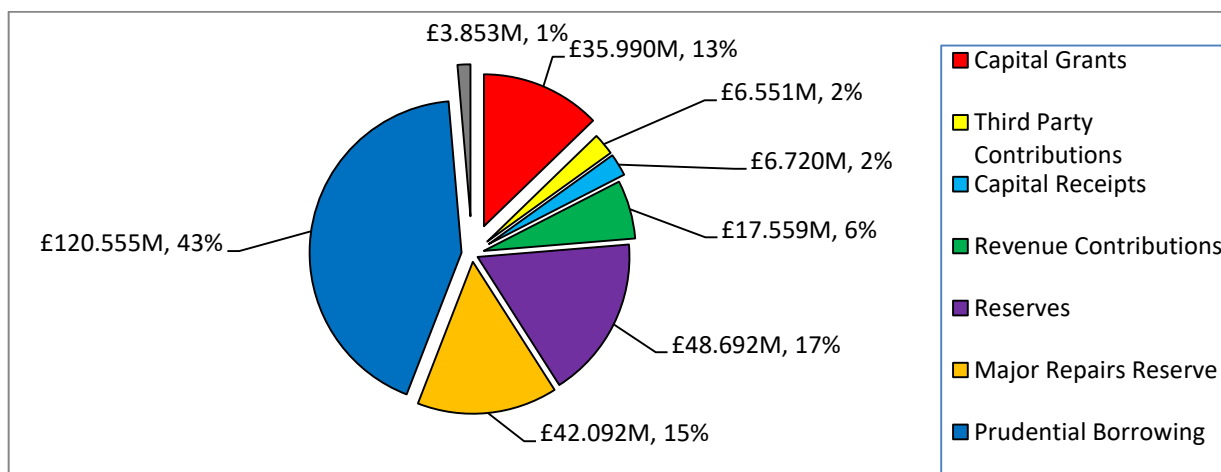
3.1. The Council's capital programme is planned over the five year period 2018/19 through 2022/23 inclusive. Appendix A shows detailed plans per scheme under each respective Directorate.

<u>Directorate</u>	2018/19 Capital Programme £M	Later Years' Capital Programme £M	Total Capital Programme £M
People	2.635	1.320	3.955
Place	77.777	131.854	209.631
Communities	5.499	3.656	9.155
Housing Revenue Account	28.804	30.467	59.271
Total	114.715	167.297	282.012

3.2. The Council's capital programme is funded from a range of sources. The table below shows the resources allocated to capital plans for the Council's five year capital programme. It should be noted that this funding only relates to direct Council expenditure (or where the Council acts as the Accountable Body). A number of schemes also lever in private and public sector match funding but this is not reflected below unless the Council incurs spend.

<u>Funding Source</u>	2018/19 Planned Resources £M	Later Years Planned Resources £M	Total Planned Resources £M
Capital Grants	16.399	19.591	35.990
Third Party Contributions (Inc. S106)	4.265	2.286	6.551
Capital Receipts	3.369	3.351	6.720
Revenue Contributions	13.962	3.597	17.559
Reserves	40.400	8.292	48.692
Major Repairs Reserve	15.565	26.527	42.092
Prudential Borrowing	17.502	103.053	120.555
Leasing	3.253	0.600	3.853
Total	114.715	167.297	282.012

3.3. The pie chart below is a graphical representation of the table above.



4. Approved Schemes During Quarter 3

During the third quarter, a number of schemes were approved by Cabinet and are therefore included in the reported capital programme in section 3 above. The table below provides a reconciliation between the approved quarter 2 position and the opening quarter 3 position, with significant schemes shown separately:

<u>Reconciliation Between Quarter 2 and Quarter 3 Positions</u>	Directorate	Approval / Cab Ref	Capital Programme £M
Quarter 2 Approved Position			277.033
<i>Approved Schemes During Quarter 3:</i>			
Additional Approval - Penistone Grammar School Enlargement	Place	Cab.12.12.2018/7	2.215
Affordable Housing – Barnsley Community Build	Place	Cab 15.10.2018	1.088
Acquisition of the Core Building	Place	Cab 11.7.2018/10	1.200
Other	Various	Various	0.476
Total New Schemes			4.979
Quarter 3 Opening Position			282.012

5. Capital Programme Monitoring Position – By Directorate

5.1. The table below shows both the 2018/19 capital programme position and the overall, five year programme position as at 31st December. Appendix A shows detailed plans / outturn per scheme under each respective Directorate.

<u>Directorate</u>	2018/19 Capital Programme £M	2018/19 Actuals £M	2018/19 Projected Outturn £M	2018/19 Variance £M	Total Capital Programme £M	Total Projected Outturn £M	Total Variance £M
People	2.635	1.988	2.607	(0.028)	3.955	3.927	(0.028)
Place	77.777	39.404	72.061	(5.716)	209.631	209.497	(0.134)
Communities	5.499	1.742	4.616	(0.883)	9.155	9.155	-
Housing Revenue Account	28.804	14.277	28.491	(0.312)	59.271	58.857	(0.404)
Total	114.715	57.411	107.775	(6.939)	282.012	281.446	(0.566)

5.2. The explanations for the 2018/19 variance of **-£6.939M** and the overall net variance of **-£0.566M** is shown in the table below and in more detail at paragraphs 5.3 - 5.6 (2018/19 only) and paragraph 5.7 (overall capital programme).

	2018/19 £M	Later Years £M	Total £M
Reported Variance as at 31st December			
As a result of:			
<u>Slippage:</u>			
Place	(3.701)	3.701	-
Communities	(0.883)	0.883	-
Housing Revenue Account	(0.518)	0.518	-
Sub-Total	(5.102)	5.102	-
<u>Re-phasing:</u>			
Place	(1.880)	1.880	-
Housing Revenue Account	0.350	(0.350)	-
Sub-Total	(1.530)	1.530	-
<u>Funded Increases*/(Decreases**) in Scheme Costs:</u>			
People	(0.028)	-	(0.028)
Place	(0.135)	-	(0.135)
Housing Revenue Account	(0.144)	(0.259)	(0.403)
Sub-Total	(0.307)	(0.259)	(0.566)
Total	(6.939)	6.373	(0.566)

* The overall increases in costs are to be contained within resources yet to be allocated to specific schemes, either that have yet to be planned or residual 'surplus' resources from completed schemes, within the same area / programme. Paragraph 6.2 refers.

** The resources made available from these reductions in cost are restricted to specific areas / programmes by virtue of their conditions. The reprioritisation of these resources will be determined by that specific area / programme in due course. Paragraph 6.2 refers.

2018/19 Position

5.3. Overall, the 2018/19 position is currently projected as a lower than planned expenditure totalling **-£6.939M**, predominately as a result of scheme slippage across various schemes.

5.4. **2018/19 Slippage**

Of the variation in expenditure against approved plans, -£5.102M relates to scheme slippage, where expenditure plans are expected to be utilised in a future year rather than the current year, due to events out of the control of the respective project managers. There are no financial implications in terms of the overall capital programme. The schemes that have been significantly slipped are detailed below:

Place: Affordable Housing – Billingley View (-£1.088M)

There is reported slippage totalling £1.088M on the Billingley View Affordable Housing scheme.

This scheme relates to a site on the boundary of a large employment site which is subject to a masterplan framework, which the Council is leading on. The masterplan works are expected to complete in January / February 2019, which is later than originally anticipated. Following completion of the masterplan works, the Council will have a clear plan which identifies how much land at Billingley View will be available to deliver Affordable Housing. It is likely that no costs will be incurred until next financial year (2019/20) as a result of the delay in finalising the masterplan works.

There is no anticipated effect on the overall scheme cost.

Place: Cannon Hall Parks for People (-£0.590M)

There is reported slippage totalling £0.590M on the Cannon Hall Parks for People scheme.

The Cannon Hall Parks for People scheme at Cawthorne has seen an alteration in the programme of works as a result of amendments requested by the funding body, in respect of the final landscape and build contracts. As a result, this amendment has caused an unexpected delay to an element of the works, with the expectation that they will now be completed in 2019/20.

There is no anticipated effect on the overall scheme cost.

Place: Wentworth Castle and Stainborough Park (-£0.550M)

There is reported slippage totalling £0.550M on the Wentworth Castle & Stainborough Park scheme.

The Wentworth Castle and Stainborough Park scheme intends to ensure the sustainable future of the castle gardens and park. The final pre-opening financial package has now been finalised and agreed with the National Trust, allowing a more firm financial forecast and profile to be given. Within the initial estimate of profiled expenditure on the scheme, the expectation was that works would commence in the earlier part of 2018/19 but due to a delay in agreeing the final terms of the contract, it's anticipated that those works will take place in 2019/20.

There is no anticipated effect on the overall scheme cost.

HRA: Meadstead New Build (-£0.518M)

There is reported slippage totalling £0.518M on the Meadstead New Build scheme.

The Meadstead scheme is designed to build 13 x 2 bed bungalows and 1 x 3 bed bungalow on 4 sites across the Meadstead Estate at Royston and was approved by Cabinet on 25th July 2018. Following the tender process, a Letter of Intent was issued to the successful tenderer, to enable mobilisation work with an expected start date of September 2018. Due to the

contractor's other existing commitments, the start date was delayed until October 2018, which has resulted in an overall delay in anticipated completion.

There is no anticipated effect on the overall scheme cost.

Various: Others

Also during Quarter 3, a number of individual schemes have reported minor slippage (i.e. less than £0.5M) in 2018/19 amounting to -£2.356M in total. Appendix B identifies these schemes individually.

- **Recommendation 2 of this report is to formally approve the slippage of plans into later years within the capital programme as outlined above.**

5.5. **2018/19 Re-phasing**

An amount totalling -£1.530M relates to net scheme re-phasing (where schemes are now due to complete in a different financial year to the year in which it was originally planned due to actions of project leads). There are no financial implications in terms of the overall capital programme. The schemes that have been significantly re-phased are detailed below:

Place: Principal Roads / Enhanced Highways Programme (-£1.580M)

There is reported re-phasing totalling £1.580M into 2019/20 from 2018/19 on the principal roads highways schemes.

The schemes relate to a programme of works that has been devised to address maintenance issues on the Borough's Principal Roads Network (A Roads) which totalled £3.5M for 2018/19. This programme sits across both the Principal Roads and Enhanced Highways Programme projects. Following a reprioritisation of priorities in respect of highways issues, resources have been diverted to emerging, more critical schemes. This prioritisation process took longer than first anticipated which means certain elements of the schemes will now take place in 2019/20.

However, by deferring these schemes, it means that they can be carried out in more favourable weather conditions / temperatures. Furthermore, the Service is also recruiting to all available front line vacancies to accelerate the delivery of the 2019/20 maintenance programme.

There is no anticipated effect on the overall scheme cost.

Place: Planned Patching Programme (Highways) (-£0.300M)

There is reported re-phasing totalling £0.300M into 2019/20 from 2018/19 on the Planned Patching Programme.

The Council provided additional resources totalling £2M to deliver planned patching and skid resistance programmes, to address exceptional winter damage caused to the highway network in early 2018. The original anticipated split was initially £1.4M for planned patching in 2018/19 and £0.600M for skid resistance in 2019/20. A number of the sites identified within the planned patching programme cannot be delivered in 2018/19 due to being weather sensitive sites. Therefore, £0.300M has been re-phased into 2019/20 and the works will be undertaken early in 2019/20 once the weather starts to improve.

There is no anticipated effect on the overall scheme cost.

HRA: Single Property Acquisition (+£0.310M)

There is reported re-phasing totalling £0.310M into 2018/19 from future years on the single property acquisition scheme.

This scheme is designed to replenish the Authority's housing stock through single property acquisitions, replacing sales of stock through the Government's Right to Buy (RTB) programme.

During the third quarter, four properties were acquired with a further eight properties approved for acquisition. Of these twelve properties, seven were long term empty contributing to the Council target of reducing empty homes with the remaining five contributing to the expenditure eligible to allow use of one for one capital receipts. These acquisitions represent an acceleration against previously anticipated plans for acquisitions, with 5 more purchases expected to complete than anticipated as at Quarter 2. Therefore, budgetary provision is required to fund these purchases in 2018/19.

There is no anticipated effect on the overall scheme cost.

Various: Others

Also during Quarter 3, a number of individual schemes have reported minor re-phasing (i.e. less than £0.1M) in 2018/19 amounting to +£0.040M in total. Appendix B identifies these schemes individually.

- **Recommendation 2 of this report is to formally approve the re-phasing of plans into later years within the capital programme as outlined above.**

5.6. 2018/19 Variation in Costs

An amount totalling -£0.307M relates to an estimated net decrease in expenditure across a large number of schemes as a result of cost variations / scheme completion. There were a number of schemes that have reported a variation in cost of less than £0.2M individually in 2018/19.

Where the funding is restricted in terms of what it can be used for, these resources fall back to specific directorate unallocated resources for utilisation in future periods. The resources relating to the reported net decrease of £0.307M relate entirely to restricted resources, which paragraphs 6.2 refers.

Appendix B identifies these schemes individually.

- **Recommendation 3 of this report is to formally approve the variation of plans within the capital programme due to cost variations as outlined above.**

Overall Capital Programme Position

- 5.7. In terms of the capital programme in future years, there's an anticipated decrease in scheme costs totalling -£0.259M in addition to the issues outlined within the 2018/19 position in paragraphs 5.4 through paragraph 5.6. There are no significant cost variations (above £0.1M): Appendix B identifies these schemes individually.

Therefore, the total variation on the programme equates to a net decrease of **£0.566M**. The specific schemes and variation amounts are highlighted in Appendix B to this report.

- **Recommendation 4 of this report is to formally approve the variation of plans within the capital programme due to cost variations as outlined above.**

5.8. Reprioritisation of Schemes

As the financial year develops, emerging priorities for both the Council and within specific Council services can present themselves. Given the finite resources available in respect of funding the capital programme, it is therefore necessary to undertake a prioritisation exercise to align resources to the revised priorities. Ordinarily, this applies to service specific work packages within the capital programme, typically utilising the same funding package.

In respect of quarter 3, a number of key priorities have been identified by services as higher priority than some current schemes, which are a combination of new schemes and additional funding for existing schemes. The table below shows the reprioritisation of the capital programme which is to be approved as part of this capital programme monitoring update, with narrative around the rationale given in the subsequent paragraphs.

<u>Service Work Package</u>	<u>Scheme</u>	<u>Current Capital Plan</u> £M	<u>Variation</u> £M
Highways - Bridges	Dodworth River Bridge No.2	0.300	(0.200)
	Elsecar Green / River Dearne Bridge Painting	0.200	(0.200)
	Safety Barriers (PRN)	0.050	(0.040)
	Bradbury Balk Lane River Bridge	0.020	(0.020)
	Total Deprioritised		(0.460)
	Structures Planned Maintenance	0.521	0.212
	Assessment Programme	0.052	0.082
	West Moor Dyke Culvert	-	0.070
	Principal Inspections	0.060	0.040
	Retaining Walls General	0.044	0.036
	Oaks Lane Retaining Wall	0.300	0.020
	Total Prioritised		0.460
Highways – Planned Maintenance	Carriageways Planned Maintenance	2.673	(0.105)
	Drainage Planned Maintenance	0.608	(0.050)
	Total Deprioritised		(0.155)
	Footways Planned Maintenance	0.745	0.105
	Street Lighting Planned Maintenance	0.400	0.050
Total Prioritised		0.155	

Highways – Bridges - £0.460M

Following a restructure of the Bridges and Structures Team during 2018/19 there has been a change of focus. The new team are now more focussed on inspecting and assessing the condition of the Borough's bridges and structures assets, in order to inform future year's programmes/priorities. This has resulted in some schemes being deprioritised in 2018/19 so that they can be assessed alongside other emerging priorities arising from the bridges and structures assets review. However, during the year, as safety issues have been identified these have been addressed through the Structures Planned Maintenance budget.

Highways – Planned Maintenance - £0.155M

The Local Roads carriageways programme 2018/19 (Carriageways planned maintenance) has been delivered at a cost lower than originally estimated and conversely, in delivering the local roads footways programme (Footways planned maintenance) some additional work has been required. It is the nature of these schemes that the conditions on site dictate the work that is required and occasionally these works differ to those that were planned. In order to address the over spend on the footways planned maintenance budget, funds will be transferred from the underspending carriageways planned maintenance budget.

The street lighting planned maintenance programme is largely informed by faults and reports from the public. More faults have been reported than allowed for in the original budget. This

additional cost is being addressed by diverting budget from the Drainage Planned Maintenance programme, some drainage works are being deferred until 2019/20, due to resources being deployed on other priorities (e.g. the planned patching programme).

- **Recommendation 5 of this report is to formally approve the reprioritisation of schemes within the capital programme due to emerging priorities as outlined above.**

5.9. Following approval of this report, the capital programme will be amended accordingly to take account of the variations as highlighted throughout. The table below shows the revised capital programme:

Directorate	2018/19 Q3 Capital Programme £M	Approved Changes by Q3 Report £M	2018/19 Revised Capital Programme £M	Total Q3 Capital Programme £M	Approved Changes by Q3 Report £M	Total Revised Capital Programme £M
People	2.635	(0.028)	2.607	3.955	(0.028)	3.927
Place	77.777	(5.716)	72.061	209.631	(0.134)	209.497
Communities	5.499	(0.883)	4.616	9.155	-	9.155
Housing Revenue Account	28.804	(0.312)	28.491	59.271	(0.404)	58.857
Total	114.715	(6.939)	107.775	282.012	(0.566)	281.446

6. Unallocated Resources

- 6.1. There is a balance of available but not yet allocated resources at the end of quarter 3 in 2018/19 totalling £9.439M as well as estimated resources expected to be available in future periods of £89.358M. This is over and above the funding identified at Table 3.2, all of which is ring-fenced as to how it can be spent.

Members should note the distinction between resources 'in the bank' in 2018/19 and indicative allocations that haven't yet been aligned to specific schemes. These allocations are due to be received in future years but are indicatively built into the programme, which are subject to change.

- 6.2. The unallocated resources position is analysed in the table below which shows the funding that is restricted / earmarked to a specific area / activity. There are no unallocated resources that are unrestricted at this time.

<u>Restricted / Earmarked Funding</u>		2018/19 £M	Later Years (Indicative) £M	Total £M
HRA	HRA	1.041	82.496	83.537
Highways Funding	Place	0.442	4.727	5.169
Section 106 Monies	Place	4.712	-	4.712
Schools Grants	People	1.029	0.521	1.550
Other	Various	2.215	1.614	3.829
Opening Resources Unallocated to Schemes		9.439	89.358	98.797
Net Resources to be made available as per this Report (Paragraphs 5.6 / 5.7)		0.307	0.259	0.566
Increase / (Decrease) in Available Resources		0.307	0.259	0.566
Revised <u>Restricted</u> Resources Unallocated to Schemes		9.746	89.617	99.363

- 6.3. Following the approval of this Cabinet Report, restricted unallocated resources will increase by £0.566M due to scheme variations across the capital programme, as referred to in paragraphs 5.6 and 5.7.
- 6.4. Ongoing reviews of existing resources/ unallocated balances will be carried out by the Capital 'Oversight' Board. Any unrestricted resources will be considered as part of the update on the strategic reserves strategy.
- 6.5. It should be noted that the 2019/20 budget papers, for both the general fund (Cab.6.2.2019/6 refers) and the housing revenue account (Cab.9.1.2019/11) respectively, both recently approved by Cabinet, draw some of these future years' unallocated resources.

7. Capital Programme Monitoring Position – By Corporate Priority / Outcome

7.1. The table below provides an analysis of the capital plans within the Council's five year capital programme, identifying the capital resources that are aligned to achieving the Council's 3 main Corporate Priorities and the 12 front facing outcomes. Any performance issues arising from the capital schemes assigned to each Corporate Priority are discussed within each relevant outcome section with material items referenced in the Corporate Performance Report. Appendix A shows detailed plans / outturn per scheme aligned to each Corporate Outcome.

<u>Corporate Priorities</u>	<u>Corporate Outcomes</u>	<u>2018/19 Capital Programme £M</u>	<u>2018/19 Actuals £M</u>	<u>2018/19 Projected Outturn £M</u>	<u>2018/19 Variance £M</u>	<u>Total Capital Programme £M</u>	<u>Total Projected Outturn £M</u>	<u>Total Variance £M</u>
THRIVING & VIBRANT ECONOMY	(1) Create More & Better Jobs & Good Business Growth	4.264	1.757	3.325	(0.939)	17.179	17.179	-
	(2) Increase Skills To Get More People Working	-	-	-	-	-	-	-
	(3) Develop A Vibrant Town Centre	40.604	23.175	40.604	-	145.168	145.168	-
	(4) Strengthen Our Visitor Economy	3.575	1.307	2.206	(1.369)	8.628	8.565	(0.063)
	(5) Create More & Better Housing	38.100	18.520	36.280	(1.820)	71.519	71.115	(0.404)
	Sub Total	86.543	44.759	82.415	(4.128)	242.494	242.027	(0.467)
PEOPLE ACHIEVING THEIR POTENTIAL	(6) Every Child Attends a Good School	4.610	2.996	4.432	(0.178)	8.145	8.117	(0.028)
	(7) Early, Targeted Support For Those That Need It	-	-	-	-	-	-	-
	(8) Children & Adults Are Safe From Harm	0.231	0.127	0.231	-	0.231	0.231	-
	(9) People Are Healthier, Happier, Independent & Active	1.717	0.915	1.430	(0.286)	1.747	1.697	(0.050)
	Sub Total	6.558	4.038	6.093	(0.464)	10.123	10.045	(0.078)
STRONG & RESILIENT COMMUNITIES	(10) People Volunteering & Contributing Towards Stronger Communities	-	-	-	-	-	-	-
	(11) Protecting The Borough For Future Generations	21.096	8.501	18.749	(2.347)	28.865	28.844	(0.021)
	(12) Customers Can Contact Us Easily & Use More Services Online	0.518	0.112	0.518	-	0.530	0.530	-
	Sub Total	21.614	8.613	19.267	(2.347)	29.395	29.374	(0.021)
	Total	114.715	57.410	107.775	(6.939)	282.012	281.446	(0.566)

8. Capital Programme 'Oversight' Board

- 8.1. The Capital Programme 'Oversight' Board has been set up to have oversight for the performance management of the Council's capital programme including Sheffield City Region schemes where the Council is the lead Authority.
- 8.2. The Oversight Board is particularly important in addressing the Council's capital priorities over the planning period to 2022, particularly as future funding reduces/ changes. This is especially the case in relation to capital resources that will be re-directed to City Regions as a result of local Devolution Deals and changing Government policies/ priorities.
- 8.3. Currently, the oversight board are considering a number of detailed business cases relating to the 2019 - 2022 capital programme as part of the budget setting process for capital, which relate to a wide range of capital investment. Subsequent cabinet reports will be presented to formally approve these schemes in due course.
- 8.4. A further update of the Authority's Reserves Strategy is being pulled together, including an analysis of both existing and future resources. The strategy considers prioritising Housing Revenue Account reserves and the use of Berneslai Homes' company surplus against a range of emerging capital priorities. Members will be updated in due course.

9. Background Papers

- Service and Financial Planning 2018/19 – Revenue Budget, Capital Programme and Council Tax (Cab.7.2.2018/6)

Quarter 3 Capital Programme By Outcome



OUTCOME 1 - CREATE MORE & BETTER JOBS & GOOD BUSINESS GROWTH

Overall Financial Position:	<p>The financial position for Outcome 1, for both current year and overall is shown below. This outcome is currently forecasting an overall balanced position. A full list of schemes at outcome level is provided at Appendix A with the variance analysis shown in Appendix B.</p>						
Directorate(s)	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
PLACE / CORE	4.264	1.757	3.325	(0.939)	17.179	17.179	-

OUTCOME 1 – SIGNIFICANT SCHEMES / PROGRAMMES

The most significant schemes / programmes for Outcome 1, in terms of value, are shown below, in respect of the financial position together with a commentary on progress during the quarter.

Scheme / Programme:	Barnsley Property Investment Fund Phase 2						
Overview:	The second phase of the property investment fund scheme is aimed at accelerating inward investment and indigenous business economic growth. Specifically to move forward with the procurement activity relating to a relaunch of the fund, technical assessment of applications and identification of preferred schemes.						
Directorate:	PLACE						
Financials:	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
Key:							
On Track / Underspend	1.217	1.147	1.217	-	3.160	3.160	-
Minor Variance / Slippage	Actual expenditure up to December 2018 on this scheme totals £1.147M against approved scheme plans of £1.217M. This scheme is currently forecasting an overall balanced position.						
Major Overspend							
Total Scheme Budget (inc previous years spend)	£3.250M						
Operational Activity This Quarter:	<p>This quarter, progress has been made with the first two approved PIF 2 Schemes</p> <ul style="list-style-type: none"> Capitol Park The largest unit comprising of 23,900 sq ft has been successfully let to Solarframe Holdings on a 10 year lease with a rental value of £5.75 per sq ft. There has been considerable interest in second unit and overall the site has the potential to deliver 500 jobs within Barnsley. Everill Gate Lane legals are now complete and the planning application for the site was submitted in September with an expected decision date of March 2019. <p>Enterprise 36 is now progressing through legal</p>						

Scheme / Programme:	Strategic Business Parks						
Overview:	<p>The proposed employment sites at M1 J36 Hoyland; M1 J37 Barugh Green and Goldthorpe will be allocated as part of the emerging draft Local Plan 2014-2033, which is currently undergoing the Examination in Public, and we are awaiting the Planning Inspectors report.</p> <p>The overall delivery of the employment sites will be funded by Sheffield City Region Investment Fund (SCRIF) and Barnsley's Jobs and Business Plan together with private sector investment in to the sites. These projects will contribute significantly to the Council's aspiration of creating 17,500 new jobs over the next 20 years.</p>						
Directorate:	PLACE						
Financials:	2018/19 Capital Programme	2018/19 Actuals	Projected Outturn 2018/19	2018/19 Variance	Overall Capital Programme	Overall Projected Outturn	Overall Variance
Key:	£M	£M	£M	£M	£M	£M	£M
On Track / Underspend	0.608	0.372	0.560	(0.048)	1.036	1.036	-
Minor Variance / Slippage	Actual expenditure up to December 2018 on this scheme totals £0.372M against approved scheme plans of £0.608M. This scheme is currently forecasting an overall balanced position with £0.048M						
Major Overspend	slippage from 2018/19 to 2019/20.						
Total Scheme Budget (inc previous years spend)	£4.398M						
Operational Activity This Quarter:	<p>M1 J36 Hoyland – Assisting with the facilitation of master planning North, South and West Hoyland employment sites with various developers over the next few months, with a view for the developers to consult with the masterplan in 2019.</p> <p>M1 J36 Goldthorpe – Cross departmental working with Highways to design mitigations to be delivered to ease current congestion and plan for future development whilst being funded externally via SCRIF. SCRIF funding business case approved by SCR – providing resources to fund the scheme.</p> <p>M1 J37 Barugh Green - Cross departmental working with Highways to design mitigations to be delivered to ease current congestion and plan for future development whilst being funded externally via SCRIF. Full Business Case currently in preparation.</p>						

Scheme / Programme:	M1 Junction 36 Phase 1 Hoyland						
Overview:	<p>The Local Plan, adopted by full council on 3rd January 2019 CAB 12.12.2018/8 allocates 297ha of land for employment purposes, including 110ha at Junction 36 Hoyland, which can be developed upto 2033 to assist with the delivery of the overall Local Plan employment target of 28,840 jobs including around 16,920 net additional jobs. The overall delivery of the employment sites will be funded by Sheffield City Region Investment Fund and the Jobs and Business Plan together with private investment in the sites..</p>						
Directorate:	PLACE						
Financials:	2018/19 Capital Programme	2018/19 Actuals	Projected Outturn 2018/19	2018/19 Variance	Overall Capital Programme	Overall Projected Outturn	Overall Variance
Key:	£M	£M	£M	£M	£M	£M	£M
On Track / Underspend	0.300	0.031	0.150	(0.150)	9.896	9.896	-
Minor Variance / Slippage	Actual expenditure up to December 2018 on this scheme totals £0.031M against approved scheme plans of £0.300M. This scheme is currently forecasting an overall balanced position with £0.150M						
Major Overspend	slippage from 2018/19 to 2019/20.						
Total Scheme Budget (inc previous years spend)	£17.101M						
Operational Activity This Quarter:	<p>M1 J36 Hoyland – Assisting with the facilitation of master planning North, South and West Hoyland employment sites with various developers over the next few months, with a view for the developers to consult with the masterplan in 2019.</p>						

OUTCOME 3 – DEVELOP A VIBRANT TOWN CENTRE

Overall Financial Position:	<p>The financial position for Outcome 3, for both current year and overall is shown below.</p> <p style="text-align: center;">This outcome is currently forecasting an overall balanced position.</p> <p>A full list of schemes at outcome level is provided at Appendix A with the variance analysis shown in Appendix B.</p>						
Directorate(s)	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
PLACE / CORE	40.604	23.175	40.604	-	145.168	145.168	-

OUTCOME 3 – SIGNIFICANT SCHEMES / PROGRAMMES

The most significant schemes / programmes for Outcome 3, in terms of value, are shown below, in respect of the financial position together with a commentary on progress during the quarter.

Scheme / Programme:	Glassworks Development Phase 1						
Overview:	<p>Phase 1 of the Glassworks scheme is focussed on the redevelopment of the BMBC owned assets and land in Barnsley town centre. The investment to date has seen us complete the demolition of derelict and underused assets, the creation of two temporary markets to house the market traders. Significant progress has been made by the main contractor Henry Boot (appointed in February 2016). In train during the reporting period is the completion of the refurbishment of the Metropolitan Centre and construction of the Library@the Lightbox. The construction of new public realm works on Cheapside is complete and design work continues for a new landscaped public open space (the Glass Works Square) and wider public realm improvements across the town centre due to additional allocation of resources to increase the area of the scheme. High quality car parking has been provided on the former CEAG site. These ambitious plans will boost regeneration, acting as a catalyst for further investment in the town.</p>						
Directorate:	CORE						
Financials:	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
Key:							
On Track / Underspend	35.389	20.515	35.389	-	35.389	35.389	-
Minor Variance / Slippage	Actual expenditure up to December 2018 on this scheme totals £20.515M against approved scheme plans of £35.389M. This scheme is currently forecasting an overall balanced position.						
Major Overspend							
Total Scheme Budget (inc previous years spend)	£65.887M						
Operational Activity This Quarter:	<p>Overall the Glass Works phase 1 is making good progress, with real physical changes to the town centre visible above the hoardings.</p> <p>Library@the Lightbox Works this quarter have continued to the walls, slabs and columns on the library and adjacent retail unit. The curtain walling is being installed on the exterior of the building in preparation for the glazing works to commence in January. The procurement for the internal fit out of the building has been completed. The contractor will complete the construction in March which will be followed by a period of client fit out prior to the building opening.</p> <p>Metropolitan Centre Significant progress has been made to the external finishes of the building with the installation of the GRC columns, brick slips and curtain walling completed on Cheapside. The completion of the May Day Green façade was unforeseeably delayed, however this did not impact on the opening of</p>						

	<p>the building in November. The internal fit out of the Market is complete and the market opened to trade on the 2.11.18. In the basement the trader stores and prep areas are complete. The food hall has been completed and opened for trade on the 31.08.18. Half of the Market Kitchen area is now open to enable the market cafes to trade. Work will be ongoing next quarter to complete the remaining area and to install new furniture. The far end of the Metropolitan Centre has been demolished and work to build the new façade will be complete at the end of April 2019.</p> <p>Public Realm Works to Cheapside and part of May Day Green were completed by December 2018. This includes new paving, seating, street lighting, and trees. Detailed design work is ongoing for the rest of the public realm which will be delivered in a phased basis with the remainder of May Day Green in front of the new library starting construction in January 2019.</p> <p>It should be noted that Henry Boots' contractual key performance indicator targets for social value have not only been achieved but they have exceeded them in several areas.</p> <p>Demolition The ramps, box store and service road to the rear of the multi-storey car park have been demolished in preparation for the explosive demolition of the main structure and chimney at the end of January 2019. All services have been disconnected and the substation under the car park has been decommissioned. The Market Parade slab has been removed and the former markets offices, pram ramp and stair tower have been demolished.</p>
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Scheme / Programme:	Glassworks Development Phase 2						
Overview:	<p>The Council has engaged with a private sector development management company to bring forward Phase 2 of the Glassworks scheme. This will include working with the Council to provide:</p> <ul style="list-style-type: none"> Fully tendered construction contract with a fixed price; Pre-lets of the whole scheme, A detailed financial model and cost plan Management of the construction contract Advice and guidance in respect of future Facilities and Asset Management arrangements of the Glass Works. <p>The completed Phase 2 Glass Works scheme will deliver :</p> <ul style="list-style-type: none"> 26 new retail units 4 leisure units including a 13 screen Cineworld and a Super bowl Laser quest facility 7 restaurants A 500 space car park <p>These phase 2 elements will sit alongside</p> <ul style="list-style-type: none"> A new library & community facility (Library @ the Lightbox) A new refurbished Market Hall and associated Food Hall A new Market Kitchen food court A comprehensive programme of public realm for the scheme and wider town centre 						
Directorate:	PLACE						
Financials:	2018/19 Capital Programme	2018/19 Actuals	Projected Outturn 2018/19	2018/19 Variance	Overall Capital Programme	Overall Projected Outturn	Overall Variance
Key:	£M	£M	£M	£M	£M	£M	£M
On Track / Underspend	3.267	2.412	3.267	-	101.449	101.449	-
Minor Variance / Slippage	Actual expenditure up to December 2018 on this scheme totals £2.412M against approved scheme plans of £3.267M. This scheme is currently forecasting an overall balanced position.						
Major Overspend							
Total Scheme Budget (inc previous years spend)	£105.923M						
Operational Activity This Quarter:	Pre-construction activity has continued in this quarter. Demolition work has recommenced to prepare the site for phase 2. Procurement work has also been ongoing to secure a contractor to build phase 2. Alongside this, leasing activity has continued with the signing of 4 new operators to the scheme. The markets have been officially opened in their newly refurbished home in the Metropolitan Centre as well as the first element of Market Kitchen with the relocation and opening of the existing 3 market cafes. Construction work on the Library @ the Light Box is ongoing, and public realm improvements along Cheapside have been completed.						

OUTCOME 4 – STRENGTHEN OUR VISITOR ECONOMY

Overall Financial Position:	<p>The financial position for Outcome 4, for both current year and overall is shown below.</p> <p>This outcome is currently forecasting an overall decrease in costs of £0.063M. These resources are restricted as to what it can be used on and therefore falls back into directorate unallocated resources.</p> <p>A full list of schemes at outcome level is provided at Appendix A with the variance analysis shown in Appendix B.</p>						
Directorate(s)	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
PLACE	3.575	1.307	2.206	(1.369)	8.628	8.565	(0.063)

OUTCOME 4 – SIGNIFICANT SCHEMES / PROGRAMMES

The most significant schemes / programmes for Outcome 4, in terms of value, are shown below, in respect of the financial position together with a commentary on progress during the quarter.

Scheme / Programme:	Cannon Hall – Parks for People						
Overview:	£3.2million Capital improvement scheme mainly funded by Heritage Lottery Fund of £2.9million, to renovate the lakes, external buildings and structures and to improve the landscaping with planting and infrastructure access and utilities – Activities and events scheduled to run throughout the scheme duration to improve visitor number and participation -Anticipated completion September 2020						
Directorate:	PLACE						
Financials:	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
Key:							
On Track / Underspend	1.500	0.877	0.910	(0.590)	3.202	3.202	-
Minor Variance / Slippage	Actual expenditure up to December 2018 on this scheme totals £0.877M against approved scheme plans of £1.500M. This scheme is currently forecasting an overall balanced position with £0.590M slipping into future years.						
Major Overspend							
Total Scheme Budget (inc previous years spend)	£3.330M						
Operational Activity This Quarter:	£3.2million Capital improvement scheme mainly funded by Heritage Lottery Fund of £2.9million, the lakes renovation has been completed, the specifications for the renovation of the buildings and landscape work has been developed ready for going out to tender in January 2019 – Activities and events are scheduled to run throughout the scheme duration to improve visitor number and participation -Anticipated completion September 2020						

Scheme / Programme:	Replacement of Boilers - Metrodome						
Overview:	Deliver the replacement of the heating system at the Metrodome utilising the EU compliant Re:fit Framework, work to be carried out spring 2019.						
Directorate:	PLACE						
Financials:	2018/19 Capital Programme	2018/19 Actuals	Projected Outturn 2018/19	2018/19 Variance	Overall Capital Programme	Overall Projected Outturn	Overall Variance
Key:	£M	£M	£M	£M	£M	£M	£M
On Track / Underspend	0.200	0.022	0.070	(0.130)	1.200	1.200	-
Minor Variance / Slippage	Actual expenditure up to December 2018 on this scheme totals £0.022M against approved scheme plans of £0.200M. This scheme is currently forecasting an overall balanced position with slippage of £0.130M into future years.						
Major Overspend							
Total Scheme Budget (inc previous years spend)	£1.200M						
Operational Activity This Quarter:	<p>The Metrodome project has slipped as a result of the difficulty in developing a proper understanding of the current heating and ventilation system at the facility. This information is a vital component of the ITT as the tender requires the supplier to design install and maintain a new CHP boiler system. Currently maintenance of the boiler and ventilation system is split between NPS Asset Management and BPL. The Project Manager responsible for this project has had to assemble information from these different bodies and has found that this information is often incomplete and on many occasions non-existent. There have also been delays in reviewing and approving the standard contract information provided by our consultant Local Partnerships.</p> <p>We have now tendered the project and the preferred supplier is in the process of developing a high level proposal before preparation of an Investment Level Proposal.</p>						

OUTCOME 5 – CREATE MORE AND BETTER HOUSING

Overall Financial Position:	<p>The financial position for Outcome 5, for both current year and overall is shown below. This outcome is currently forecasting an overall decrease in costs of £0.404M. These resources are restricted as to what it can be used on and therefore falls back into directorate unallocated resources.</p> <p>A full list of schemes at outcome level is provided at Appendix A with the variance analysis shown in Appendix B.</p>						
Directorate(s)	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
HRA / PLACE / COMMUNITES	28.804	13.125	28.491	(0.313)	59.271	58.867	(0.404)

OUTCOME 5 – SIGNIFICANT SCHEMES / PROGRAMMES

The most significant schemes / programmes for Outcome 5, in terms of value, are shown below, in respect of the financial position together with a commentary on progress during the quarter.

Scheme / Programme:	Barnsley Homes Standard / Decent Homes Programme						
Overview:	Barneslai Homes fulfilled its Decent Homes target by achieving full decency of HRA housing stock in December 2010. As the Decency Standard is essentially a time based elemental standard, when a number of elements in a property require replacement, because they are old and because of their condition, the property is said to be ‘non-decent’. It then requires improvement. The Barnsley Homes Standard (BHS) Programme improves these properties in planned improvement programmes, based on a whole house approach or elemental basis as appropriate.						
Directorate:	HRA						
Financials:	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
Key:							
On Track / Underspend	10.470	3.389	10.316	(0.154)	12.956	12.503	(0.453)
Minor Variance / Slippage	Actual expenditure to December 2018 on the programme totals £3.389M, against approved 2018/19 plans of £10.470M. An overall decrease of £0.453M is currently forecast against the schemes and is reported as part of this report. The decrease in scheme costs can be transferred to the restricted HRA unallocated BHS funds, so there are no implications against the Council’s resources.						
Major Overspend							
Operational Activity This Quarter:	Of the 15 schemes identified for the 2018/19 BHS programme, at the end of Quarter 3, 8 schemes are complete with 7 schemes are currently on site and due to complete before 31 st March 2019						

Scheme / Programme:	Non Barnsley Homes Standard Programme						
Overview:	<p>The Non BHS schemes incorporated within the PRIP contact include:-</p> <ul style="list-style-type: none"> • The Major Adaptations budget which assists people with specific identified needs within the Borough, allowing them to continue to live as independently as possible in the home of their choice. • The Replacement Items budget comprising items which are reported by tenants and subsequently on inspection deemed beyond repair. These are placed into a planned rolling programme of work throughout the year. Properties where BHS works are planned are excluded except in very urgent or emergency cases. • The Structural Extensive / Void Replacement Programme which allows for structural and 						

	replacement items in both tenanted and void properties where the existing property elements are beyond repair or dangerous. The budget allows for extensive works to single properties which do not lend themselves to ongoing or imminent programmed works.						
Directorate:	HRA						
Financials:	2018/19 Capital Programme	2018/19 Actuals	Projected Outturn 2018/19	2018/19 Variance	Overall Capital Programme	Overall Projected Outturn	Overall Variance
Key:	£M	£M	£M	£M	£M	£M	£M
On Track / Underspend	9.567	5.281	9.621	0.054	35.327	35.381	0.054
Minor Variance / Slippage	Projected expenditure for 2018/19 on these demand led schemes totals £9.621M (against approved plans of £9.567M), giving an in-year variance of £0.054M.						
Major Overspend							
Operational Activity This Quarter:	Progress against these budget heads is on programme with regular releases of work to partner contractors. All work is meeting time key performance indicators and costs expenditure is being monitored on a monthly basis. Some pressure is being experienced with a rise in demand for major home adaptations and this is being monitored.						

Scheme / Programme:	Housing Growth Programme						
Overview:	BMBC is committed to the delivery of both new build housing direct development, new build acquisitions and second hand property acquisitions to increase the availability of affordable housing in the borough and replenish some units sold via RTB. Funding has also been identified to support the Council's strategic housing objectives in the public and private sector over a five year period to stimulate housing growth, make best use of our council land and assets and contribute to our aspirational growth targets.						
Directorate:	HRA						
Financials:	2018/19 Capital Programme	2018/19 Actuals	Projected Outturn 2018/19	2018/19 Variance	Overall Capital Programme	Overall Projected Outturn	Overall Variance
Key:	£M	£M	£M	£M	£M	£M	£M
On Track / Underspend	8.767	4.455	8.554	(0.213)	10.988	10.983	(0.005)
Minor Variance / Slippage	Actual expenditure incurred to date is £4.455M for 2018/19 against schemes currently approved in the housing growth programme. Forecasted outturn is projected to be £8.554M (against plans of £8.767M), giving an in-year variance of (£0.213M).						
Major Overspend							
Operational Activity This Quarter:	<p>Q3 Affordable Completions include: 12x Housing Association units delivered by Together Housing at Snape Hill, Darfield (with nominations from the Council's Housing Waiting List) , 4x acquisitions and 2x new build bungalow acquisitions = 84/150 target (56%) completed as a Q3. Slightly behind target due to the delayed completion of a Housing Association Scheme in Hoyland (30 units at King Street) now due to complete in March 2019, but we are still confident in meeting the overall target of 150 by year end. Q4 completions should include: Hill End, Mapplewell (25 units); King Street (30 units), Beaver Street (Council Build 8x units), Lundwood Bungalows (10 additional units), plus a number of individual acquisitions. Also:</p> <ul style="list-style-type: none"> • Good progress made on Council Build schemes at Beaver Street and Meadstead. Baden Street progressing but behind schedule. Plans to swap the Homes England funding from this scheme. • First 3 sales completed at Blenheim View – completion now May 2019. • Investment Plan approved at Cabinet – good progress on new schemes – 2 additional schemes progressing approvals (40 units). Overall New Build Completions = 803 at Q3 – on track for 1000 unit year-end target. Local Plan now adopted. 						

OUTCOME 6 – EVERY CHILD ATTENDS A GOOD SCHOOL

Overall Financial Position:	<p>The financial position for Outcome 6, for both current year and overall is shown below. This outcome is currently forecasting an overall decrease in costs of £0.028M. These resources are restricted as to what it can be used on and therefore falls back into directorate unallocated resources. A full list of schemes at outcome level is provided at Appendix A with the variance analysis shown in Appendix B.</p>						
Directorate(s)	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
HRA / PLACE / COMMUNITES	4.610	2.996	4.432	(0.178)	8.145	8.117	(0.028)

OUTCOME 6 – SIGNIFICANT SCHEMES / PROGRAMMES

The most significant schemes / programmes for Outcome 6, in terms of value, are shown below, in respect of the financial position together with a commentary on progress during the quarter.

Scheme / Programme:	School Condition						
Overview:	The school condition programme (funded from DfE capital grant) comprises of a number of schools schemes that relates to, and addresses, the major defective building elements that have been identified as requiring urgent attention on Council Maintained schools. The schemes will ensure that pupils are taught in safe, dry, warm and bright environments.						
Directorate:	PEOPLE						
Financials:	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
Key:							
On Track / Underspend	1.895	1.671	1.880	(0.015)	1.940	1.926	(0.015)
Minor Variance / Slippage	Actual expenditure up to December 2018 on these schemes totals £1.671M against approved scheme plans of £1.895M. These schemes are currently forecasting an overall decrease in cost of £0.015M which will fall back into the directorate unallocated resources.						
Major Overspend							
Operational Activity This Quarter:	All schemes are now finished and Final Accounts are in the process of being agreed. Client satisfaction/closedown meetings have taken place for the schemes. All schemes will continue to be monitored throughout the defects period and any problems will be raised with the relevant contractor for rectification.						

Scheme / Programme:	Additional Pupil Places						
Overview:	The Authority has a statutory duty to ensure there are sufficient school places in the borough to provide appropriate education for its pupils. The Pupil Places programme comprised a number of capital schemes aimed at increasing the number of primary school places to meet increased demand. This is mainly achieved by providing additional classroom space in specific schools in areas of greatest need.						
Directorate:	PEOPLE						
Financials:	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
Key:							
On Track / Underspend	0.574	0.222	0.561	(0.013)	1.850	1.836	(0.013)
Minor Variance / Slippage	Actual expenditure up to December 2018 on these schemes totals £0.222M against approved						

Major Overspend	scheme plans of £0.574M. These schemes are currently forecasting an overall decrease in cost of £0.013M which will fall back into the directorate unallocated resources.
Operational Activity This Quarter:	Tender documents for the Phase 4 works at Penistone St. Johns Primary were sent out to the shortlisted contractors for pricing. Upon receipt, the costs were in excess of the budget and an exercise took place to reduce the scope of works. This was subsequently put out to tender again and revised prices were received which were in line with the funding available. Tender reports are in the process of being prepared. This has delayed the programme slightly, but it is still hopeful that works will be complete for the start of the new term in September 2019. Planning approval was received for the new car park, although this element of works was removed from the scheme as part of the exercise to make scheme savings.

Scheme / Programme:	Penistone Grammar Extension						
Overview:	<p>Approval has been given for the publication of a Statutory Notice to enlarge the premises of Penistone Grammar School from a net capacity of 1,400 to 1,650 pupils with effect from September 2018. This increase in capacity relates to Years 7 to 11 only and will allow for an increase in pupils from 270 to 320, in the Year 7 intake from 2018 onwards.</p> <p>The scheme has been split into 2 phases: Phase 1 is internal re-modelling primarily to enable the School to accommodate the 50 additional pupils in September 2018 and as part of the long term plan. Construction works are underway. Phase 2 is an extension with a link corridor to the existing building to accommodate 50 additional pupils each year from September 2019 to September 2022. The detailed design has been submitted to the Authority and dialogue with planning has commenced.</p>						
Directorate:	Place						
Financials:	2018/19 Capital Programme	2018/19 Actuals	Projected Outturn 2018/19	2018/19 Variance	Overall Capital Programme	Overall Projected Outturn	Overall Variance
Key:	£M	£M	£M	£M	£M	£M	£M
On Track / Underspend	1.990	1.095	1.990	-	4.205	4.205	-
Minor Variance / Slippage	Actual expenditure up to December 2018 on these schemes totals £1.095M against approved scheme plans of £1.990M. These schemes are currently forecasting an overall balanced position.						
Major Overspend							
Total Scheme Budget (inc previous years spend)	£4.226M						
Operational Activity This Quarter:	<p>Phase 1 As the Deed of Variation to the SPV One Project Agreement is still being negotiated between the various legal parties it proved necessary to get an Early Works Deed Engrossment to the value of £250,000 agreed to allow the contractor to commence on site and minimise any delays in the delivery of the programme. A LGCA certificate and formalities certificate were also requested from the Authority. The phase 1 work commenced on site 26/27th July 2018 and in view of the later start, it proved necessary to review the programme of works. Sectional completion dates have been agreed as outlined below:</p> <ol style="list-style-type: none"> 1. Completion of amphitheatre, ICT room and modifications to doors/circulation routes 31 August 2018. 2. Completion of level 4 classrooms, further ICT room and dining area 7 September 2018. 3. Completion of 2 new science laboratories and additional locker banks 28 September 2018. <p>Phase 2 The Deed of Variation to the SPV One Project Agreement has yet to be drafted. The RIBA stage 2 Developed Design has been submitted to the Authority and site investigation surveys are underway with a planned submission date of the RIBA stage 3 report to the Authority by 20 September 2018. Planning application to be submitted 25 September 2018 to allow planning determination period of 8 week allowance only which has been identified as a RISK with the Planning Committee date that is scheduled for 20 November 2018. Building Control Application to be submitted 21 September 2018 with approval expected by 19 October 2018. Tender documents to be issued w/c 2 November to 8 November 2018 linking to planning dates, tender closing date 20 December 2018 and appraisal and appointment by 3 January 2019. Preparation and execution of building contract 4 January to 31 January 2019. Mobilisation to commence 4 January 2019 with construction period 1 February 2019 to 24 October 2019. It should be noted that the completion date is later than originally planned as a result of time loss from concentration on phase 1 works</p>						

and aligning with Planning Committee dates set. The revised programme and implications from a later completion date is to be discussed with the school on 20 August 2018.



OUTCOME 9 – PEOPLE ARE HEALTHIER, HAPPIER, INDEPENDENT & ACTIVE

Overall Financial Position:	<p>The financial position for Outcome 9, for both current year and overall is shown below. This outcome is currently forecasting an overall decrease in costs of £0.050M. These resources are restricted as to what it can be used on and therefore falls back into directorate unallocated resources.</p> <p>A full list of schemes at outcome level is provided at Appendix A with the variance analysis shown in Appendix B.</p>						
Directorate(s)	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
PLACE / COMMUNITES	1.717	0.915	1.430	(0.286)	1.747	1.697	(0.050)

OUTCOME 9 – SIGNIFICANT SCHEMES / PROGRAMMES

The most significant schemes / programmes for Outcome 9, in terms of value, are shown below, in respect of the financial position together with a commentary on progress during the quarter.

Scheme / Programme:	SECTION 106 PROGRAMME						
Overview:	<p>Section 106 (S106) Agreements are legal agreements between Local Authorities and developers; these are linked to planning permissions when it is considered that a development will have significant impacts on the local area that cannot be moderated by means of conditions attached to a planning decision.</p> <p>The agreements will vary depending on the nature of the development and based on the needs of the district. The most common obligations include:-</p> <ul style="list-style-type: none"> • Public Open Space • Affordable Housing • Education • Highways <p>Monies received from S106 agreements are then allocated to schemes, which mitigate the impacts made by the development by making improvements to the local areas.</p>						
Directorate:	PLACE						
Financials:	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
Key:							
On Track / Underspend	3.841	0.955	1.954	(1.887)	3.841	3.728	(0.113)
Minor Variance / Slippage	Actual expenditure up to December 2018 on these schemes totals £0.955M against approved scheme plans of £3.841M. These schemes are currently forecasting an overall decrease in costs of £0.113M which will fall back into the directorate unallocated resources.						
Major Overspend							
Operational Activity This Quarter:	<p>Four schemes, valued at £241k, completed during the 3rd Qtr 2018/19, including the completion of projects in Goldthorpe, Mapplewell, Royston and Penistone.</p> <p>Eight schemes, valued at £400k, approved by the Panel in Qtr 3, including £133k towards a Principal Towns scheme for Darton Park and a £150k contribution towards a new pavilion at Dearne & District Welfare.</p> <p>All other schemes progressing according to plan.</p>						

OUTCOME 11 – PROTECTING THE BOROUGH FOR FUTURE GENERATIONS

Overall Financial Position:	<p>The financial position for Outcome 11, for both current year and overall is shown below. This outcome is currently forecasting an overall decrease in costs of £0.021M. These resources are restricted as to what it can be used on and therefore falls back into directorate unallocated resources.</p> <p>A full list of schemes at outcome level is provided at Appendix A with the variance analysis shown in Appendix B.</p>						
Directorate(s)	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
PLACE / CORE/ COMMUNITES	21.096	8.501	18.749	(2.347)	28.865	28.844	(0.021)

OUTCOME 11 – SIGNIFICANT SCHEMES / PROGRAMMES

The most significant schemes / programmes for Outcome 11, in terms of value, are shown below, in respect of the financial position together with a commentary on progress during the quarter.

Scheme / Programme:	HIGHWAYS PROGRAMME						
Overview:	Highways Maintenance schemes cover a number of different infrastructure asset types including carriageways (local and principal roads), footways, structures (bridges/retaining walls etc.), town centre projects, drainage, street lighting, traffic signals and signs. These schemes maintain and improve these infrastructure assets. These schemes are funded from the Council’s highways maintenance capital allocation and the Local Transport (DfT) Capital Maintenance Block grant, which are annual allocations. An additional £4M capital resource has been made available to enhance the existing core programme over the next two years and work is ongoing to identify the specific areas for investment.						
Directorate:	PLACE						
Financials:	2018/19 Capital Programme £M	2018/19 Actuals £M	Projected Outturn 2018/19 £M	2018/19 Variance £M	Overall Capital Programme £M	Overall Projected Outturn £M	Overall Variance £M
Key:							
On Track / Underspend	13.908	7.050	12.007	(1.901)	20.269	20.248	(0.021)
Minor Variance / Slippage	Actual expenditure up to December 2018 on these schemes totals £7.050M against approved scheme plans of £13.908M. These schemes are currently forecasting an overall decrease in costs of £0.021M which will fall back into the directorates unallocated resources.						
Major Overspend							
Operational Activity This Quarter:	Quarter 3 saw the substantial completion of Local Roads Carriageways and Footways planned maintenance programmes. Work continues on the planned patching programme and works on the Principal Road Network are due to start next quarter. Drainage and Street Lighting programmes remain on track.						

Scheme / Programme:	VEHICLE REPLACEMENT PROGRAMME						
Overview:	This scheme allows the replacement of 77 vehicles and ground maintenance equipment to be used by Waste, Neighbourhoods and Bereavement Services, Berneslai Homes and Norfolk Property Services for the period 1 st April 2018 to 31 st March 2019.						
Directorate:	PLACE						
Financials:	2018/19 Capital Programme	2018/19 Actuals	Projected Outturn 2018/19	2018/19 Variance	Overall Capital Programme	Overall Projected Outturn	Overall Variance
Key:	£M	£M	£M	£M	£M	£M	£M
On Track / Underspend	2.953	-	2.953	-	2.953	2.953	-
Minor Variance / Slippage	Actual expenditure up to December 2018 on these schemes totals £0M against approved scheme plans of £2.953M. These schemes are currently forecasting an overall balanced position.						
Major Overspend							
Operational Activity This Quarter:	An order for 21 vehicles with a total cost of £348,532.38 (Not including racking) has been placed – these vehicles are replacements for the Berneslai Homes vehicles due for replacement. The NPS vehicles are currently on hold due to NPS requesting a quote to be made on different contract terms and conditions. A Tender to procure eleven refuse collection vehicles has been written and will be going out with the intension of delivery starting December 2018. Grounds Maintenance equipment to replace the current neighbourhoods services equipment has been put on hold by the department because of the low usage it has seen this year due to the weather. All other vehicles listed for replacement will be procured within the timeframe.						

Appendix A - Plan vs Forecast Per Corporate Priority

	2018/19 Plan	2018/19 Actuals	2018/19 Forecast	2018/19 Variance	Overall Budget	Overall Forecast	Overall Variance
(1) Create more and better jobs and good business growth							
Replacement of Citrix Servers	9,077		9,077	0	9,077	9,077	0
Virtual Server Host Replacement	108,596		108,596	0	108,596	108,596	0
Cyber Security	249,000	68,013	69,980	-179,020	287,000	287,000	0
SAP Success Factors	258,500			-258,500	258,500	258,500	0
Enabling Digital Mobility	539,023		539,023	0	539,023	539,023	0
Communities Total	1,164,196	68,013	726,676	-437,520	1,202,196	1,202,196	0
Penistone Market	900		900	0	900	900	0
Goldthorpe Master Plan- Eco Plan	119,612	81,137	119,612	0	119,612	119,612	0
Digital Bamsley	44,397		44,397	0	44,397	44,397	0
Strategic Business Parks Eco Plan	607,901	372,349	560,000	-47,901	1,035,741	1,035,741	0
M1 Junction 36 Phase 1 Hoyland	300,000	30,667	150,000	-150,000	9,896,130	9,896,130	-0
J36 HCA Land Rockingham	304,991		60,000	-244,991	304,991	304,991	0
Bamsley Property Investment Fund Phase 2	1,217,396	1,147,058	1,217,396	0	3,160,333	3,160,333	0
Courthouse Car Park Procurement	184,780	57,451	126,251	-58,529	184,780	184,780	-0
Project Management Costs	300,000		300,000	0	600,000	600,000	0
Superfast Broadband Phase 2				0	610,000	610,000	0
Wombwell Library Extension	20,246		20,246	0	20,246	20,246	0
Place Total	3,100,223	1,688,662	2,598,802	-501,421	15,977,130	15,977,130	-0
(1) Create more and better jobs and good business growth Total	4,264,419	1,756,676	3,325,478	-938,941	17,179,326	17,179,326	-0
(3) Develop a vibrant Town Centre							
Digital Media Centre	10,000		10,000	0	10,000	10,000	0
Glass Works Development Phase 2	3,266,858	2,411,910	3,266,858	-0	101,449,378	101,449,378	-0
Acquisition of the Core Building	1,200,000		1,200,000	0	1,200,000	1,200,000	0
Glass Works Development Phase 1	35,388,735	20,515,124	35,388,735	-0	35,388,735	35,388,735	-0
Market Gate Bridge	588,000	247,388	588,000	0	6,970,000	6,970,000	0
Refurbishment of the Core Building	150,000	850	150,000	0	150,000	150,000	0
Place Total	40,603,593	23,175,271	40,603,593	-0	145,168,113	145,168,113	-0
(3) Develop a vibrant Town Centre Total	40,603,593	23,175,271	40,603,593	-0	145,168,113	145,168,113	-0
(4) Strengthen our visitor economy							
Pulic Art Strategy Cooper Gallery	38,884	2,999	38,884	0	38,884	38,884	0
Public Art Strategy Brassed Off	11,000		11,000	0	11,000	11,000	0
Bamsley Main	145,000		145,000	0	145,000	145,000	0
54 Affordable Homes - Athersley	50,000		50,000	0	50,000	50,000	0
RSPB Old Moor	25,000		25,000	0	25,000	25,000	0
54 Affordable Homes - Mapplewell	45,000	45,000	45,000	0	45,000	45,000	0
Bamsley College - Artifical Pitch	62,972			-62,972	62,972	0	-62,972
Visitor Economy Attraction	100,059	81,640	100,059	0	100,059	100,059	0
Elsecar Master Plan	90,093	34,562	90,093	0	340,093	340,093	0
Cannon Hall Parks for People	1,500,000	876,644	910,151	-589,849	3,202,497	3,202,497	0
Pet Crematorium	168,769	156,490	164,269	-4,500	168,769	168,769	0
Dorothy Hyman Football Pitch Refurb	38,534	6,964	6,964	-31,570	38,534	38,534	0
Wentworth Castle & Stainborough Park	1,100,000	81,283	550,000	-550,000	3,200,000	3,200,000	-0
Replacement Of Boilers At Metrodome	200,000	21,789	70,000	-130,000	1,200,000	1,200,000	-0
Place Total	3,575,311	1,307,371	2,206,420	-1,368,891	8,627,808	8,564,836	-62,972
(4) Strengthen our visitor economy Total	3,575,311	1,307,371	2,206,420	-1,368,891	8,627,808	8,564,836	-62,972
(5) Create more and better housing							
Disabled Facilities Grant	2,741,464	1,386,954	2,741,464	-0	5,508,837	5,508,837	-0
Communities Total	2,741,464	1,386,954	2,741,464	-0	5,508,837	5,508,837	-0
BHS New Starts	29,783	91,416	29,783	0	29,783	29,783	0
16/17 BHS Cudworth / Shafton		424	0	0	0	0	0
16/17 BHS Dodworth	1,617	841	1,617	-0	1,617	1,617	-0
16/17 BHS Gilroyd		537	-0	-0	0	-0	-0
16/17 BHS Kendray / Monk Bretton	2,365	32	2,365	-0	2,365	2,365	-0
16/17 BHS Staincross	3,487	481	3,487	0	3,487	3,487	0

Appendix A - Plan vs Forecast Per Corporate Priority

	2018/19 Plan	2018/19 Actuals	2018/19 Forecast	2018/19 Variance	Overall Budget	Overall Forecast	Overall Variance
17/18 BHS Athersley South CS	6,959	2,735	6,959	0	6,959	6,959	0
17/18 BHS Barugh Green Trad CS	76,188	63,407	76,188	-0	76,188	76,188	-0
17/18 Hemmingfield Kier		-32,613	-0	-0	0	-0	-0
17/18 BHS Cudworth CS	21,913	17,628	21,913	0	21,913	21,913	0
17/18 BHS Burton Grange CS	13,676	9,399	13,676	-0	13,676	13,676	-0
17/18 Barugh Green Cornish CS	5,700	626	5,700	0	5,700	5,700	0
17/18 BHS Elsecar/Hoyland Kier		103,914	20,000	20,000	0	20,000	20,000
17/18 BHS Carlton CS	219,575	214,977	219,575	0	219,575	219,575	0
17/18 BHS Shafton CS	4,000	-18,876	4,000	-0	4,000	4,000	-0
17/18 Platts Common/Jump Kier		-93,827	-0	-0	0	-0	-0
17/18 BHS Wombwell Kier		-193,368	0	0	0	0	0
17/18 BHS Hoyland Common Kier		-106,060	-0	-0	0	-0	-0
18/19 BHS Ardsley Kier	461,235	31,116	461,235	0	577,035	577,035	0
18/19 BHS Athersley South CS	1,082,997	291,614	1,082,997	0	1,357,057	1,357,057	0
18/19 BHS Bolton-On-Dearne Kier	748,750	207,782	748,750	-0	935,960	935,960	-0
18/19 BHS Brierley CS	239,258	183,821	186,056	-53,202	301,018	186,056	-114,962
18/19 BHS Burton Grange CS	1,264,163	540,404	1,264,163	-0	1,584,543	1,584,543	-0
18/19 BHS Darfield Kier	761,460	378,741	761,460	-0	952,530	952,530	-0
18/19 BHS Goldthorpe Kier	538,974	557,689	558,974	20,000	676,004	676,004	-0
18/19 BHS Great Houghton Kier	424,448	19,818	424,448	0	530,598	530,598	0
18/19 BHS Grimethorpe CS	1,153,120	359,690	1,153,120	0	1,444,550	1,444,550	0
18/19 BHS Monk Bretton CS	1,029,442	292,805	1,029,442	0	1,288,062	1,288,062	0
18/19 BHS Redbrook CS	276,428	181,495	178,108	-98,320	347,838	178,108	-169,730
18/19 BHS Smithies CS	254,360	186,917	192,171	-62,189	319,980	192,171	-127,809
18/19 BHS Town CS	1,254,263	366,150	1,254,263	-0	1,568,853	1,568,853	-0
18/19 BHS Wombwell Kier	348,834	364,785	368,834	20,000	439,544	378,983	-60,561
Structural Extensive / Void Repl	1,823,498	1,055,557	1,823,498	0	8,845,385	8,845,385	0
Community Centre Rewires	72,955	24,417	72,955	0	344,097	344,097	0
Central Heating	463,877	388,198	463,877	-0	2,435,790	2,435,790	-0
Major AdaptationsBMBC_D-00279	2,039,214	1,594,724	2,039,214	0	10,485,651	10,485,651	0
BMBC_D-00310	3,300	1,850	3,300	-0	3,300	3,300	-0
Replacement Items	1,468,629	928,144	1,468,629	0	7,900,256	7,900,256	0
50 Hope Avenue	61,343	58,721	61,343	0	61,343	61,343	0
Major Adaptations 79 Beeston Sq	99,757	66,786	99,757	-0	99,757	99,757	-0
District Heating G6 Meters		253	-0	-0	0	-0	-0
District Heating Pollyfox	485	485	485	0	485	485	0
District Heating		108,414	54,225	54,225	0	54,225	54,225
District Heating Elm & Maltas Court	30,000	2,817	30,000	-1	30,000	30,000	-1
District Heating Honeywell CC	7,000	620	7,000	-0	7,000	7,000	-0
District Heating Shipcroft CC		-6,090	-0	-0	0	-0	-0
Single Property Acquisition	1,153,105	903,950	1,463,105	310,000	1,653,105	1,653,105	0
New Build - General	4,947	0	0	-4,947	4,947	0	-4,947
New Build - Saville Road	379	379	379	-0	379	379	-0
New Build - Roy Kilner Road	59,107	2,352	59,107	-0	59,107	59,107	-0
New Build - 18 Locksley Gardens	674,527	667,955	674,527	0	1,230,833	1,230,833	0
New Build - Meadow View Hoyland	35		35	0	35	35	0
New Build - 39 Huddersfield Road	7,388	7,388	7,388	0	7,388	7,388	0
New Build - Green Street	11,278	11,196	11,278	0	11,278	11,278	0
New Build Acq 14 Dw Carr Lane	405,953	405,867	405,953	-0	405,953	405,953	-0
New Build Bungalows		750	0	0	0	0	0
Carlton Street Acq 22 Props	403,665	92	403,665	-0	403,665	403,665	-0
Baden Street	1,043,666	482,527	1,043,666	-0	1,043,666	1,043,666	-0
Bellbrooke New Build Bungalows	255,794	268,537	255,794	-0	255,794	255,794	-0
Lundwood Acquisitions	618,000	246,168	618,000	0	1,236,000	1,236,000	0
Pilley Acquisitions	228,660	22,200	228,660	0	228,660	228,660	0

Appendix A - Plan vs Forecast Per Corporate Priority

	2018/19 Plan	2018/19 Actuals	2018/19 Forecast	2018/19 Variance	Overall Budget	Overall Forecast	Overall Variance
Acquisition of Jubilee Gardens	3,500	6,986	3,500	0	3,500	3,500	0
Kings Road Acquisition	208,575	83,025	208,575	0	208,575	208,575	0
Beevor Street Redevelopment (HRA)	1,214,667	496,145	1,214,667	-0	1,264,667	1,264,667	-0
Meadstead New Build	1,441,020	213,029	923,214	-517,806	1,538,690	1,538,690	0
Keresforth Acquisition & Conversion	1,032,000	671,523	1,032,000	-0	1,432,000	1,432,000	-0
Community Buildings - General		2,121		-0	0		-0
Community Buildings - Hudson Haven	7,004		7,004	0	7,004	7,004	0
Community Buildings - Saville Court	3,130	764	3,130	0	3,130	3,130	0
15/16 Lift Replacements Sheff Rd Flats	14,647	15,070	14,647	-0	14,647	14,647	-0
Environmental Imps	108,904	73,701	108,904	0	108,904	108,904	0
CAPITALISED SALARIES	173,954		173,954	0	913,425	913,425	0
11/12 Asset Management Database	13,383	1,050	13,383	0	13,383	13,383	0
16/17 Insurance 13 Pembroke CT Royston		264	0	0	0	0	0
16/17 Insurance 36 Cobcar Lane Elsecar		-8	-0	-0	0	-0	-0
15/16 Solar Panel Meter Upgrade & Loft W		0	0	0	0	0	0
Environmental Works Pearson Crescent	9,140	201	9,140	-0	9,140	9,140	-0
Conversion 26-32 Rufford Av	97,669	87,076	97,669	-0	97,669	97,669	-0
CRS	187,150	3,899	187,150	-0	973,932	973,932	-0
WORSBROUGH REGENERATION	40,000		40,000	0	40,000	40,000	0
16/17 Central Heating Prog Repl	37,699	1,133	37,699	-0	37,699	37,699	-0
Central Htg Prog 17/18	497,000	490,621	497,000	-0	497,000	497,000	-0
Sprinklers Independent Living Schemes	471,422	385,452	471,422	0	499,305	499,305	0
8a & 8b Park Road Thurnscoe	99,044	23,088	99,044	0	99,044	99,044	0
18/19 Central Heating Replacements	809,965	218,820	809,965	-0	821,345	821,345	-0
Woodhall Flats Conversion	72,946	79,673	72,946	-0	72,946	72,946	-0
Fire Safety Works Sheffield Rd Flats	37,233	28,157	37,233	0	37,233	37,233	0
Conversion 20 Morrison Road	18,000	580	18,000	-0	18,000	18,000	-0
External Works Carlton Acq 47 Props	247,122	67,307	247,122	0	247,122	247,122	0
Central Htg Prog 18/19 PH2	799,000	58,659	799,000	-0	850,000	850,000	-0
Housing Revenue Account Total	28,803,731	14,277,092	28,491,489	-312,242	59,271,069	58,867,282	-403,787
Affordable Housing - Hawshaw Lane, Hoyland	125,000		125,000	0	125,000	125,000	0
Affordable Housing - Lundwood Hotel Bungalows	100,000		100,000	0	100,000	100,000	0
Affordable Housing - Barnsley Community Build	300,000			-300,000	300,000	300,000	0
Affordable Housing - Billingley View	1,087,753			-1,087,753	1,087,753	1,087,753	0
Affordable Housing Enabling	3,380	-26,735	3,380	-0	3,380	3,380	-0
Goldthorpe Clusters (Empty Homes)	68,606	219,967	49,000	-19,606	68,606	49,000	-19,606
LAIP - COALFIELDS/ELSECAR	79,726		79,726	0	79,726	79,726	0
ACCREDITED LANDLORD SCHEME	3,748	1,500	8,748	5,000	3,748	8,748	5,000
HCA PROGRAMME	13,951	631	28,557	14,606	13,951	28,557	14,606
Better Homes Barnsley	74,308	25,010	59,308	-15,000	74,308	74,308	-0
Local Growth Fund - Better Homes	264,768	159,892	159,892	-104,876	264,768	264,768	0
Warm Homes - Healthy People Project	35,802	10,802	35,802	0	35,802	35,802	0
Longcar PDC Housing Development	4,207,002	2,451,299	4,207,002	0	4,207,002	4,207,002	0
Empty Homes	191,000	14,049	191,000	0	375,000	375,000	0
Place Total	6,555,044	2,856,415	5,047,415	-1,507,629	6,739,044	6,739,044	-0
(5) Create more and better housing Total	38,100,239	18,520,460	36,280,368	-1,819,871	71,518,950	71,115,163	-403,787
(6) Every child attends a good school							
DFC - ALL SCHOOLS	148,920	217,115	148,920	0	148,920	148,920	0
SCHOOL ACCESS WORKS	12,308		3,176	-9,132	12,308	3,176	-9,132
HEALTH & SAFETY REACTIVE WORKS	250,000	196,178	250,000	0	253,460	253,460	0
Hunningley - Increase Admission Number t	10,786	9,215	10,786	0	10,786	10,786	0
Wombwell Park Street - Increase Admissio	6,072			-6,072	6,072	0	-6,072
Thurstone Primary - Increase Admission	18,850	13,073	16,767	-2,083	18,850	16,767	-2,083
Milefield - Increase Admission Number to	88,367	20,570	88,367	0	88,367	88,367	0
Churchfields - Increase Admission Number	23,963	17,267	18,852	-5,111	23,963	18,852	-5,111

Appendix A - Plan vs Forecast Per Corporate Priority

	2018/19 Plan	2018/19 Actuals	2018/19 Forecast	2018/19 Variance	Overall Budget	Overall Forecast	Overall Variance
Wiltorpe Primary Roof/Building Repairs	300	27	300	0	300	300	0
Barugh Green Primary Install New Fire Alarm	1,100	1,100	1,100	0	1,100	1,100	0
Athersley South Re-Roofing Works Phase 1	174	174	174	-0	174	174	-0
Shawlands - Holy Rood Replace Heating Boiler	229	229	229	-0	229	229	-0
Penistone St Johns - Increase Ad - P2	3,529		3,529	0	3,529	3,529	0
Penistone St Johns - Increase Ad - P2A	9,159	1,120	9,014	-145	9,159	9,014	-145
Penistone St Johns - Increase Admissions - P3	385,000	132,303	385,000	-0	1,660,250	1,660,250	-0
Burton Road Primary - Increase Admission	1,164	568	568	-596	1,164	568	-596
The Forest Academy - Alterations to Bulg	164	164	164	0	164	164	0
Hunningley - Increase Admission - P2	27,541	28,215	28,215	674	27,541	28,215	674
Hoyland Greenfield - Drainage Repairs	1,323	372	1,323	0	1,323	1,323	0
Worsbrough Common - Convert Quas to Classroom	15,763	10,384	17,225	1,462	15,763	17,225	1,462
Shawlands - Remodel Entr/Office	5,067	731	4,619	-448	5,067	4,619	-448
Lacewood Primary - Prov of Mod Classroom	8,313			-8,313	8,313	0	-8,313
Ladywood - Roofing	3,070	591	3,070	0	3,070	3,070	0
Millhouse - Emergency Lighting	2,165	983	2,165	0	2,165	2,165	0
Gawber Primary - Rewire	3,250	3,394	3,250	0	3,250	3,250	0
Wiltorpe Infants - Boilers	3,290	3,275	3,290	-0	3,290	3,290	-0
Churchfield - Heating to Hall	1,367	1,367	1,367	-0	1,367	1,367	-0
Silkstone Common - Kitchen/Hall Floor	60	29	60	0	60	60	0
Hoylandswaine - Drainage/Resur/Wind/Doors	927	155	927	-0	927	927	-0
Millhouse - Playground Repairs/Replace	7,954	6,625	7,954	-0	7,954	7,954	-0
Oxpring - Boundry Walls	101	101	101	-0	101	101	-0
Keresforth - Windows/Doors Nursery	605	165	605	-0	605	605	-0
Keresforth - Resurface Playground	1,068	212	1,068	-0	1,068	1,068	-0
Barugh Green/Cudworth Primary - Flood	38,000	19,326	38,000	0	40,000	40,000	0
Jump Primary - Replace Light/Ceilings P1	103,765	97,203	103,000	-765	107,104	106,339	-765
Oxspring Primary - Replace Fire Alarm	28,648	26,419	32,888	4,240	29,531	33,771	4,240
Athersley South Primary - Boiler Replace	105,731	95,876	103,786	-1,945	109,269	107,324	-1,945
Churchfield Primary - Boiler Replace	74,490	69,800	72,706	-1,784	76,982	75,198	-1,784
Wiltorpe Primary - Boiler Replace	105,008	95,630	102,391	-2,617	108,507	105,890	-2,617
Barugh Green Primary - Roof	125,051	117,597	119,832	-5,219	129,148	123,929	-5,219
Burton Road Primary - Roof	120,905	107,751	117,181	-3,724	124,921	121,197	-3,724
Gawber Primary - Roof	132,343	133,131	134,225	1,882	136,742	138,624	1,882
Milefield Primary - Roofing Works	7,077	7,077	7,077	0	9,905	9,905	0
Millhouse Primary - Roof - KS1	58,054	63,218	63,784	5,730	59,820	65,550	5,730
Summer Lane Primary - Roofing Works	35,277	26,931	27,953	-7,324	36,376	29,052	-7,324
Barugh Green Primary - Fencing	47,994	52,260	56,154	8,160	49,755	57,915	8,160
Milefield Primary - Playground/MUGA	143,248	149,246	148,951	5,703	147,833	153,536	5,703
Keresforth Primary - Replace Cladding	17,419	16,888	16,888	-531	17,985	17,454	-531
Jump Primary - Nursery Toilet Refurb	24,171	24,152	24,152	-19	24,960	24,941	-19
SEN Capital Provision Fund	260,425	125,214	260,425	0	260,425	260,425	0
People Total	2,469,555	1,893,422	2,441,579	-27,976	3,789,922	3,761,946	-27,976
Keresforth Primary School	150,000			-150,000	150,000	150,000	0
BSF Capital Contribution Variations		7,647	0	0	0	0	0
Penistone Grammar Extension	1,989,945	1,094,720	1,989,945	-0	4,204,945	4,204,945	-0
Place Total	2,139,945	1,102,366	1,989,945	-150,000	4,354,945	4,354,945	0
(6) Every child attends a good school Total	4,609,500	2,995,788	4,431,524	-177,976	8,144,867	8,116,891	-27,976
(8) Children and adults are safe from harm							
Integrated Learning Disability Day Servi	881		881	0	881	881	0
SNS Vehicle	65,000	31,906	65,000	-0	65,000	65,000	-0
Communities Total	65,881	31,906	65,881	-0	65,881	65,881	-0
Better Care Fund - Market Place/Mob Working/NHS Num/Contact	162,960	94,805	162,960	-0	162,960	162,960	-0
Autism Innovation	1,999		1,999	0	1,999	1,999	0
People Total	164,959	94,805	164,959	-0	164,959	164,959	-0

Appendix A - Plan vs Forecast Per Corporate Priority

	2018/19 Plan	2018/19 Actuals	2018/19 Forecast	2018/19 Variance	Overall Budget	Overall Forecast	Overall Variance
(8) Children and adults are safe from harm Total	230,840	126,711	230,840	-0	230,840	230,840	-0
(9) People are healthier, happier, independent and active							
Assisted Living Technology	16,505	8,107	16,505	-0	46,539	46,539	-0
Communities Total	16,505	8,107	16,505	-0	46,539	46,539	-0
Goldthorpe Recreation Ground MUGA	30,210	20,737	30,210	-0	30,210	30,210	-0
Provision of MUGA Grimethorpe	7,500		7,500	0	7,500	7,500	0
Dodworth Road Recreation Ground	3,679	3,679	3,679	-0	3,679	3,679	-0
Former Yorkshire Traction Site Sheffield Road MUGA	83,069	13,918	83,069	0	83,069	83,069	0
Former Yorkshire Traction Site Sheffield Road Public ROW Lin	107,518			-107,518	107,518	107,518	0
West Haigh Wood Grimethorpe		1,600	1,600	1,600	0	1,600	1,600
Royston Park Play Equip & Skate Park Refurb	45,902	44,900	45,902	0	45,902	45,902	0
Grimethorpe Hall	5,400		5,400	0	5,400	5,400	0
Adwick Wash - Biodiversity & Access Improvements	8,771		8,771	0	8,771	8,771	0
Barnsley Boundary Footpath Improvements	10,000			-10,000	10,000	10,000	0
The Mullins Anti-Vehicle Protection	7,427			-7,427	7,427	7,427	0
Thunscoe Park Infrastructure Improvements	4,753	1,099	3,848	-905	4,753	3,848	-905
Thunscoe Park Play Refurbishment	49,850	49,850	49,850	0	49,850	49,850	0
Mapplewell Park	1,320			-1,320	1,320	0	-1,320
Station Road Footpath - Royston	7,651			-7,651	7,651	7,651	0
High Street Footpath repairs Royston	15,000			-15,000	15,000	15,000	0
TPT Resurfacing Royston North	23,000			-23,000	23,000	23,000	0
Royston Pavillion	20,000	9,012	20,000	-0	20,000	20,000	-0
Misc POS Royston - Comm Orch & Comm Gdns	1,570	1,570	1,570	0	1,570	1,570	0
Additional Allotments - Royston	5,000			-5,000	5,000	0	-5,000
Monk Bretton Park Improvements	3,274	2,610	3,274	0	3,274	3,274	0
Millhouse Green Bowling Club	1,810	1,810	1,810	0	1,810	1,810	0
Countryside Sites & POS	54,766	19,966	54,766	-0	54,766	54,766	-0
Play Development 2017	268,426	137,110	202,684	-65,742	268,426	268,426	-0
Grimethorpe Sports Ground	30,000	22,500	30,000	0	30,000	30,000	0
Mapplewell Park Tennis Court	66,904	68,249	68,249	1,345	66,904	68,249	1,345
Penistone Managed Workspace P3	174,000	90,150	174,000	0	174,000	174,000	0
Playing Pitch Improvements	211,720	147,675	211,720	0	211,720	211,720	0
TPT Wombwell to Worsbrough	148,388	143,824	148,388	-0	148,388	148,388	-0
Penistone Cricket Club Carpark	50,743	49,814	50,743	-0	50,743	50,743	-0
MUGA - Thurgoland Welfare	23,000	23,000	23,000	0	23,000	23,000	0
MUGA - Darton Park	10,643		10,643	0	10,643	10,643	0
Pilley/Jubilee/Lidgett Rec Ground	75,000	900	29,069	-45,931	75,000	29,069	-45,931
Penistone Footpath Improvements	53,000	34,772	53,000	0	53,000	53,000	0
Wilthorpe Park Gates	4,000	4,139	4,139	139	4,000	4,139	139
Brierley Playmates	11,400	11,400	11,400	0	11,400	11,400	0
Darfield Bowling Club	3,000	3,000	3,000	0	3,000	3,000	0
Footpath/Drainage - Vicarage/Park Lane	15,500		15,500	0	15,500	15,500	0
Sugdens Recreation Ground Car Park	32,000		32,000	0	32,000	32,000	0
Mapplewell Park MUGA & Gym Equipment	25,000		25,000	0	25,000	25,000	0
Place Total	1,700,194	907,283	1,413,784	-286,410	1,700,194	1,650,122	-50,072
(9) People are healthier, happier, independent and active Total	1,716,699	915,391	1,430,289	-286,410	1,746,733	1,696,661	-50,072
(11) Protecting the Borough for future generations							
Principal Towns	901,407	87,210	500,000	-401,407	1,709,480	1,709,480	0
Hoyland Nether Public Hall	4,322	750	750	-3,572	4,322	4,322	0
Worsbrough Dale Pavillion	15,752	1,833	1,833	-13,919	15,752	15,752	-0
Pocket Peace Garden Cudworth Park	879	330	879	-0	879	879	-0
Goose Acre Allotments	8,400	8,400	8,400	0	8,400	8,400	0
King Street Allotments	7,900	7,900	7,900	0	7,900	7,900	0
Dearne Road Allotments	9,550	9,550	9,550	0	9,550	9,550	0
Carlton Park House	45,219	18,472	18,472	-26,747	45,219	45,219	0

Appendix A - Plan vs Forecast Per Corporate Priority

	2018/19 Plan	2018/19 Actuals	2018/19 Forecast	2018/19 Variance	Overall Budget	Overall Forecast	Overall Variance
Communities Total	993,429	134,446	547,785	-445,644	1,801,502	1,801,503	1
Planned Maintenance	2,051,000	1,010,197	2,051,000	0	2,051,000	2,051,000	0
Hoyland Town Centre Regeneration		2,513	0	0	0	0	0
Road Safety / Danger Reduction	144,000	16,805	80,000	-64,000	144,000	80,000	-64,000
Social Inclusion	5,000	2,558	4,913	-87	5,000	4,913	-87
Aids To Pedestrian Movements	1,000	1,827	1,830	830	1,000	1,830	830
New Footways	375,636	177,182	375,690	54	375,636	375,690	54
Cycling Facilities	2,000	9,882	10,000	8,000	2,000	10,000	8,000
Traffic Signals	499,257	310,900	630,000	130,743	499,257	630,000	130,743
Residual Exp On Completed Schemes	100	100	100	0	100	100	0
Fees For Future Schemes	190,000	73,881	190,000	0	190,000	190,000	0
Condition Surveys	120,000	89,414	120,000	-0	120,000	120,000	-0
Assessment Programme	52,140	83,630	52,140	0	52,140	52,140	0
Retaining Walls General	43,678	46,790	43,678	0	43,678	43,678	0
Barnsley Hotspot Programme	50,000	34,672	50,000	0	50,000	50,000	0
Carriageways Planned Maintenance	2,673,000	2,246,771	2,673,000	0	2,673,000	2,673,000	0
Footways Planned Maintenance	745,000	813,796	745,000	0	745,000	745,000	0
Street Lighting Planned Maintenance	400,000	422,171	400,000	0	400,000	400,000	0
Structures Planned Maintenance	520,778	656,012	520,778	0	520,778	520,778	0
Drainage Planned Maintenance	608,000	452,560	608,000	0	608,000	608,000	0
Traffic Signs & SNP Planned Maintenance	395,220	280,091	395,220	-0	395,220	395,220	-0
Little Don Cycle Route	250	250	250	0	250	250	0
Key Route Barnsley to Doncaster North	36,386	41,011	41,011	4,625	36,386	41,011	4,625
Key Route Barnsley to Wakefield	990	1,538	1,538	548	990	1,538	548
LED Street Lighting Replacements		70,921	0	0	0	0	0
Mandela Gardens	3,430	3,430	3,430	0	3,430	3,430	0
DFT Pothole Fund Scheme	709,784	460,706	709,784	0	709,784	709,784	0
West Moor Dyke Culvert		984	0	0	0	0	0
Safety Barriers (PRN)	50,000	984	50,000	0	50,000	50,000	0
Shafton Bypass r/about-visibility	23,808	29,511	29,511	5,703	23,808	29,511	5,703
Peel Sq TM	112	112	0	-112	112	0	-112
Traffic MGT - Server Upgrade	631	1,094	0	-631	631	0	-631
Cundy Cross Signalisation	427,370	400,866	400,866	-26,504	427,370	400,866	-26,504
Principal Roads	1,080,000	136,009	-0	-1,080,000	1,080,000	1,080,000	-0
A628 Barnsley Rd, Noblethorpe	4,404	4,404	4,404	-0	4,404	4,404	-0
Burton Road to Cundy Cross Cycleway	16,000			-16,000	16,000	0	-16,000
Gilroyd to Broadway cycleway signage	30,000	6,478	7,000	-23,000	30,000	7,000	-23,000
Keresforth Hill Rd to Keresforth Hall Rd Cycleway Signage	30,000	9,868	10,000	-20,000	30,000	10,000	-20,000
Pogmoor Road to Barnsley Town Centre cycleway signage	26,000	4,352	4,500	-21,500	26,000	4,500	-21,500
Bradbury Balk Lane River bridge (B6.002)	20,000		20,000	0	20,000	20,000	0
Dodworth River Bridge No.2 (B4.119)	300,000		300,000	0	300,000	300,000	0
Oaks Lane Retaining Wall		1,642	0	0	0	0	0
Principal Inspections	60,000	5,582	60,000	0	60,000	60,000	0
Car Parking (MSCP) Mitigations	53,000	37,813	53,000	-0	53,000	53,000	-0
Skid Resistance Programme				0	600,000	600,000	0
Planned Patching Programme	1,400,000	113,261	1,100,000	-300,000	1,400,000	1,400,000	0
Aldham River Bridge TrialHoles	20,000		20,000	0	20,000	20,000	0
Eisecar Green/Riv Deame Bridge Painting	200,000		200,000	0	200,000	200,000	0
Enhanced Highways Programme	2,000,000		1,500,000	-500,000	4,000,000	4,000,000	0
M1 J37 Phase 1	591,118		591,118	0	4,352,138	4,352,138	0
BIN REPLACEMENT PROGRAMME	300,000	227,922	300,000	-0	900,000	900,000	-0
Vehicle Replacement Programme	2,953,100		2,953,100	0	2,953,100	2,953,100	0
Transfer Loading Station	890,565	76,526	890,565	0	890,565	890,565	0
Place Total	20,102,757	8,367,017	18,201,426	-1,901,331	27,063,777	27,042,446	-21,331
(11) Protecting the Borough for future generations Total	21,096,186	8,501,462	18,749,211	-2,346,975	28,865,279	28,843,949	-21,330
(12) Customers can contact us easily and use more services online							
Libraries Mgmt Information System - LMIS	76,113	453	76,113	0	76,113	76,113	0

Appendix A - Plan vs Forecast Per Corporate Priority

	2018/19 Plan	2018/19 Actuals	2018/19 Forecast	2018/19 Variance	Overall Budget	Overall Forecast	Overall Variance
Replacement Programme for People's Netwo	33,865		33,865	0	33,865	33,865	0
Customer Services Project	364,586	86,445	364,587	1	376,841	376,842	1
Central Library PM	43,375	25,213	43,375	-0	43,375	43,375	-0
Communities Total	517,939	112,111	517,940	1	530,194	530,195	1
(12) Customers can contact us easily and use more services online Total	517,939	112,111	517,940	1	530,194	530,195	1
Grand Total	114,714,726	57,411,239	107,775,661	-6,939,065	282,012,110	281,445,972	-566,138

Appendix B - Variance Analysis Per Scheme

Project Description	2018/19 Variance	2018/19 Slippage	2018/19 Re-phasing	2018/19 Variation in Scheme Costs	Overall Variance	Overall Slippage	Overall Re-phasing	Overall Variation in Scheme Costs
(1) Create more and better jobs and good business growth								
SAP Success Factors	-258,500	-258,500	0	0	0	0	0	0
Cyber Security	-179,020	-179,020	0	0	0	0	0	0
Communities Total	-437,520	-437,520	0	0	0	0	0	0
J36 HCA Land Rockingham	-244,991	-244,991	0	0	0	0	0	0
M1 Junction 36 Phase 1 Hoyland	-150,000	-150,000	0	0	-0	0	0	-0
Courthouse Car Park Procurement	-58,529	-58,529	0	0	-0	0	0	-0
Strategic Business Parks Eco Plan	-47,901	-47,901	0	0	0	0	0	0
Place Total	-501,421	-501,421	0	0	-0	0	0	-0
(1) Create more and better jobs and good business growth Total	-938,941	-938,941	0	0	-0	0	0	-0
(4) Strengthen our visitor economy								
Cannon Hall Parks for People	-589,849	-589,849	0	0	0	0	0	0
Wentworth Castle & Stainborough Park	-550,000	-550,000	0	0	-0	0	0	-0
Replacement Of Boilers At Metrodome	-130,000	-130,000	0	0	-0	0	0	-0
Dorothy Hyman Football Pitch Refurb	-31,570	-31,570	0	0	0	0	0	0
Pet Crematorium	-4,500	-4,500	0	0	0	0	0	0
Barnsley College - Artificial Pitch	-62,972	0	0	-62,972	-62,972	0	0	-62,972
Place Total	-1,368,891	-1,305,919	0	-62,972	-62,972	0	0	-62,972
(4) Strengthen our visitor economy Total	-1,368,891	-1,305,919	0	-62,972	-62,972	0	0	-62,972
(5) Create more and better housing								
Meadstead New Build	-517,806	-517,806	0	0	0	0	0	0
18/19 BHS Goldthorpe Kier	20,000	0	20,000	0	-0	0	0	-0
18/19 BHS Wombwell Kier	20,000	0	20,000	0	-60,561	0	0	-60,561
Single Property Acquisition	310,000	0	310,000	0	0	0	0	0
18/19 BHS Redbrook CS	-98,320	0	0	-98,320	-169,730	0	0	-169,730
18/19 BHS Smithies CS	-62,189	0	0	-62,189	-127,809	0	0	-127,809
18/19 BHS Brierley CS	-53,202	0	0	-53,202	-114,962	0	0	-114,962
New Build - General	-4,947	0	0	-4,947	-4,947	0	0	-4,947
District Heating Elm & Maltas Court	-1	0	0	0	-1	0	0	-1
17/18 BHS Elsecar/Hoyland Kier	20,000	0	0	20,000	20,000	0	0	20,000
District Heating	54,225	0	0	54,225	54,225	0	0	54,225
Housing Revenue Account Total	-312,240	-517,806	350,000	-144,433	-403,785	0	0	-403,785
Affordable Housing - Billingley View	-1,087,753	-1,087,753	0	0	0	0	0	0
Affordable Housing - Barnsley Community Build	-300,000	-300,000	0	0	0	0	0	0
Local Growth Fund - Better Homes	-104,876	-104,876	0	0	0	0	0	0
Better Homes Barnsley	-15,000	-15,000	0	0	-0	0	0	-0
Goldthorpe Clusters (Empty Homes)	-19,606	0	0	-19,606	-19,606	0	0	-19,606
ACCREDITED LANDLORD SCHEME	5,000	0	0	5,000	5,000	0	0	5,000
HCA PROGRAMME	14,606	0	0	14,606	14,606	0	0	14,606
Place Total	-1,507,630	-1,507,629	0	-0	-1	0	0	-1
(5) Create more and better housing Total	-1,819,869	-2,025,435	350,000	-144,433	-403,785	0	0	-403,785
(6) Every child attends a good school								
SCHOOL ACCESS WORKS	-9,132	0	0	-9,132	-9,132	0	0	-9,132
Lacewood Primary - Prov of Mod Classroom	-8,313	0	0	-8,313	-8,313	0	0	-8,313
Summer Lane Primary - Roofing Works	-7,324	0	0	-7,324	-7,324	0	0	-7,324
Wombwell Park Street - Increase Admissio	-6,072	0	0	-6,072	-6,072	0	0	-6,072
Barugh Green Primary - Roof	-5,219	0	0	-5,219	-5,219	0	0	-5,219

Appendix B - Variance Analysis Per Scheme

Project Description	2018/19 Variance	2018/19 Slippage	2018/19 Re-phasing	2018/19 Variation in Scheme Costs	Overall Variance	Overall Slippage	Overall Re-phasing	Overall Variation in Scheme Costs
Churchfields - Increase Admission Number	-5,111	0	0	-5,111	-5,111	0	0	-5,111
Burton Road Primary - Roof	-3,724	0	0	-3,724	-3,724	0	0	-3,724
Wilthorpe Primary - Boiler Replace	-2,617	0	0	-2,617	-2,617	0	0	-2,617
Thurstone Primary - Increase Admission	-2,083	0	0	-2,083	-2,083	0	0	-2,083
Athersley South Primary - Boiler Replace	-1,945	0	0	-1,945	-1,945	0	0	-1,945
Churchfield Primary - Boiler Replace	-1,784	0	0	-1,784	-1,784	0	0	-1,784
Jump Primary - Replace Light/Ceilings P1	-765	0	0	-765	-765	0	0	-765
Burton Road Primary - Increase Admission	-596	0	0	-596	-596	0	0	-596
Keresforth Primary - Replace Cladding	-531	0	0	-531	-531	0	0	-531
Shawlands - Remodel Entr/Office	-448	0	0	-448	-448	0	0	-448
Penistone St Johns - Increase Ad - P2A	-145	0	0	-145	-145	0	0	-145
Jump Primary - Nursery Toilet Refurb	-19	0	0	-19	-19	0	0	-19
Hunningley - Increase Admission - P2	674	0	0	674	674	0	0	674
Worsbrough Common - Convert Quas to Classroom	1,462	0	0	1,462	1,462	0	0	1,462
Gawber Primary - Roof	1,882	0	0	1,882	1,882	0	0	1,882
Oxspring Primary - Replace Fire Alarm	4,240	0	0	4,240	4,240	0	0	4,240
Milefield Primary - Playground/MUGA	5,703	0	0	5,703	5,703	0	0	5,703
Millhouse Primary - Roof - KS1	5,730	0	0	5,730	5,730	0	0	5,730
Barugh Green Primary - Fencing	8,160	0	0	8,160	8,160	0	0	8,160
People Total	-27,977	0	0	-27,977	-27,977	0	0	-27,977
Keresforth Primary School	-150,000	-150,000	0	0	0	0	0	0
Place Total	-150,000	-150,000	0	0	0	0	0	0
(6) Every child attends a good school Total	-177,977	-150,000	0	-27,977	-27,977	0	0	-27,977
(9) People are healthier, happier, independent and active								
Former Yorkshire Traction Site Sheffield Road Public ROW Lin	-107,518	-107,518	0	0	0	0	0	0
Play Development 2017	-65,742	-65,742	0	0	-0	0	0	-0
TPT Resurfacing Royston North	-23,000	-23,000	0	0	0	0	0	0
High Street Footpath repairs Royston	-15,000	-15,000	0	0	0	0	0	0
Barnsley Boundary Footpath Improvements	-10,000	-10,000	0	0	0	0	0	0
Station Road Footpath - Royston	-7,651	-7,651	0	0	0	0	0	0
The Mullins Anti-Vehicle Protection	-7,427	-7,427	0	0	0	0	0	0
Pilley/Jubilee/Lidgett Rec Ground	-45,931	0	0	-45,931	-45,931	0	0	-45,931
Additional Allotments - Royston	-5,000	0	0	-5,000	-5,000	0	0	-5,000
Mapplewell Park	-1,320	0	0	-1,320	-1,320	0	0	-1,320
Thurnscoe Park Infrastructure Improvements	-905	0	0	-905	-905	0	0	-905
Wilthorpe Park Gates	139	0	0	139	139	0	0	139
Mapplewell Park Tennis Court	1,345	0	0	1,345	1,345	0	0	1,345
West Haigh Wood Grimethorpe	1,600	0	0	1,600	1,600	0	0	1,600
Place Total	-286,410	-236,338	0	-50,072	-50,072	0	0	-50,072
(9) People are healthier, happier, independent and active Total	-286,410	-236,338	0	-50,072	-50,072	0	0	-50,072
(11) Protecting the Borough for future generations								
Principal Towns	-401,407	-401,407	0	0	0	0	0	0
Carlton Park House	-26,747	-26,747	0	0	0	0	0	0
Worsbrough Dale Pavillion	-13,919	-13,919	0	0	-0	0	0	-0
Hoyland Nether Public Hall	-3,572	-3,572	0	0	0	0	0	0
Communities Total	-445,644	-445,644	0	0	1	0	0	1
Principal Roads	-1,080,000	0	-1,080,000	0	-0	0	0	-0

Appendix B - Variance Analysis Per Scheme

Project Description	2018/19 Variance	2018/19 Slippage	2018/19 Re-phasing	2018/19 Variation in Scheme Costs	Overall Variance	Overall Slippage	Overall Re-phasing	Overall Variation in Scheme Costs
Enhanced Highways Programme	-500,000	0	-500,000	0	0	0	0	0
Planned Patching Programme	-300,000	0	-300,000	0	0	0	0	0
Road Safety / Danger Reduction	-64,000	0	0	-64,000	-64,000	0	0	-64,000
Cundy Cross Signalisation	-26,504	0	0	-26,504	-26,504	0	0	-26,504
Gilroyd to Broadway cycleway signage	-23,000	0	0	-23,000	-23,000	0	0	-23,000
Pogmoor Road to Barnsley Town Centre cycleway signage	-21,500	0	0	-21,500	-21,500	0	0	-21,500
Keresforth Hill Rd to Keresforth Hall Rd Cycleway Signage	-20,000	0	0	-20,000	-20,000	0	0	-20,000
Burton Road to Cundy Cross Cycleway	-16,000	0	0	-16,000	-16,000	0	0	-16,000
Traffic MGT - Server Upgrade	-631	0	0	-631	-631	0	0	-631
Peel Sq TM	-112	0	0	-112	-112	0	0	-112
Social Inclusion	-87	0	0	-87	-87	0	0	-87
New Footways	54	0	0	54	54	0	0	54
Key Route Barnsley to Wakefield	548	0	0	548	548	0	0	548
Aids To Pedestrian Movements	830	0	0	830	830	0	0	830
Key Route Barnsley to Doncaster North	4,625	0	0	4,625	4,625	0	0	4,625
Shafton Bypass r/about-visibility	5,703	0	0	5,703	5,703	0	0	5,703
Cycling Facilities	8,000	0	0	8,000	8,000	0	0	8,000
Traffic Signals	130,743	0	0	130,743	130,743	0	0	130,743
Place Total	-1,901,332	0	-1,880,000	-21,331	-21,332	0	0	-21,332
(11) Protecting the Borough for future generations Total	-2,346,976	-445,644	-1,880,000	-21,331	-21,331	0	0	-21,331
Grand Total	-6,939,064	-5,102,278	-1,530,001	-306,785	-566,137	0	0	-566,137

Item 6

BARNSELY METROPOLITAN BOROUGH COUNCIL

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

Report of the Executive Director, Core Services
and Service Director, Finance (S151 Officer)

TREASURY MANAGEMENT ACTIVITIES REVIEW - QUARTER ENDED 31st DECEMBER 2018

1. Purpose of Report

- 1.1 This document reviews the Council's treasury management activities carried out during quarter 3 in accordance with statutory guidance.
- 1.2 In broad terms it covers the following:
 - The agreed Treasury Management Strategy for 2018/19;
 - Economic summary;
 - The Council's borrowing activity;
 - The Council's investment activity; and
 - Prudential and Treasury Indicators for 2018/19.

2. Recommendations

- 2.1 It is recommended that members note:
 - **The borrowing and investment activities carried out during the quarter; and**
 - **The Prudential and Treasury Indicators set out in Appendix 1.**

3. The Agreed Strategy for 2018/19

- 3.1 The Treasury Management Strategy identifies the key risks associated with the Council's borrowing and investment activities and sets out how those risks will be managed.
- 3.2 The focus of the borrowing strategy is to reduce the Council's exposure to interest rate and refinancing risk, whilst being mindful of the impact on its capital financing costs.
- 3.3 The purpose of the investment strategy is to invest any temporary cash balances prudently and to ensure this cash is available when needed. The Council is not dependent on the investment income earned; as such the pursuit of higher returns is a secondary priority.
- 3.4 The Council approved several changes to its investment counterparty limits in November to ensure that it can securely accommodate increased cash balances that have / will derive from the Glassworks project.

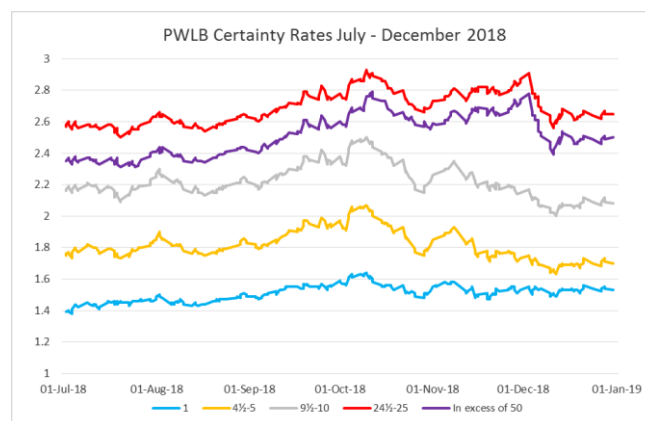
4. Economic Summary

Highlights (see Appendix 2 for more details):

- *The base rate remained unchanged at 0.75% due to ongoing uncertainty around Brexit;*
- *As a result, interest rates eased off towards the end of the quarter (paragraph 4.2 refers);*
- *There is still an expectation that rates will increase over the short to medium term, on the belief that some form of agreement will be reached on Brexit;*
- *The Monetary Policy Committee (MPC) reaffirmed that the base rate would rise “at a gradual pace”.*

4.1 Since the base rate increase in August 2018 (from 0.5% to 0.75%), the MPC appears to be refraining from further action until the uncertainty around Brexit clears, voting unanimously to keep policy unchanged in November and December.

4.2 As a result, interest rates eased off towards the end of the quarter (as illustrated below):



4.3 There is still an expectation that rates will increase over the short to medium term, on the belief that some form of agreement will be reached on Brexit. Should this materialise the view from our advisors is that the base rate could be increased as soon as May 2019 (see appendix 2 for more details). The MPC have reaffirmed however that the base rate would rise “at a gradual pace”.

4.4 In the event of a no deal or disorderly Brexit, there is an expectation that the base rate may be reduced, however the Commons appear to be against any form of non-agreement exit therefore the chance of this happening is believed to be low.

5. Borrowing Activity

Highlights:

- *The Council's gross debt increased by £89M during the quarter, as officers sought to mitigate its interest rate risk exposure;*
- *By the end of 2018/19, the Council's Capital Financing Requirement (CFR) is expected to reach £960M - down £7M from the original estimate;*
- *Based on current projections, the Council may need to borrow a further £180M over the next 2 years;*
- *Officers will monitor this position closely over the coming months in order to respond to any sudden changes in interest rates.*

Movement on Gross Debt

5.1 As outlined below, the Council's gross debt increased by £89M during the quarter, as officers sought to mitigate its interest rate risk exposure:

Source	Balance on 30/09/2018 (£M)	New Debt (£M)	Debt Repaid (£M)	Balance on 31/12/2018 (£M)	Net Increase / (Decrease)
PWLB Borrowing	448.417	120.000	(0.941)	567.476	119.059
Other Long Term Loans	63.000	-	(8.000)	55.000	(8.000)
Temporary Borrowing	36.003	-	(22.000)	14.003	(22.000)
Long Term LA Loans	31.598	-	-	31.598	-
Total Borrowing	579.018	120.000	(30.941)	668.077	89.059
Other Long Term Liabilities	222.587	-	-	222.587	-
Total Debt	801.605	120.000	(30.941)	890.664	89.059

5.2 The Council borrowed a total of £120M during the quarter from the PWLB (including the £70M reported in November), bringing the total to date for 2018/19 to £160M. A breakdown of the remaining £50M is provided below:

Date	Loan Type	Principal (£M)	Interest Rate (%)	Term (Y)
30/10/2018	PWLB	10	2.58	46
02/11/2018	PWLB	10	2.56	46
14/11/2018	PWLB	10	2.60	46
26/11/2018	PWLB	10	2.64	44
14/12/2018	PWLB	8	2.56	31
18/12/2018	PWLB	2	2.56	36
Total		50	2.59 (avg)	42.8 (avg)

5.3 The Council repaid a total of £31M during the quarter including £22M of temporary borrowing. Other notable repayments include an £8M LOBO (Lender Option, Borrower Option) loan, following an opportunity to repay this early. As a result the Council has reduced its exposure to interest rate risk whilst making a small annual saving on its capital financing costs.

Movement on the Capital Financing Requirement (CFR)

5.4 The CFR is essentially a measure of the Council's need to borrow to finance its capital expenditure. The Council monitors its CFR in relation to gross debt to determine the extent to which it is under (or over) borrowed.

5.5 The table below outlines the movement in CFR expected during 2018/19 and how this compares to the agreed strategy. The £7M variance primarily relates to slippage / re-phasing within the approved capital programme:

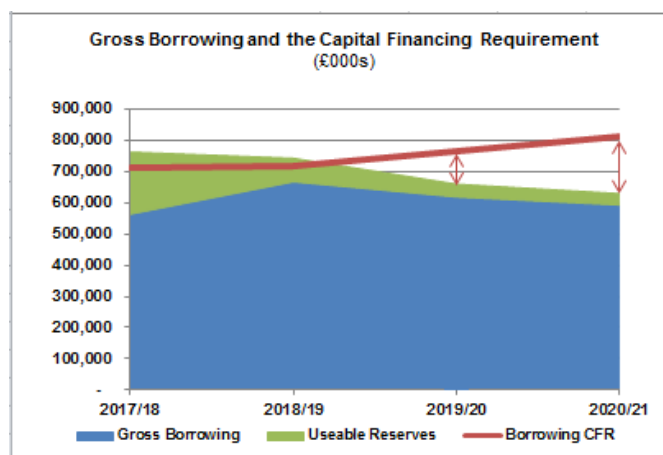
	2018/19 Strategy (£M)	2018/19 Latest (£M)	Variance (£M)
Opening CFR	945.549	949.904	4.355
Increase from in-year capital investment	32.192	19.296	(12.896)
Amounts set aside to repay debt	(10.465)	(9.417)	1.048
Net Movement in CFR	21.727	9.879	(11.848)
Closing CFR	967.276	959.783	(7.493)
General Fund	701.237	691.967	(9.270)
HRA	266.039	267.816	1.777

5.6 The following table shows the expected under-borrowed position at the end of the year and how this compares to the agreed strategy. The £109M variance primarily relates to the long term borrowing secured since January 2018, in response to a shift in interest rate expectations:

	2018/19 Strategy (£M)	2018/19 Latest (£M)	Variance (£M)
Closing CFR (From Table Above)	967.276	959.783	(7.493)
Less PFI Schemes / Finance Leases	(236.348)	(240.676)	(4.328)
Borrowing CFR	730.928	719.107	(11.821)
Gross Borrowing	(569.813)	(666.815)	(97.002)
Under / (Over) Borrowed Position	161.115	52.292	(108.823)
General Fund	152.134	42.677	(109.457)
HRA	8.981	9.615	0.634

Future Outlook

5.7 The chart below shows the expected movements on gross borrowing, useable reserves and the borrowing CFR between 2017/18 and 2020/21. As the chart illustrates the Council was significantly under-borrowed in 2017/18, however this position was supported by useable reserves. The Council will ultimately need to borrow as these reserves are utilised:



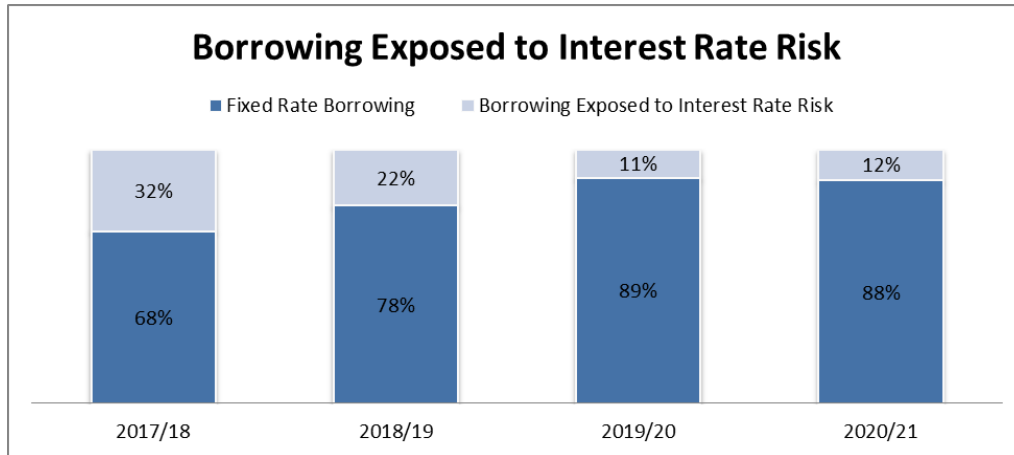
	2017/18 Actual (£M)	2018/19 Estimate (£M)	2019/20 Estimate (£M)	2020/21 Estimate (£M)
Borrowing CFR	710.250	719.107	762.022	809.236
Gross Borrowing	(563.213)	(666.815)	(618.478)	(592.576)
Under / (Over) Borrowed Position	147.037	52.292	143.544	216.660
Support from Useable Reserves	(147.037)	(52.292)	(40.606)	(36.226)
External Borrowing Requirement	-	-	102.938	180.434

5.8 Based on current projections, the Council may need to borrow a further £180M over the next 2 years, which is a combination of planned capital investment (to be funded from borrowing), maturing loans and use of reserves. A breakdown of which is provided below:

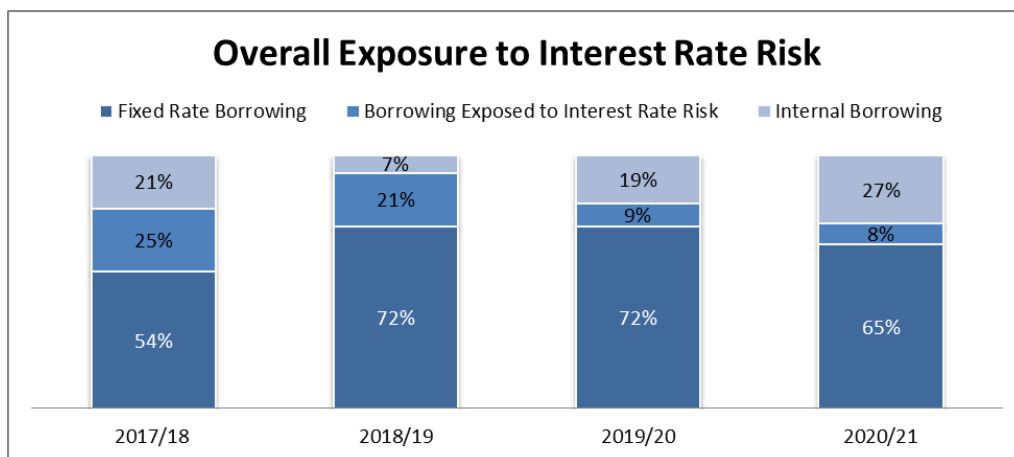
	Estimate (£M)
Planned Capital Investment (Net of Amounts Set Aside to Repay Debt)	98.986
Maturing Loans	150.637
Use of Reserves	110.811
Loans Secured In Year / Yet to be Drawn Down	(180.000)
External Borrowing Requirement	180.434

5.9 This table excludes loans with an uncertain maturity date (for instance the Council's LOBOs) which amount to £59M. If interest rates were to increase suddenly, replacing this debt would come at an additional cost, although the likelihood of these loans being recalled is considered to be fairly low.

5.10 The chart below shows the Council’s projected interest rate risk exposure between 2017/18 and 2020/21, assessed against its variable rate PWLB loans, temporary borrowing and LOBOs. This is already within the target set of 25% and is expected to reduce further in 2019/20 as the Council’s variable rate PWLB loans mature:



5.11 The chart below shows the Council’s projected interest rate risk exposure including any internal borrowing. This is currently within the target set of 35% however is expected to increase from 2019/20 in line with the Council’s future financing requirement and maturing loans:



5.12 The Council’s Borrowing Strategy is based on de-risking the Council’s position in relation to interest rate risk. In order to continue this approach, the Council’s 2019/20 Borrowing Strategy has lowered the targets for the above two indicators to the following:-

- Borrowing exposed to interest rate risk <15%
- Overall exposure to interest rate risk <30%

5.14 The Council's borrowing strategy considers several options to address its risk exposure including the following:

- **Fixed-rate borrowing from the PWLB** - whilst rates are still relatively low this continues to be a suitable option for the Council to consider. The Council has borrowed £140M from the PWLB during the year to date at an average rate of 2.60%.
- **Further deferred loans** - these allow the Council to borrow at a fixed rate - typically 0.15-0.20% above PWLB - and draw down the cash up to 4 years in advance, thus protecting the Council from any sudden interest rate rises whilst reducing cost of carry and counterparty risk. The Council has secured £40M to date and will continue to work with its advisors in order to identify any other potential lenders.
- **Loans from other local authorities** - the Council could look to replace some maturing debt with longer-term loans from other local authorities, which would help to spread refinancing risk.

5.15 Other options being considered in support of the borrowing strategy include:

- **LOBO refinancing** - Officers have recently taken an opportunity to refinance one of its LOBOs which has reduced the Council's exposure to interest rate risk whilst resulting in a small annual saving on its capital financing costs. Officers will continue to explore any opportunities to repay / re-negotiate its remaining LOBOs.
- **BSF refinancing** – the Council continues to refinance the Building Schools for the Future PFI programme in conjunction with the Local Education Partnership. This process will create additional savings for the Council as well as key partners which have already been factored into the Council's MTFs. Refinancing has already been completed for phases 1 and 2 and it was envisaged that phase 3 would be complete by the end of this financial year. However the process has been delayed because the LEP do not consider it has been the optimum time to achieve the desired level of savings mainly because of the impact of Brexit negotiations. A revised timeline will be established as soon as the position on Brexit has been clarified.

6. Investment Activity

Highlights:

- *The Council's investments increased by £77M during the quarter, predominantly a result of the borrowing undertaken from the PWLB;*
- *Officers continued to prioritise security and liquidity in line with the approved strategy, however the majority of new investments were short term deposits;*
- *Officers continued to take advantage of the competitive rates offered by other local authorities.*

Movement on Investments

6.1 As outlined below, the Council's investments increased by £77M during the quarter, predominantly a result of the borrowing undertaken from the PWLB:

Source	Balance on 30/09/2018 (£M)	New Investments (£M)	Redeemed Investments (£M)	Balance on 31/12/2018 (£M)	Net Increase / (Decrease) (£M)
Short Term Investments	68.000	157.500	(66.000)	159.500	91.500
Money Market Funds / Instant Access Accounts	35.500	146.900	(161.900)	20.500	(15.000)
Total Investments	103.500	304.400	(227.900)	180.000	76.500

6.2 Officers continued to prioritise security and liquidity in line with the approved strategy, however the majority of new investments were short term deposits, recognising that the borrowing undertaken from the PWLB will not be expended immediately.

6.3 Officers continued to take advantage of the competitive rates offered by other local authorities, which helps to boost returns whilst preserving the capital invested.

Future Investment Strategy

6.4 As referred to in section 5, the Council has recently fixed out a large portion of its external borrowing requirement - specifically to de-risk the Glassworks Development - and plans to reduce this requirement further in light of the increasing interest rate volatility. Cash balances are therefore expected to reach £200M before ultimately being spent on planned capital investment.

6.5 The current strategy was unsuitable for managing this scale of investment and therefore on the advice of officers, the Council approved several changes to its counterparty limits in November to ensure that it can securely accommodate increased cash balances going forwards. The Council will continue to invest its funds prudently in line with Government and CIPFA guidance. As such the increase in limits has been restricted to the securest products and institutions.

- 6.6 These changes have also been considered in view of several impending policy / regulatory changes, namely:-

European Money Market Fund Reform - this will see the Council's existing (non-government) Money Market Funds convert to a new LVNAV structure (Low Volatility Net Asset Value) by March 2019. The advice officers have received is that the changes will give investors added protection (compared to the existing funds in operation). As such, it is recommended that the organisation continues to invest in LVNAV funds and monitor the performance of these funds on a regular basis.

IFRS9 Financial Instruments - introduces a number of accounting changes that will apply to the 2018/19 accounts. As a result any potential losses on investment will need to be recognised in the Council's general fund, however based on the Council's existing portfolio, officers are not expecting the impact to be significant.

7. Performance Measurement / Compliance with Prudential and Treasury Limits

- 7.1 The Council's Capital Financing budget is expected to underspend by around £1.5M in year through postponing borrowing and taking advantage of low cost temporary loans. However, as set out in the body of this report, the Authority is increasingly fixing out its borrowing in light of the anticipated interest rate rises, therefore these savings are one-off in nature.
- 7.2 During the quarter, the Council has operated within the prudential and treasury indicators set out in the agreed strategy and in compliance with its Management Practices (see Appendix 1 for more details).

8. Background Papers

- Treasury Management Strategy and Policy Statement (Cab.7.2.2018/7)

APPENDIX 1 - PRUDENTIAL AND TREASURY INDICATORS AS AT 31/12/2018

Prudential Indicators	Limit for 2018/19 (£M)	Quarter 3 Actual (£M)	Compliance with Indicator?
Average Debt to Operational Boundary	967.276	881.164	Yes
Maximum Debt to Authorised Limit	997.276	910.663	Yes
Capital Financing Requirement to HRA Debt Cap	301.000	277.096	Yes

Maturity structure of GF borrowing	Lower Limit (%)	Upper Limit (%)	Quarter 3 Actual (£M)	Quarter 3 Actual (%)	Compliance with Indicator?
Under 12 months	0	50	39.492	10	Yes
12 months to 2 years	0	25	36.033	9	Yes
2 years to 5 years	0	25	30.962	7	Yes
5 years to 10 years	0	25	14.075	3	Yes
10 years to 20 years	0	75	10.611	3	Yes
20 years to 30 years	0	75	23.808	6	Yes
30 years to 40 years	0	75	88.180	21	Yes
40 years to 50 years	0	75	171.715	41	Yes

Maturity structure of HRA borrowing	Lower Limit (%)	Upper Limit (%)	Quarter 3 Actual (£M)	Quarter 3 Actual (%)	Compliance with Indicator?
Under 12 months	0	25	31.945	13	Yes
12 months to 2 years	0	25	19.338	8	Yes
2 years to 5 years	0	25	14.564	6	Yes
5 years to 10 years	0	25	18.536	7	Yes
10 years to 20 years	0	75	8.571	3	Yes
20 years to 30 years	0	75	31.712	12	Yes
30 years to 40 years	0	75	104.220	41	Yes
40 years to 50 years	0	75	24.315	10	Yes

Treasury Indicators	Limit for 2018/19 (%)	Quarter 3 Actual (%)	Compliance with Indicator?
GF			
Upper limit of fixed interest rates based on gross debt	90	88	Yes
Upper limit of variable interest rates based on gross debt	25	12	Yes
HRA			
Upper limit of fixed interest rates based on gross debt	100	82	Yes
Upper limit of variable interest rates based on gross debt	25	18	Yes
	Limit for 2018/19 (£M)	Quarter 3 Actual (£M)	Compliance with Indicator?
Upper limit for principal sums invested over 365 days	20.000	-	Yes

APPENDIX 2 - ECONOMIC COMMENTARY FROM LINK ASSET SERVICES

The Council's treasury advisors, Link Asset Services have provided the following commentary on the economic:

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after the quarter ended 30 June 2018 meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter.

At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008.

Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth.

That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature.

We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

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, emerging market developments and sharp changes in investor sentiment. 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.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few year;
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. 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, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

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Item 7

BARNSELY METROPOLITAN BOROUGH COUNCIL

REVISION OF CONTRACT PROCEDURAL RULES (2019)

1. PURPOSE OF REPORT

- 1.1 To outline the proposed changes to the existing Contract Procedural Rules (CPRs) which were last revised in 2015 to reflect the changes in the Public Contract Regulations (PCRs) (2015). The recommendations in this report reflect the new Council structures, processes and procedures being operated currently that allow for a more commercial approach to procurement activity in the council.
- 1.2 To seek approval of the proposed recommendations and the implementation of the revised CPRs across the Council.

2. INTRODUCTION

- 2.1 The CPRs have been an integral part of the Council's governance arrangements and the Council is required to have rules regarding how it will achieve value for money in compliance with the Local Government Act 1972.
- 2.2 The rules have been revised on a number of occasions to reflect changes in Council policies, priorities and legal updates e.g. OJEU procurement directives that the Council must comply with.
- 2.3 Revisions made in 2015 were to reflect the changes imposed by the PCRs. Revisions in 2013 increased the upper threshold for quotations from £50,000 to £100,000 which brought more procurement within the quotation exercise and the requirement to invite two local suppliers was introduced.
- 2.4 The Council has set in the Corporate Plan 2017- 2020, an aim to make every penny count, removing bureaucracy and running our organisation really well for our customers and residents.
- 2.5 The Council has faced significant cutbacks in funding over recent years and therefore it must maximise its outcomes from resources available and the services it provides.
- 2.6 The Council's Commercial Strategy 2017 - 2020 highlights procurement as a key activity in assisting the Council to maximise its commercial performance.
- 2.7 In respect of 2.3 and 2.4, it was considered the CPRs needed reviewing to ensure a more commercial / innovative approach to procurement with a view to increasing value for money for the Council.
- 2.8 A working group of officers from Strategic Procurement, Legal and Internal Audit was formed to review the existing procedural rules. A copy of the remit of the group is included at Appendix A.

2.9 Following engagement with Directorates within the Council, it was concluded that the CPRs could be streamlined, to enable a more efficient way of procuring low value goods, and services.

3.0 RECOMMENDATIONS

The last revision made to CPRs was in 2015 to reflect the changes imposed by the PCR. However, since 2015 there have been the following changes in the procurement environment within the Council that need to be reflected:

- The introduction of a new Strategic Procurement Team
- Change in the structure of the Council
- The implementation of the Commercial Strategy

The working group have identified recommendations in the following key areas summarised below based on the findings detailed in section four.

Key Recommendations:

3.1 Procurement Thresholds

The working group has recommended the following new procurement thresholds:

- £0 to £10,000 – one quotation and value for money - Low Value Procurement
- £10,000 to £70,000 - A minimum of three quotations must be sought via YORTender (including the requirement to include 2 local suppliers where possible) – Medium Value Procurement
- £70,000 to £181,302 (present OJEU threshold for goods and services) must be sought via YORTender – High Value Procurement.

In Section four of the report, there is an analysis of all low and medium value procurement (quotation process) performed in 2016/17 and 2017/18 which demonstrates the effect of the threshold changes.

Increasing the lower threshold for procurement activity will enable more low value orders / contracts to be established with local SME's, boosting the local economy. It will reduce the administrative burden to undertake low value orders / procurement, while still maintaining the need to demonstrate value for money. In addition, promoting leaders at every level and ensuring a simplified route to market for low level spend.

Reducing the high value threshold from £100,000 to £70,000 and bringing more procurement into the scope of the Strategic Procurement Team will further utilise the expertise and skills of the team to deliver better outcomes, and value for money for the Council. In addition, this will allow increased opportunity for innovative procurement, rather than a simple three quotation process.

There are employee and financial implications with regards to this recommendation which are highlighted in Section 6 of the report.

3.2 Format of Contract Procedure Rules (CPRs)

The format of the CPRs has been changed to ensure it follows the sequential steps of the procurement process and in the same style as the guidance on the Strategic Procurement intranet site. This has been completed so that the document is more engaging to users with a view to increasing compliance with the requirements of CPRs and PCRs.

3.3 **Waiver to Competition (new waiver form)**

Appendix B illustrates the proposed new waiver form.

The new form has been designed with a view to simplifying completion by officers. The form requires the completion of mandatory fields before it can be progressed. This will include all the relevant information required to justify the exemption from competition and for authorised signatories to review and evaluate to inform their approval decision.

The new waiver form will request a copy of the specification and the contract Terms and Conditions to be submitted with the waiver.

Details of the waiver process to be followed can be found in the Strategic Procurement Intranet Site detailed in the Waiver Guidance Section.

3.4 **Waiver to Competition (signatures)**

The requirement for signatures has been simplified to two thresholds with clear approval flow / order for both the upper and lower threshold for the waiver process.

The following details the recommended approvals required for a waiver at the set values and the order that the signatures must be obtained:-

£10,000 - £70,000

- The relevant Executive Director
- Above £70,000 signatures of;
- The Head of Strategic Procurement
 - The relevant Executive Director
 - The Section 151 Officer
 - The Executive Director – Core Services

3.5 **Waiver to Competition (Changes to Available Reasons)**

The current nine reasons stated within the existing CPRs for a waiver have been revised and condensed to four that are more relevant and clear for the user.

The four new categories are:

1. No available competition
2. Urgent requirement
3. Variation to contract
4. Strategic or tactical

An analysis of existing waivers was undertaken to ensure the above categories were relevant / fit for purpose. This exercise was undertaken by the CPR working group on waivers approved in 2017/18 and all those reviewed could be easily classified to one of the new categories.

3.6 **Contract Management**

The revised rules strengthen the requirements in relation to contract management.

3.7 **The Strategic Procurement Team**

The revised rules now refer to the role of the Strategic Procurement Team.

Since the introduction of the team in 2016, all procurements above £100,000 have been performed by this team. The new proposal is for the Strategic Procurement Team to perform all procurements above £70,000 to further benefit the Council from

utilising the knowledge and skills within the team. This will relieve the need for advice to be sought by non-procurement professionals and for Business Units to focus on their core function. This will delete the need in the present rules for legal approval for non-procurement professionals to perform complex procurement routes for high value contracts.

3.8 **Light Touch Services**

The CPRs have previously required any procurement of light touch services to be formed in accordance with the open and restricted processes due to the Council having a devolved procurement function without necessary procurement skills in the directorates to undertake innovative procurement. Light touch services are highlighted in Schedule 3 of the PCR and cover such services as social care.

The revised CPRs now reflect the PCR which allow light touch procurements to follow a procurement route providing it complies / ensures the following:

- Transparency
- Fairness
- Equality

Additional Recommendations:

3.9 **Tender Opening**

The YORtender system has safeguards where returned tenders and/or the names of tenderers who have submitted a tender are not visible until after the deadline. The submissions will only become visible when a verifier opens the tender, which the revised rules will require to be independent to the procurement process.

The system also prevents late tender submissions from suppliers so only on time tenders can be submitted. As a result there is no need for the consideration of whether to accept a late tender.

The system records all the information required by the tender opening form e.g. time tender submitted.

Due to the safeguards in the YORtender system as outlined above, it has been concluded that the need for a tender opening form is not required.

3.10 **Dynamic Purchasing System (DPS)**

Since the last update, the Council's Strategic Procurement Team has performed innovative procurements which were not covered in the present rules.

Dynamic Purchasing Systems are procurements covering a service where packages of services will be required at various times in a particular period. Additionally, providers can apply at any time during the contract period to be on a list of available providers. When a package of services is required then it can be tendered at that time and all providers on the list can tender along with new providers.

The Council's apprentice programme has been performed on a Dynamic Purchasing in partnership with Berneslai Homes.

The Strategic Procurement Team is proposing to establish more DPS agreements within the Council.

3.11 **Estimated Values Exceed Thresholds Limits / Procurements Exceed Budget**

The revised regulations will require procurers, where they have an estimated contract value close to the tender / OJEU threshold (£70,000 - £181,302), to adopt the procurement process of the higher value range. This will ensure that estimated values are calculated with regards to the service requirement rather than to a particular procurement process.

The revised rules also place a requirement that no contract award should be made where a tender received is above the budget / Estimated Contract Value (ECV) without the appropriate financial approval for the extra cost and proof that the estimated value did not mislead the market.

3.12 Gateway Approach

A Gateway Approach is where the procurement process is split into key stages and all relevant parties sign their agreement to each part of the procurement process.

The revised CPRs have changed the limit where a Gateway Approach is needed from £250,000 to £70,000 in line with the revised thresholds and present practice where the Procurement Event Approval Document is utilised by the Strategic Procurement Team.

3.13 Restructure of the CPRs in Line With Other Relevant Guidance

The revised CPRs strengthen the connection between the different Governance rules of the Council, which procurement interlinks with.

It is proposed that the CPRs will use electronic links to the Financial Regulations, other policies, and other guidance held elsewhere.

3.14 GDPR Data Protection

Since the last revision, new Data Protection laws have been introduced which place more obligations on the Council to protect data it holds and these responsibilities need to be forwarded on to suppliers.

Reference to the new Data Protection Regulations with regards contracts has therefore being included.

3.15 Record Retention/Retention Policy

The revised CPRs now cross refer to the Council's record retention policies and associated retention schedules with links included for ease of access / reference.

3.16 Grant Funding

Reference to compliance with conditions of any funding arrangements have been strengthened due to the potential pay back of funding for instances of non-compliance.

This is to ensure that procuring officers of the Councils are aware of the risks of potential pay back of funding for non-compliance with procurement stipulations contained within grant agreements.

3.17 Financial Regulations

The revised CPRs have been aligned to the requirements of the Council's Financial Regulations.

3.18 Review of Structures and Job Titles

The revised CPRs have been updated with current structures and job titles which have changed since the last CPR revision in 2015.

3.19 IT Purchases

The revised rules will stipulate all IT procurement must involve the IT Contracts and Commissioning Team to ensure standardisation and value for money in IT facilities across the Council.

This requirement aligns with the requirement set out in the Financial Regulations.

4.0 PRESENT POSITION

This section details the current position in reference to the recommendations being proposed in section three.

4.1 Thresholds/ Procurement Processes

The current procurement thresholds are:

- Up to £2500 – value for money.
- £2500 - £100,000 - a minimum of three quotations.
- £100,000 - £181,302 - a tender process without a shortlisting stage.
- Above OJEU thresholds – an OJEU compliant tender must be conducted.

The working group undertook analysis to understand the impact of any proposed changes to the procurement thresholds in the following areas:-

The number of quotations in the range £2500 to £10,000 and the total number between £10,000 and £100,000 for the period 2016/17 and 2017/18:

17/18 Request for Quote (RFQ) - Analysis

352 RFQs completed within the year

Total value of £6,035,158

Value Range	All events	Excluding DFG* and DPSs**
£2,500 - £5,000	138 (£539,625)	17 (£69,125)
£5,001 - £10,000	87 (£772,275)	67 (£610,407)
£10,001 - £50,000	100 (£2,824,825)	80 (£2,332,257)
£50,001 - £99,999	27 (£1,898,434)	27 (£1,898,434)
Total	352 (£6,035,158)	191 (£4,910,222)

*DFG – Disability Funding Grant

**DPS – Dynamic Purchasing System

16/17 Request for Quote (RFQ) - Analysis

381 RFQs completed within the year

Total value of £7,263,976

Value Range	All events	Excluding DFG and DPSs
£2,500 - £5,000	177 (£698,302)	22 (£94,302)
£5,001 - £10,000	57 (£496,531)	29 (£250,531)
£10,001 - £50,000	98 (£2,536,468)	88 (£2,236,468)
£50,001 - £99,999	49 (£3,532,674)	49 (£3,532,674)
Total	381 (£7,263,976)	118 (6,113,975)

Analysis from the year 17/18 demonstrates a combined value of low value procurements i.e. between £2,500 to £10,000 of £679,532 in total. This is against an overall annual expenditure with third party suppliers of £313 million per annum from 2018/19 for all spend where the transactional spend is above £500.

The Council would therefore be removing an administrative burden for low value procurements if the threshold was raised to £10,000 with limited financial implications.

4.2 **Format of Contract Procedural Rules (CPRs)**

The existing format of the CPRs makes it difficult to find the specific information they need and what they need to do to comply.

4.3 **Waiver to Competition Process**

The current position / issues relating to waivers are summarised below:

Users from across the Council stated they found the present process confusing and the waiver form difficult to complete. In addition, the circumstances justifying a waiver in the CPRs are not clear.

An analysis of 48 waivers found that vital information had been omitted as follows:

- Details of the supplier or service/goods involved
- Value of the goods /service to which the waiver applies
- Dates to which the waiver is applicable
- Did not justify why no competition is possible

Waiver Analysis

Waiver Value (£)	Count	Percentage
0	2	4
1 to 9,999	15	31
10,000 to 99,999	27	56
100,000+	4	9
Total	48	100

Findings:

- The vast bulk of waivers did contain a value with only 4% not of any stated value. The value wasn't consistently recorded in the same section of the document so was sometimes harder to find than anticipated.
- Nearly a third of waivers wouldn't have needed producing at all if we increased the lower spend threshold from £2.5k to £10k, resulting in a quicker, and less complex process.
- There were only four instances of the waiver being >£100k and therefore relating to work that would otherwise have been undertaken by the Strategic Procurement Team.
- The review has concluded a new waiver template was required to ensure that key data is included, and to increase compliance.
- Accuracy or difficulty in locating information on the waiver can cause problems for the Council in ensuring data is accurate, and increases the risk that information publicised externally via the Council's Contract Register is incorrect.

4.4 Waiver to Competition Signatures

Waivers are currently circulated in the incorrect sequence for approval and the rules presently refer to outdated job roles in the Council. This has meant there has been lack of clarity with the order in which approval should be sought. The consequence of this could have been misinformed decisions and relevant considerations have not been accounted for. The new sequence will allow for appropriate review to the rationale for a waiver from the relevant departments before final sign off ensuring compliance.

4.5 Waiver to Competition (Present Reasons for No Competition)

The existing rules state nine rules to which waivers can be sought and a number are variations of the same situation and some that would rarely be utilised. The present rules include certain practices that are no longer required due to changes in the Council's structure.

4.6 Contract Management

Existing CPRs do not cover contract management and therefore do not cater for the whole procurement cycle.

4.7 The Strategic Procurement Team and Roles

Procurement activity within the Council at the time of the last revision in 2015 was on a largely devolved basis with a small Corporate Procurement Team. The main priorities of the team was undertaking procurement events and providing advice to the rest of the Council. Directorates undertook a lot of their own procurement and requested advice and guidance from the central team where they felt it was needed. The rules reflected there was no central control unlike the present position.

4.8 Light Touch Services

The present rules were last updated to include the requirements of the PCR's which introduced the concept of Light Touch Services and specific flexible procurement

rules which covered services such as Social Care. Such services had been exempt from the European procurement rules previously.

4.9 **Tender Opening**

The current requirement is that all tenders and quotations need to be opened and recorded on a tender opening form. All procurements above £2,500 are carried out on the YORtender system where all relevant information is stored for audit purposes. The tender opening form is a handwritten form taking details from the YORtender system, and current rules require tenders above £100K to be opened by NPS Barnsley.

The information detailed on the tender opening form is:

- Tender submission time - to demonstrate it was submitted before the tender deadline
- Whether there were any discrepancies within the tender that should be noted by the evaluation team.

4.10 **Dynamic Purchasing Systems**

Since the last update, the Council's Strategic Procurement Team have performed innovative procurements which were not covered in the existing rules.

Dynamic Purchasing Systems are procurements where packages of services will be required at various times in a particular contract period, and providers can apply at any time during that period. When a package of services is required then it can be tendered at that time and all providers on the list can bid.

The present rules do not refer to dynamic purchasing systems.

4.11 **Estimated Values Close To Thresholds Limits /Tenders Exceeding Budget and/or Estimated Value.**

The present rules state strict thresholds for quotations and tenders but does not state what should happen where estimated values are very close to another threshold or state the procedures where tenders exceed the proposed budget.

4.12 **Gateway Approach**

The present rules recommended a Gateway Approach to procurement should be undertaken for procurements above £250,000.

4.13 **Restructure of the CPRs in line with guidance elsewhere**

The present rules relate to other Governance Regulations of the Council and cross relate where relevant but it is considered that the links should be strengthened.

4.14 **GDPR Data Protection**

No reference was included for Data Protection Act 2018 (The General Data Protection Regulations 2018).

4.15 **Grant Funding**

Reference is made in the present regulations that Procurers should comply with the conditions on which grant funding is given but not the consequences of failing to do so.

4.16 **Job Titles and Structure References**

The present CPRs reflect job titles and structures in place at the time of the last revision in 2015 e.g. the roles of the lead Finance and Legal Officers responsible for signing waivers

5 PROPOSAL AND JUSTIFICATION

5.1 It is proposed that the revisions to the CPRs listed in Section 3 are accepted to enable the following:-

Increase compliance:

- Due to the widened remit of the Strategic Procurement Team.
- More user friendly format of CPRs.
- New and/or enhanced content for areas previously only partially or not covered.
- More user friendly waiver form.
- Simplified reasons for a waiver.

More Commercial Emphasis to Procurement:

- Increase lower threshold to reduce administrative burden for low value procurements and encourage use of local providers for below procurement thresholds.
- Use new procurement or expand use of procurement processes e.g. Dynamic Purchasing System.
- More Council co-ordinated approach to IT procurement.
- Allow more appropriate procurement processes for Light Touch Services such as Social Care.
- Embedding contract management processes into the Council to ensure contracts deliver value for money and the outcomes they were procured for.

6. FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications associated with the recommendations of this report.

7. EMPLOYEE IMPLICATIONS

7.1 The proposal is that the Strategic Procurement Team are to undertake all procurements above £70,000, this would increase the workload of the team which would not be absorbed within the existing resources and would require the recruitment of additional resources as identified in Section 6 – Financial Implications. This change would free up officer time within services allowing more time to deliver the core requirements of their job roles.

7.2 Officers across the Council will need to be aware of the revised CPRs and the new procedures that will arise from them. Training and awareness sessions will be offered to ensure a good understanding and compliance across the Council.

8. COMMUNICATION IMPLICATIONS

- 8.1 The outcome of the review and the improvements made as a result of this will be communicated to staff, partners and stakeholders.

9. EXTERNAL IMPLICATIONS

- 9.1 The review of CPRs has not considered the implications of Brexit on procurement as the position on what will happen is not clear. There will be implications and these will be considered when announced and guidance has been given by Central Government.

10. OTHER OPTIONS CONSIDERED

- 10.1 Do nothing – this has not been considered as the existing rules do not reflect present practices and would limit the scope of the Strategic Procurement Team to be more commercial focused and does not align to the Corporate Plan and Future Council outcomes.

11. APPENDICES

- [Appendix A Terms of Reference](#) – CPR Working Group.
[Appendix B New Waiver Form](#)

12. BACKGROUND PAPERS

- Commercial Strategy.

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BARNSELY METROPOLITAN BOROUGH COUNCIL

CONTRACT PROCEDURE RULES

2019 Revision

February 2019

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DEFINITIONS

Accountable Body:	means where the Council is the lead body for another public body.
Approved List:	means a list of suppliers of works, goods or services that have been vetted on behalf of the Council and placed upon an approved list(s).
Barnsley Norse:	means Barnsley Norse Limited.
Category Manager:	means the officer designated as Category Manager for a key area of spend.
Constitution:	means the Council's constitution particularly 'Terms of Reference of the Full Council, Regulatory Boards and Committees and functions delegated to Officers', 'Responsibility for Executive Functions Officer Delegations' and 'Part 2 the Cabinet'.
Contracts Finder	means the web-based procurement portal provided by or on behalf of the Cabinet Office.
DPS	means Dynamic Purchasing System (DPS) is a framework agreement where new suppliers can join at any time and it is to be run as a completely electronic process.
EU Treaties	means the Treaty on European Union and the Treaty on the Functioning of the European Union.
Executive Director:	means any member of the Council's Senior Management Team or the authorised representatives of any of those officers.
Framework Agreement:	means an agreement with a supplier or suppliers to establish terms governing contracts that may be awarded during the lifetime of the Framework Agreement. Current Framework Agreements are listed on the Strategic Procurement Intranet Site.

Gateway Approach	means a process where a procurement project has check off stages which require approval to ensure a procurement project is progressing correctly.
General Data Protection Regulations 2018 (GDPR)	The General Data Protection Regulation 2018 are regulations which govern the rules on data protect and privacy for data on individuals should be managed
Letter of Intent:	means typically a letter from an employer to a contractor (or from a main contractor to a sub-contractor) indicating the Employer's intention to enter into a formal written contract for works described in the letter and asking the contractor to begin those works before the formal contract is executed. While a letter of intent may come in many forms, it is essentially a communication expressing an intention to enter into a contract at a future date.
Light Touch Services:	means the social and other specific services listed in schedule 3 to the Regulations.
Member:	means a Member of the Council also known as 'Councillor'.
NPS Barnsley:	means NPS Barnsley Limited.
OJEU:	means the Official Journal of the European Union.
Procurement Team:	means the Head of Strategic Procurement or person nominated by them.
Records Retention Policy:	means the Council's Record Retention Policy located on the intranet within the Records Management Section (Retention Guidelines).
Regulations:	means the Public Contracts Regulations 2015,
Rule(s):	means these Contract Procedure Rules.
Small, Medium Enterprise (SME)	means a company with a limited number of employees and turnover.

Social Value	means the requirement to consider social, economic and environmental benefits through procurement.
Voluntary Sector Organisation (VSO)	means not for profit organisation that has social objectives as it purpose for existence.
YORtender:	means the Council's electronic procurement system.

1. Introduction

- 1.1 These Contract Procedure Rules set out the procedures to be followed in relation to contracts, whatever the method of payment, such as for the purchase and sale of goods, works and services, entered into by or on behalf of the Council. This would include maintained schools and circumstances when the Council is the Accountable Body. They aim to ensure a system of openness, fairness, and transparency and facilitate the Council achieving value for money.
- 1.2 These Rules should be read and acted upon in conjunction with the Council's Constitution and [Financial Regulations](#), the Scheme for Financing Schools, the [Codes of Conduct](#) for Officers and Members, the Council's Commercial Strategy and the [guidance](#) available on the Strategic Procurement Intranet Site.
- 1.3 All Council procurements and contracts must comply with UK legislation, EU procurement rules and the General Data Protection Regulation 2018 and, in respect of any EU Legislation with direct effect in the United Kingdom prior to 29 March 2019, any consolidation or restatement of the same into UK law as a result of the United Kingdom exiting the European Union, these Rules and the other matters referred to in Rule 1.2 above. Additionally where the Council is utilising grant funding, the terms and conditions of grant must be examined closely and complied with. It should be noted that agreements with other public bodies and with Council-owned companies may also be subject to these regulations, and advice should be sought from the Strategic Procurement Team and the Service Director, Legal Services.
- 1.4 These Rules do not apply to:
 - (a) contracts of employment which makes an individual a direct employee of the Council. (These Rules do apply to contracts for recruitment agency services and the employment of consultants or agency staff).
 - (b) agreements regarding the acquisition, disposal or transfer of land for which provision is made within the Local Government Act 1972 and in relation to which Financial Regulations apply. (unless the use of land is for development purposes)
- 1.5 All values stated in these Rules are exclusive of VAT and are aggregated values of the total value of a specific good, service or works procured by the Council.

Total values shall not be disaggregated specifically to avoid competition or a specific type of competition.

- 1.6 All Executive Directors are responsible for ensuring officers within their directorate comply with these Rules.
- 1.7 Any failure to comply with these Rules may result in disciplinary action against the officer(s) concerned. Officers and Members must exercise the highest standards of conduct, integrity and impartiality when involved in the procurement, evaluation, award and management of contracts. The Council's Anti-Fraud, Corruption Policy and [Code of Conduct](#) must be complied with.
- 1.8 Any difference of opinion regarding the meaning of these Rules shall be resolved by the Executive Director, Core Services.
- 1.9 Proper and accurate records must be kept of all aspects of the procurement process, including: steps taken, selection and evaluation of bidders, decisions made and approvals obtained etc. All documentation must be retained in accordance with the Council's [Records Retention Policy](#). Records wherever practicable should be in electronic form and in PDF format and uploaded to the project on YORTender.
- 1.10 These Rules shall be reviewed annually by the Executive Director, Core Services in consultation with the Council's Strategic Procurement Team and other key officers.

PRE-PROCUREMENT REQUIREMENTS

2. External Grant Funded Procurements

- 2.1 The purchase of goods, works and services in grant funded projects are subject to rigorous audits to confirm that processes complied with Public Procurement Law and the conditions of the grant in which the funding was given. Examples of grant funding are the European Structural and Investment Fund (ESIF) which includes European Regional Development Fund (ERDF) and the European Social Fund (ESF) in England, Joint European Support for Sustainable Investment in City Areas (JESSICA).
- 2.2 Failures by grant recipients to comply with Public Procurement Law and the conditions of the grant funding can lead to the claw back of funding. Depending upon the characteristics of the breach, this could be up to 100% of the grant.
- 2.3 There are separate penalties for breaches of the Public Procurement Law.

- 2.4 Where funding is sought to fund a procurement project no part of Barnsley Council should apply for the funding unless it has been fully considered and planned how it will be able to demonstrate compliance with Public Procurement Law, and the terms and conditions of the funding.
- 2.5 Information on procurement rules for ESIF funded projects is given at: <https://www.gov.uk/government/publications/european-structural-and-investment-funds-procurement-documents>

3. Existing Arrangements

- 3.1 Before commencing any procurement process the following must be considered.

(a) In-house Providers

Subject to the exceptions in relation to procurement by Area Councils (see Rule 4), before commencing any proposed procurement process the relevant Executive Director must consider the need to consult any other Executive Director (or in the case of their own directorate the appropriate Service Director) who may be able to provide the works, services, or goods required.

- (i) to determine whether the works, services or goods can be provided in-house. If so, the relevant Executive Director may decide, subject to value for money considerations, not to seek competition but to arrange for the works, services or goods to be provided in-house. The relevant Executive Director(s) will record their decision; or
- (ii) where (i) above does not apply, to determine whether the Executive Director/Service Director would like to submit an in-house bid and if so, then they shall be included in the list of contractors invited to quote/tender under these Rules.
- (iii) For property related services provided by NPS Barnsley and facilities management contract services provided by Barnsley Norse, included in the respective Service Agreements with NPS Barnsley, the Council should offer the work to NPS Barnsley or Barnsley Norse, unless this is inappropriate considering the provisions of those Service Agreements. The Council's Strategic

Procurement Team should be contacted with any queries officers may have in relation to this.

- (iv) Where Rule 3.1 (a)(iii) does not apply, for the purposes of Rule 3.1 (a) (i) and (ii), the Managing Director of NPS Barnsley shall be regarded as an Executive Director of the Council who may be able to provide works and services for another Executive Director of the Council and may submit an in-house bid.
- (v) If the Executive Director referred to in 3.1 (a) decides to proceed in accordance with Rule 3.1 (c) or is otherwise invited to tender, the Executive Director of the in-house service may obtain quotations/tenders in respect of supplies of goods, equipment, services or elements of the works that it is proposed are ordered or sub-contracted from a supplier/sub-contractor to enable a quotation/tender to be prepared. The procedures to be adopted for selection of a supplier/sub-contractor shall be those set out in these Rules subject to the provisions of this Rule 3.1. All other Rules shall apply where applicable.
- (vi) Every such invitation to a supplier/sub-contractor shall include a statement to the effect that:

The quotation/tender is to be used only for the purpose of compiling a tender or quotation for goods, services or works which the Executive Director intends to submit.

There is no obligation on the part of the Council to order any supplies, services or work from the supplier/sub-contractor or any other supplier/sub-contractor.
- (vii) All such bids will be treated as confidential and will not be used other than for the purposes for which they are sought.
- (viii) A list of in-house services is available on the [Strategic Procurement Intranet Site](#).

(b) Corporate Contracts

Where a corporate or framework contract is in place with a supplier, this should be utilised rather than sourcing alternative providers.

(c) Collaborative Procurement Arrangements

(i) Consideration should be given to whether any existing collaborative arrangements would be appropriate. Collaborative procurement arrangements include procurement arrangements with another local authority, government department, or frameworks available through a public service purchasing consortium.

(ii) Due diligence needs to be carried out to ensure the legal requirements have been met and it is appropriate and suitable for the Council to make use of any such arrangement. Legal Services and the Strategic Procurement Team should be contacted for advice in connection with this process.

3.2 The rules below set out what should be considered before undertaking any procurement activity. Prior to undertaking procurement activity officers must ensure that:

(a) they take all necessary legal, financial (including insurance) and other professional advice (for example procurement, health and safety and risk management). Officers should have regard to current Council policies, procedures and standard documentation available on the Strategic Procurement Intranet Site.

(b) [a contract value](#) is calculated (irrespective of the method of payment) in accordance with EU procurement rules (irrespective of whether they apply) as explained in guidance found on the Strategic Procurement Intranet Site. This will include, amongst other things, the whole life costs for the full duration of the contract and any optional period of extension and any maintenance or continuing costs. Contracts should not be artificially divided into two or more separate contracts in an attempt to avoid these Rules or the EU procurement rules.

(c) Officers must ensure that they have obtained the necessary approval(s) to authorise the expenditure, procurement or sale of

goods, works or services in accordance with the Council's constitution. (The approval of an Executive Director, or Cabinet Spokesperson, or Cabinet, or Council whichever is required in accordance with the Council's Constitution). In addition, a business case must be prepared and approved by the relevant officer(s) for all procurement above £10K.

- (d) the Council's requirements are clearly documented. In the form of a specification or an explanation of the detailed outcomes that need to be met to achieve the Council's requirements, as the circumstances dictate. This is an important exercise since this document will form the basis of any contract.
- (e) every effort is made to make the best of the Council's buying power by aggregating purchases whenever possible. Although consideration should be given in all cases to whether it is appropriate to divide the Council's requirements into smaller lots where there is an economic or social value to the council resulting from the lotting.
- (f) they are satisfied that key stakeholders including Members, have been identified and consulted.
- (g) any risks associated with the procurement/contract are identified, assessed and recorded together with the actions required to manage and maintain them at an acceptable level as part of the procurement.
- (h) In relation to contracts over £70k a Procurement Event Approval Document (PEAD) process advised by the Strategic Procurement Team, shall be used as a gateway approach.
- (i) the course of action taken will represent Value for Money for the Council and consideration given where applicable to the requirements of the Public Services (Social Value) Act 2012.
- (j) with the exception of procurement by Area Councils (see Rule 4) existing arrangements are considered and utilised where appropriate and after taking advice in accordance with 3.1 (a) above, such as in-house providers, corporate contracts, existing collaborative procurement arrangements and Approved Lists.
- (k) an initial equality impact assessment is carried out to ascertain whether a detailed Equality Impact Assessment (EIA) is required to inform the procurement process and subsequent contract

management phase. The EIA toolkit can be found on the Strategic Procurement Intranet Site.

- (l) taking all necessary advice, the procurement is properly categorised for the purpose of the Regulations, including whether as works, supplies or services, and that any Light Touch Services are correctly identified.
- (m) Before quotations/tenders are invited, the award criteria must be recorded in writing, including the basis for assessing price or cost, any quality criteria and all weightings. The criteria, sub-criteria and weightings should be made available to bidders as early as practicable in the procurement process and not later than the invitation to tender/quotation stage. Sub-criteria and weightings cannot be used which have not previously been brought to a bidder's attention. More information is available on the Strategic Procurement Intranet Site.

The Procurement Event Approval Document (stage three-Procurement Strategy) must include the following for all procurements above £70k:

- The Price / Quality split
- The reasons for the Price / Quality split

4. Procurement by Area Councils

- 4.1 The objective of procurement from the Area Councils' commissioning budget is to meet area priorities through contracting with local businesses and voluntary organisations in order to support market development and growth in that sector. Any activity will seek to maximise social value and local content.
- 4.2 Accordingly, Rule 3.1 will not generally apply in the case of procurement from the Area Councils' commissioning budget. However, the Service Director for Stronger, Safer and Healthier Communities shall liaise with Service Directors across the Council at the appropriate time in the commissioning cycle to discuss the commissioning intentions of Area Councils and areas of potential tension and opportunity.
- 4.3 Where the estimated value of the contract is less than £70,000 and there are sufficient and capable organisations with a presence in the local economy, only those organisations will be invited to tender. In exceptional cases only, where there are no such organisations, the

Service Director for Stronger, Safer and Healthier Communities may, at their discretion, invite the relevant in-house service to tender, subject to maximising the local contribution to the supply chain.

- 4.4 Where the estimated value of the contract is £70,000 or more, but not in excess of the relevant EU threshold defined in Rule 8.9, the Service Director for Stronger, Safer and Healthier Communities will invite the relevant in-house service to tender only if there are insufficient local business and voluntary organisations in the local economy. Otherwise, the in-house service will not tender.
- 4.5 Normal contract procedure rules will apply for contracts at or in excess of the relevant EU threshold

5. IT Procurement

- 5.1 The Service Director of IT must approve any new or renewal of a proposed contract for software and/or hardware.
- 5.2 In accordance with Council's Financial Regulations, all IT related procurements must have full engagement via their Business Relationship Manager when requiring new, changes to or retirement of any IT systems, software, services or hardware. The procurement and the contract management under £70K will be managed by the IT Contracts and Commissioning Team.

6. Performance of Contracts – Security

- 6.1 Executive Directors must consider any steps necessary to protect the Council's interests in the event of contractor default, having regard to advice from the Service Directors, Finance and Legal Services.
- 6.2 This consideration should be based on risk to the Council, taking account of the circumstances, including:
- (a) the value of the Contract;
 - (b) the type of Goods, Services or Works being procured;
 - (c) the payment profile of the Contract;
 - (d) the financial strength of the suppliers in the market;
 - (e) affordability and proportionality;

and should assess whether additional security is required in the form of a bond, guarantee, retention, or (where performance is required by a particular date, and where delay would have financial consequences for the Council) provision for liquidated damages.

7. Nominated/Named Sub-Contractors and Suppliers

- 7.1 Where a sub-contractor or a supplier is to be nominated / named by the Council to a main contractor, quotations or tenders must be invited in accordance with these Rules.
- 7.2 The terms of any invitation for nominated/named sub-contractors or suppliers must be compatible with the main contract and must require that, if selected, the firms would be willing to enter into:
- (a) a contract with the main contractor on terms which indemnify the main contractor against the main contractor's own obligations under the main contract in relation to the work or goods or materials included in the sub-contract;
 - (b) an agreement to indemnify the Council in such terms as may be prescribed.

PROCUREMENT PROCESS

8. General Rules Relating to Procurement

- 8.1 There is guidance available on the Strategic Procurement Intranet Site in relation to all procurement procedures.

The procurement [Aide Memoire](#) is a summary of the tasks to be performed to ensure a complaint procurement.

- 8.2 For all contracts above £10,000 YORtender must be used. For any contracts £5,000 and above then a record must be published to the Contract Register.
- 8.3 Consideration should be given in all cases as to whether wider, additional advertisement is necessary to identify appropriate potential suppliers, for example, specialist/trade journals.
- 8.4 Where an additional advertisement is placed or where there is an open invitation on YORtender, an advertisement must also be placed on Contracts Finder for any contract over £25,000.
- 8.5 Where the Regulations apply (Refer to Clause 8.10), a contract notice must be published in the OJEU **BEFORE** any other notice/advertisement is published and no other notice/advertisement should contain any more information than that published in the OJEU.

- 8.6 Prior to the submission of their bids, bidders have an opportunity, if they consider necessary, to request in writing clarification regarding the Council's requirements via Yortender. Any response from the Council to bidders should also be in writing via Yortender. There are rules that must be followed to ensure fairness and transparency during these clarification phases and details can be found on the Strategic Procurement Intranet Site.

The main procurement routes for competition are detailed below:

8.7 Contracts up to and including £10,000

For contracts valued up to and including £10,000 an Executive Director shall proceed in a manner which ensures value for money and the efficient management of the service. Where possible this process shall prioritise the placing of orders with local businesses.

8.8 Contracts between £10,001 and up to and including £70,000

(a) For contracts above £10,000 and up to and including £70,000 the Executive Director must seek to achieve competition and for that purpose invite at least three quotations via YORtender. Where appropriate at least two of the companies invited to quote should be local businesses. In instances where only a single bid is received, then guidance should be sought from the Strategic Procurement Team.

(b) When inviting suppliers to quote, the officer responsible should ensure they rotate between suppliers where the market permits and allows to ensure a fair, open and transparent process is applied.

8.9 Contracts between £70,001 and up to the OJEU thresholds for goods and services

(a) All procurement above £70,000 in total contract value must be undertaken by the Strategic Procurement Team.

(b) For procurements above £70,000 to the EU threshold for goods and services, an open tender procedure must be followed. This is a one stage procurement advertised openly without a shortlisting stage. Service-specific questions are permitted but must be relevant to the subject matter of the procurement and proportionate.

- (c) Using an open procedure the contract is advertised and suppliers invited to submit a tender by a certain date (being not less than 14 calendar days from the date of the notice). In respect of procurement by Area Councils, this should be no less than 28 days to give adequate opportunity for SMEs and VCS organisations to tender.

8.10 **Contracts above OJEU threshold**

- (a) Where a contract is estimated to be equal to or exceeds the relevant threshold the Regulations shall apply:

The regulation thresholds at 1 January 2018 are:

- Supplies and Services - £ 181,302
- Works - £ 4,551,413
- Light Touch Services - £ 615,278

The thresholds change every two years and are scheduled to change again on 1 January 2020. The Strategic Procurement Intranet Site is kept up-to-date with details of the current thresholds and provides guidance on the EU procurement rules. Further help and guidance can be obtained by contacting the Strategic Procurement Team.

- (b) Publication of all OJEU notices will be performed by a member of the Strategic Procurement Team. A contract notice in the prescribed form shall be published in the OJEU in order to invite tenders or expressions of interest.
- (c) For above OJEU thresholds the following procedures can be used:

Open Procedure

Refer to Clause 8.9 (b) and (c) for requirements.

8.11 Restricted Procedure

A restricted procedure may only be used for contracts above the Regulation threshold for Goods and Services and not for any other contracts below the relevant Regulation threshold.

The requirement of an OJEU notice must be published stating the restricted process will be utilised.

Under the restricted procedure, potential suppliers are invited to apply within the period of advertising by the completion of the Standard

Selection Questionnaire (SQ). Any service-specific questions entered within Section 3 of the Standard Selection Questionnaire (or PAS 91 for work contract- section) must be relevant to the subject matter of the procurement and proportionate.

Following an assessment of the SQ at least 5 suppliers (where there are 5 or more who meet the requirements and are absent of any grounds for exclusion) should be selected to receive an invitation to tender.

In the event that the 5 suppliers selected does not include at least two suppliers that are considered local, up to two additional suppliers considered to be local may be selected to receive an invitation to tender, provided they meet the minimum threshold set by the pre-qualification requirements. Also the selection of an in-house potential supplier, who will not be required to pre-qualify, should be in addition to the minimum or maximum number of tenderers required.

If fewer than 5 suppliers have applied who met the requirement and are absent of any grounds for exclusion, all those who have applied shall receive an invitation to tender. Where, in this situation, officers are concerned there may not be adequate competition; they should obtain advice from the Strategic Procurement Team.

8.12 Light Touch Services

All light touch services are identified in Schedule 3 of the Public Contract Regulations 2015.

The procurement must adhere to the three principles of openness, fairness and transparency and be in compliance with the Regulations (Regulation 74 to 76 specifically).

Light touch services and all contract awards of such services above the OJEU threshold must be advertised in the Official Journal of the European Union.

This procedure shall only be performed by the Strategic Procurement Team

8.13 Competitive Procedure with Negotiation

The competitive procedure with negotiation process should only be used for contracts for goods, services and works above the Regulation threshold and in exceptional cases where specialist requirements justify the process below the Regulation threshold.

Using the competitive procedure with negotiation, potential suppliers are invited to express an interest in tendering, within such period as may be specified, through pre-qualification stage. Following an assessment of the expressions of interest, a minimum number of suppliers should be selected to receive an invitation to tender which should incorporate a negotiation stage. A minimum of 3 suppliers must be invited to negotiate unless fewer candidates have met the selection criteria and these are sufficient to ensure genuine competition. The invitation to tender documents should stipulate how the negotiation stage will be managed.

The procedure should shall only be performed by the Strategic Procurement Team

8.14 Competitive Dialogue/ Innovation Partnership.

Using competitive dialogue, a contracting authority enters into a dialogue with bidders about its requirements before inviting them to submit a final tender. It is used in complex projects where the contracting authority cannot be adequately specify its requirements.

The innovation partnership is a procedure designed to allow contracting authorities to establish a long-term partnership for the development and subsequent purchase of a new, innovative product, service or works. They are intended to be long term partnerships which allow for both the development and subsequent purchase of new and innovative products, services or works. The term "partnerships" is not used in a technical sense to mean legal partnerships as defined under UK law; rather, the term is used to indicate the partnering type approach to working together.

This procedure shall only be performed by the Strategic Procurement Team in partnership with legal services.

9. Frameworks/Dynamic Purchasing System

9.1 Where it is considered that the utilisation of an existing Framework Agreement of another public body is the most appropriate means to meet the Council's requirements, this must be discussed with the Strategic Procurement Team. The Council may need to complete an access agreement prior to utilisation of the framework.

Where such relevant Framework Agreements contain a number of different contractors able to provide goods/services a mini competition

between all contractors or a direct call off (where permissible) should be undertaken.

9.2 Framework Agreements / Dynamic Purchasing Systems shall be procured in accordance with these Rules and the Regulations and where the relevant EU thresholds apply. Procedures described by the Regulations shall apply to all aspects of the procurement and operation of the Framework Agreement / Dynamic Purchasing System including:-

- the procurement methodology;
- any orders placed under the Framework Agreement;/Dynamic purchasing system.
- re-opening of competition or call off competition between all contractors/suppliers on the Framework/Dynamic Purchasing System.
- the duration of a Framework / Agreement (which shall not normally exceed 4 years) / or the Dynamic Purchasing System (As the period stated in the tender documents).

9.3 All call offs / mini competitions from framework agreements must be performed on Yortender.

10. Exceptions to Requirements of Competition (where the Regulations do not apply)

10.1 Where the Regulations apply they must be complied with. Further advice and guidance can be sought on the [Strategic Procurement Intranet Site](#).

10.2 For contracts above £10,000 and up to and including £70,000 in exceptional circumstances and considering all the information available an Executive or Service Director may decide that it is justified to invite less than three quotations in a particular instance or type of transaction.

The relevant Executive or Service Director shall ensure the goods/services and/ or works to be procured subject to the waiver to competition have a fully detailed specification and the Council terms and conditions agreed with the supplier.

The relevant Executive Director must explain their reasons for this by completing the [Waiver to Competition Form](#) ensuring the form is signed, an electronic version saved (PDF format and a copy sent to the Strategic Procurement Team for a waiver reference number) and uploaded onto the project file on YORtender.

- 10.3 For contracts above £70,000 (not covered by Rule 10.1 above) Rules 8.8 to 8.14 shall not apply where in accordance with the procedure set out in Rule 10.6 (a), (b), (c) and (d) below the relevant Executive Director has obtained the approval of the Strategic Head of Procurement and Service Directors of both Legal and Financial Services (S151 Officer) to waive Rule 8.8 to 8.14 allow an exception to the requirement of competition.
- 10.4 The relevant Executive Director shall prepare a waiver report in the form set out in the Waiver to Competition Form explaining the proposed course of action and the reasons why a waiver to Rule 8.8 to 8.14 is required (see Rule 10.6 below).

The report must be submitted to in the following order:

- Head of Strategic Procurement
- Head of Legal Services
- Finance Business Unit (S151 Officer)
- Executive Director of the relevant directorate

Approval and/or comments shall be provided in the format set out in the Waiver to Competition Form. The relevant Executive Director must ensure an electronic version of the report and approval is saved (PDF format) and uploaded into the project file on YORtender.

- 10.5 The procedure set out in Rule 10.4 above is in addition to any other approval that is required, for example to incur the expenditure for the duration of the contract, in accordance with the Council's Constitution.
- 10.6 The reasons why a waiver to the Rules regarding the requirements for competition is justified, may include the circumstances below, provided that such an approach is consistent with the Council's duty to obtain value for money and its commercial strategy and policies.

(a) No Available Competition

The relevant Executive Director must state the reason for the waiver is due to no available competition.

This can occur in a limited number of circumstances as in the following:-

1. The purchase of proprietary or patented goods or materials only from one firm, and where no equivalent or no reasonably satisfactory alternative is available;

2. The execution of works or supply of services of a specialised nature which can only be carried out by only one firm and where no equivalent or no reasonably satisfactory alternative is available;
3. The purchase of a named product required to be compatible with an existing installation for which no equivalent or no reasonably satisfactory alternative is available;
4. The appointment of a developer to exercise functions of the Council under Section 278 of the Highways Act 1980;
5. The instruction of, advice from, or service provided by Counsel.

(b) Variation

The relevant Executive Director can order additional works under a waiver in the following circumstance:

Additional works, services or supplies are required to the original contracts that are within the original scope, provided the overall value is not greater than 50% of the original contract.

(c) Emergency Circumstances

Where purchases for works and services are required by the appropriate Executive Director urgently, due to circumstances not foreseeable and not attributable to the Council, as not to permit compliance with the requirements of competition.

(d) Strategic/Tactical Procurement

Where the Head of Strategic Procurement and the relevant Executive Director consider a waiver to competition for the following reasons:-

Aggregating different contracts together but an extension is required to align contract start dates.

Due to shortage of resources to enable procurement event to be properly project managed which could not have been foreseen or managed.

- 10.7 The Strategic Procurement Team shall maintain a register of all such exceptions.

10.8 In compliance with the Local Government Transparency Code, all contracts created by a waiver to competition shall be promoted to the Council's Contracts Register. In addition, all contracts awarded above £25,000 must have a contract award notice publicised on Contracts Finder.

11. Submission and Opening of Quotations and Tenders

11.1 Contracts up to and including £10,000

The appropriate Executive Director must ensure that there is a system in place which can demonstrate the fairness and transparency of the process and records are saved electronically and kept in accordance with the Council's Records Retention Policy.

11.2 Contracts above £10,000

YORtender must be used for the return / submission of quotations and tenders in accordance with the system's requirements.

11.3 The opening and release of submitted bids (after the specified deadline) must be performed on Yortender:

(a) Quotations above £10,000 and up to and including £70,000 shall be opened at the same time by two representatives of the relevant Executive Director; one representative is required to be independent of the process. Where an in-house bid is involved, the representatives releasing the quotation must not have been involved in the preparation of the in-house bid.

(b) Tenders above £70,000 shall be opened and released at the same time by a representative of the relevant Executive Director and a representative of the Strategic Procurement Team. Where in-house bids are involved, the representatives releasing the tenders on Yortender must not have been involved in the preparation of the in-house bid.

11.4 Late Quotations/Tenders

Late bids may only be accepted with the approval of the Service Director, Legal Services where the bidder has gained no advantage as a result of the late submission for reasons where, for example, there is evidence that technological reasons have prevented the submission on time, through no fault of the bidder.

EVALUATION OF QUOTATIONS/TENDERS

12. Evaluation of Quotations and Tenders

- 12.1 Evaluation of quotations/tenders must be completed in accordance with criteria and the scoring methodology set out in the quotation/ tender documents provided to suppliers to ensure the process is performed in open, fair and transparent manner.
- 12.2 Each member of the evaluation team for procurement above £70,000 must complete and sign a Declaration Form to state whether they have a vested interest in or links to, any potential supplier who has submitted a bid. It is the responsibility of the Strategic Procurement Team to manage this process by ensuring the forms are completed by all members of the evaluation team at the start of the process and recorded for audit purposes. Where there is a conflict of interest (COI) involved, the Strategic Procurement Team must consider the declared COI and manage this appropriately. If a COI is declared by a member of the evaluation panel, then this person/persons must be excluded from the evaluation panel to avoid exposing the Council to any commercial risk i.e. supplier challenge.
- 12.3 Records should be kept of the evaluation process, for example, criteria, sub-criteria, weightings, individual and consensus scoring including completed moderation forms (signed by the individuals involved in the evaluation) clarifications and reasons for decisions. Records should be saved electronically (PDF format) and stored on YORtender and in accordance with the Council's Records Retention Policy.
- 12.4 Following the receipt of bids the Council has the opportunity, if necessary, to request in writing via YORtender, clarification of any aspect of a bid and any response from bidders should also be in writing via YORtender. This should only be performed where an obvious error has been made and does not allow a bidder to add or improve their bid.
- 12.5 Where the total value of a contract is higher than the budgeted value, additional approval from the budget holder must be obtained prior to proceeding with a contract award.

Please refer to the Strategic Procurement Intranet Site for further guidance.

13. Errors in Quotations/Tenders

- 13.1 Certain contract documentation will prescribe the rules to be adopted in relation to errors in quotations/tenders. In other cases, the Council will advise bidders of the approach that will be taken.

Errors in quotations/tenders shall be dealt with in one of the following ways:

- (a) The bidder shall be given details of the error(s) found during the examination of the quotation/tender and shall be required at the sole option of the Council to confirm without amendment or withdraw the quotation/tender; or
- (b) Amending the quotation/tender to correct genuine error(s) provided that, in this case, apart from these genuine errors no other adjustment, revision or qualification is permitted.

All amendments shall be fully recorded with justification for the action taken. Where necessary, advice should be sought from the Strategic Procurement Team and/or Legal Services.

14. Abnormally Low Tenders

- 14.1 Where a tender appears abnormally low it may not be rejected without:

- giving the tenderer an opportunity to explain the tendered price (such explanation to be given in writing),
- considering the evidence provided, and
- obtaining the written approval from the Head of Strategic Procurement and the Service Directors of Legal Services and Finance Business Unit (S151 Officer).

15. Post Tender Negotiations (Negotiations after receipt of formal bids and before award of contract)

- 15.1 Where the Regulations apply they must be followed. Post tender negotiations are not allowed in OJEU procurement processes unless the competitive process with negotiation with tender procedure is used.

- 15.2 Where the Regulations do not apply and the relevant Executive Director considers that post tender negotiations are in the Council's interests and may achieve added value then post tender negotiations may exceptionally be appropriate. Post tender negotiations must only

take place where they do not distort competition or disadvantage any bidder. The process should be transparent and non-discriminatory and ensure bidders are treated equally.

- 15.3 Post tender negotiations with any tenderers must be in accordance with the following conditions:
- (a) Approved by the relevant Executive Director in consultation with the Service Director Finance Unit (S151 Officer) and the Head of Legal Services are carried out in accordance with the law;
 - (b) Conducted by a team of suitably experienced officers approved by the relevant Executive Director and trained in post tender negotiations;
 - (c) Written records of the negotiations are kept and a clear written record of the added value obtained by the post tender negotiations is incorporated into the contract with the successful tenderer.

The above requirements apply equally to procurements below £70k

16. Acceptance of Quotations/Tenders and Award

- 16.1 The Council is not bound to accept any quotation or tender and this must be made clear to bidders in writing at the beginning of the process and as appropriate throughout.
- 16.2 Quotations and tenders may be accepted on behalf of the Council by the relevant Executive Director provided they have been sought, evaluated and are to be awarded fully in compliance with these Rules and the necessary approval has been obtained.
- 16.3 In relation to all contracts, once a decision to award a contract is made, all bidders must be notified at the same time, as soon as possible, in writing via Yortender, of the intention to award the contract to the successful bidder, giving reasons for the decision. Please see the Strategic Procurement Intranet Site for guidance.
- 16.4 For all contracts tendered in accordance with the Regulations, a mandatory 10 day standstill period must be observed between the decision to award being notified to all bidders and entering into a contractually binding agreement with the successful bidder. Please see Strategic Procurement Intranet Site for guidance.

16.5 If an unsuccessful bidder challenges the decision to award the contract, if the contract has not already been awarded it shall not be awarded until the advice of the Service Director of Legal Services has been obtained.

16.6 Unsuccessful bidders may request a debrief which should be provided to them in writing. Further information is available on the Strategic Procurement Intranet Site.

17. Contracts Register and Contract Award Notices

17.1 All contracts above £5,000 must be promoted to the contract register on Yortender.

17.2 Where a contract has been tendered pursuant to the Regulations, the Council shall publish a contract award notice in OJEU no later than 30 days after the date of award of the contract and BEFORE any other award notice is publicised.

17.3 Where a contract has been awarded valued £25,000 or greater, regardless of the procedure used (including call-off from Framework Agreements), details of the award must be published on Contracts Finder, within 30 days of the award of the contract.

CONTRACT FORMALITIES

18. Contracts

18.1 Written contracts include the Council's electronic purchase orders in addition to contracts prepared and/or approved by the Council's Legal Services department. The relevant Executive Director must ensure that officers give proper consideration to the form of contract required in each case and obtain advice from the Service Director of Legal Services where necessary.

18.2 Every contract must be in writing and unless executed under the Council's seal:

- must be signed by two officers at least one of those officers shall be an Executive or Service Director where the contract value is up to and including £70,000
- must be signed by two Executive or Service Directors and at least one of those officers shall be the Service Director, Legal Services or their authorised signatory where the contract value is over £70,000

- 18.3 The relevant Executive Director must ensure that every contract in writing must set out:
- (a) the works, goods, services, materials, matters or things to be carried out or supplied;
 - (b) the price to be paid and/or the amounts and frequency or the method of calculation of contract payments with a statement of discounts or other deductions;
 - (c) the time(s) within which the contract is to be performed; and
 - (d) such other matters as the Service Director, Legal Services considers necessary.
- 18.4 Any standard terms and conditions of contract submitted by a supplier shall not be accepted without advice or review from the Executive Director, Core Services.
- 18.5 Every contract must be in writing and must be concluded (executed by all parties) prior to the commencement of any works, services or any supply. Exceptionally, and only for certain categories of procurement such as construction, a letter of intent may be utilised to enable forward planning and mobilisation activities but must be value capped and time limited. Proceeding under a letter of intent can give rise to risks and advice should always be sought from the Service Director, Legal Services before utilising a letter of intent.

CONTRACT MANAGEMENT

19. Contract Management

- 19.1 All contracts must be managed in accordance with the Council's contract management procedures.
- 19.2 The Strategic Contract Manager in the Strategic Procurement Team should be contacted in regards to any contractual management issues.

20. Variations

- 20.1 A variation must not materially affect or change the scope of the original contract. Such a variation could constitute a new award/contract. The Regulations must be followed where applicable and advice obtained from Legal Services and the Strategic Procurement Team. In other cases where a proposed variation exceeds 50% or £100,000, whichever is the lower then appropriate

advice should be sought from the Strategic Procurement Team in the first instance and Legal Services.

- 20.2 The Strategic Procurement Team should be notified of any contract variations that materially change the original scope and value of the contract.

All variations to a contract must be recorded and signed by both parties (including numbering and dated) and provided to the contractor to ensure a full audit trail is maintained.

Terms of Reference January 2018

Background

The council is required by law to have a set of rules on how it acquires goods, services and works from third parties. The rules are referred to as the contract procedural rules (CPR's).

The CPR's govern how all procurement and expenditure with third party suppliers should be conducted by the council.

The CPR's need to be reviewed from time to time to take into account changes to legislation (e.g. EU Procurement Directives), Government and Local Government Initiatives, the council's strategic priorities and general changes within the council.

The last revision to the CPR's took place was in 2015 mainly to incorporate the Public Contract Regulations 2015 but have not been reviewed since.

Objectives

The objectives of the group are to review the contract procedural rules in line with present procurement legislation and changes to council's procurement structures, strategies and corporate priorities.

The outcome of the group is to produce CPR's that will enable the council to maximise opportunities and financial benefits through its acquisition of goods and services to meet changing demands and the commercialisation of local government service.

The group will review the CPR's to ensure to ensure the document is more user friendly.

Issues

Since the last review of the CPR's in 2015 there have been a number of changes within the council and new challenges that need to be considered in the review.

Some of the specific issues to be considered are as follows:-

1. The implementation and investment in a new centralised procurement structure including the introduction of a category management approach to procurement within the council.
2. The emphasis on being more commercially minded in day to day decision making and problem solving within local government and the consideration of alternate procurement procedures.
3. The threshold limits to apply for the various procurement procedures
4. The waiver process and template
5. Consideration of new policies within Barnsley MBC e.g. area council procurement
6. Consideration of light touch services

7. More alignment with governance requirements of the council and updating of other legislative requirements.
8. Market shaping and consultation with the market and collaboration with other local authorities where appropriate.
9. More robust and disciplined approach to commercial contract and supplier management.

Membership of the Group

The following members have been allocated to the group representing the three main services which CPR's are critical to the day to day operations.

The members are, as follows:

Member	Service
Chris Arnold	Strategic Procurement
Glyn Stephenson	Strategic Procurement
James Farrimond	Strategic Procurement
Dave White	Internal Audit
Lawrence Gould	Legal Services

The group may need to call on others members of the council to assist in the review of the rules where additional expertise is needed.

Reporting Mechanisms

During the review, the Head of Strategic Procurement will update the Strategic Commissioning and Procurement Group of the works and considerations of the CPR Group.

Once the group has finalised the review, the group will all sign off their agreement to the new revised Contract Procedural Rules.

If the revisions made are of a procedural nature then the Director of Core Services will need to agree the changes and sign them off.

If the changes to the CPR's are of a fundamental nature then sign off by the Senior Management Team and Audit Committee would be needed in this case.

Future Group Meetings

Meetings will take place every 4 weeks commencing in January 2018, decreasing / increasing occurrence as and when required, dependant on key activities.

Additional attendees will be invited for specific specialised agenda items such as Finance, Governance, etc.

Timeline of the CPR Group

The review of the CPR is expected to be completed by the 31st March 2019 with the new CPR's signed in accordance with the Governance arrangements of the council. All of those involved in procurement activity within the council will be made aware of the new CPR's and the revisions made.

Contract Procedural Rules Review Group



BARNLSLEY
Metropolitan Borough Council

Terms of Reference Signature Page

Member	Service	Signature	Date (DD/MM/YY)
Chris Arnold	Strategic Procurement		
Glyn Stephenson	Strategic Procurement		
James Farrimond	Strategic Procurement		
Dave White	Internal Audit		
Lawrence Gould	Legal Services		

Date:	
Reference:	
Requestor:	
Email:	
Telephone:	
Report of:	
Title:	
Section 1: Good / Service / Works to be procured:	
Provider name:	
Vendor Number:	
Total waiver value:	
Contracted dates:	
Waiver Type	<input type="checkbox"/> New Waiver <input type="checkbox"/> Repeat Waiver
Details of previous values:	
Spend to date:	
Date of last competitive tender / waiver:	
Section 2: Exemption under contract procedure rules:	
Reason why competition is not possible:	
Section 3: Specification:	
Terms and Conditions:	
Section 4: Recommendation:	

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Item 8

Report of the Head of Internal Audit and Corporate Anti-Fraud

AUDIT COMMITTEE – 20th March 2019

INTERNAL AUDIT CHARTER 2018 - 2020 – Review

1. Purpose of Report

- 1.1 This brief covering report highlights the minor changes in the Internal Audit Charter 2018 – 2020 and serves as a reminder to the Committee of the key aspects of the internal audit function. Such a Charter is required by the Public Sector Internal Audit Standards.
- 1.2 The Charter, prepared by the Head of Internal Audit (HoIA) and complemented by regular reports and an annual report, are intended to give the Audit Committee assurances regarding how the Internal Audit function is resourced, managed, organised and delivers its responsibilities.

2. Recommendation

- 2.1 **It is recommended that the Audit Committee consider the Internal Audit Charter, as reviewed and amended, be satisfied that it adequately represents and describes the function, and will consequently provide assurances to the Committee regarding the effectiveness of the function.**

3. Introduction / Background

- 3.1 The Audit Committee periodically considers the Charter as required by the Public Sector Internal Audit Standards (PSIAS).
- 3.2 This latest review has ensured that the Charter reflects the current working arrangements of the function but also the aspirations and developments necessary to ensure continuous improvement. The Charter will be made available to all employees through the Service's Intranet site.
- 3.3 The document reflects the changes arising from a change in the client base and the new structure of the Service following a fundamental review through the Council's Future Council programme. The amendments are **highlighted** in the Charter.
- 3.4 The Internal Audit Team provides services to Barnsley MBC, Berneslai Homes, the South Yorkshire Police Crime Commissioner, South Yorkshire Police Chief Constable, South Yorkshire Fire and Rescue Authority, South Yorkshire Pensions Authority and Northern College. Internal Audit coverage is now a 60:40 split between the Council and non-Council clients. From April 2019, the Internal Audit Team will no longer serve the Sheffield City Region Mayoral Combined Authority and South Yorkshire Passenger Transport Executive.

3.5 The key aspects of the Charter are to ensure clarity and understanding about what Internal Audit is, what it is intended to do and its position in the organisation and to reinforce the objective of the Internal Audit Service as a valuable asset to the each client by supporting senior management in meeting their responsibilities and the delivery of corporate objectives.

4. Local Area Implications

4.1 There are no Local Area Implications arising from this report.

5. Consultations

5.1 No specific consultations have been necessary in the preparation of this Charter. However, all client organisations are consulted throughout the year on all aspects of the delivery and planning of Internal Audit work.

6. Compatibility with European Convention on Human Rights

6.1 In the conduct of investigations, Internal Audit operates under the provisions of the Data Protection Act 1998, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

7. Reduction of Crime and Disorder

7.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations are considered to ensure improvements in overall controls. Additionally, Internal Audit ensures that, in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

8. Risk Management Considerations

8.1 Whilst there are no specific risks emanating as a result of this report there are a range of risk issues worthy of consideration and note.

8.2 During the year, the Division reviews its operational risk register to ensure all risks to the delivery of the function's objectives are identified and can therefore be managed. This risk register is the subject of regular review in accordance with the corporate process.

8.3 The Audit Committee will also consider a detailed report on the audit plan including the basis of the plan and the utilisation of risk information. This is a critical aspect of the audit function and seeks to ensure audit resources are targeted at the areas of the Council's business where the most significant risks have been identified.

8.4 There is a risk to the Authority as a whole should the Internal Audit function not be effective. This would undermine the internal control, risk and governance arrangements of the Authority and fail to provide the Audit Committee with sufficient independent information upon which to base their assurance views.

The provision of detailed quarterly reports during the year, plus the annual report and the Charter should act as mitigation in ensuring the Audit Committee is in a position to constantly keep the audit function under review.

- 8.5 There is a risk to the control and governance of the Authority if management fail to implement the agreed actions. In mitigation Internal Audit has introduced a more rigorous 'follow-up' process to ensure the most significant issues are implemented. This is reported to the Audit Committee within the quarterly and annual reports.

9. Employee Implications

- 9.1 There are no employee implications arising from this report.

10. Financial Implications

- 10.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function and the income received from the external clients is included within the Authority's base budget.

11. Appendices

- 11.1 Appendix A – Internal Audit Charter 2018-2020 (Updated February 2019)

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Background papers are available for inspection at the Barnsley MBC Westgate Plaza One office, Barnsley.

Other sources and references: Public Sector Internal Audit Standards 2017.

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BARNLSLEY
Metropolitan Borough Council

INTERNAL AUDIT SERVICES

Internal Audit Charter

2018 – 2020

Updated February 2019

1. Introduction

1.1 The Internal Audit function is a key component of an organisation's governance framework. As such, it aims to provide a quality objective and independent management support function in order to influence and contribute to the achievement of strategic objectives. An important part of this support is the development and maintenance of excellent client relationships and adopting an innovative and flexible approach to the delivery of the service. This Charter provides the framework for the management and delivery of the Internal Audit function and is applicable to all client organisations.

1.2 This Charter therefore defines the mission and core principles for Internal Audit, its authority and scope, purpose, responsibilities, position in the organisation, resources and standards, planning and reporting. This is consistent with and in compliance with the Public Sector Internal Audit Standards (PSIAS).

1.3 The PSIAS defines internal audit as:

“... an independent, objective assurance and consulting function designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

2. Mission and Core Principles

2.1 The PSIAS also provides a mission for the Internal Audit function that articulates what it aspires to accomplish within the Council and for its numerous external client organisations.

2.2 The mission for Internal Audit is:

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

2.3 A set of core principles have also been defined through the PSIAS aimed at articulating internal audit effectiveness. The function aims to demonstrate these principles in all it does and across all the various organisations it serves. The core principles **and how they are met** are :

Principle	How Discharged
Demonstrates integrity	All IA staff are obliged to adhere to the Code of Ethics within the PSIAS (see para 8.8) and confirm annually that they have read, understood and will comply.
Demonstrates competence and due professional care	IA have a performance management process of specific job supervision and management complimented by regular 1:1s and the corporate PDR process. Feedback from clients on each piece of work is also utilised for this purpose.

Principle	How Discharged
	IA staff undertake regular specific and general training and development activities. (See para 8.9)
Is objective, free from undue influence and therefore demonstrates independent thought	As individuals, the ability to operate objectively and with an independent mind is a core attribute of being in IA and a requirement within PSIAS (see paras 8.5 and 8.6). The HoIA's position within the organisation also sets this tone and is further reinforced by the specific access to information and other officers afforded to IA.
Aligns with the strategies, objectives and risks of the organisation	IA planning and delivery is built upon the knowledge of the organisations strategies, objectives and key risks. Consideration of these is an integral part of annual and specific job planning.
Is appropriately positioned and adequately resourced	The HoIA has the necessary reporting lines and access. The resources of the IA function are assessed annually as part of the audit planning process. It is the duty of the HoIA to highlight any concern regarding the resources available for IA to the organisation.
Demonstrates quality and strives for continuous improvement	The HoIA maintains a Quality Assurance and Improvement Programme (QAIP) as required by PSIAS. This aims to ensure the delivery of high quality IA services but to also identify any opportunities for further improvement. The client feedback process is a key element of this.
Communicates effectively	A key output from IA is the audit report. These are compiled in a clear and concise manner to highlight the key areas for management to address. Regular liaison meetings are held with each client throughout the year to ensure the sharing of information and that operational working arrangements, job planning and delivery are effective. The HoIA's annual report is also a key element of organisational communication.
Provides risk-based assurance	All IA planning considers the risk, concerns, issues and threats to an organisation, a service or system in whatever capacity IA work is focused. IA reports make reference to these matters such that management are alerted to undertake any actions to address risks etc. The HoIA's annual opinion focusses on assurance about the effectiveness of an organisation's risk management, control and governance arrangements.
Is insightful, proactive and future-focussed	The scoping of IA work includes prompts and opportunities to provide innovative solutions, provide advice and consider future activities, capacity and efficiencies. This is particularly an area of focus in the advisory work IA undertakes.
Promotes organisational improvement	All IA work as referenced above is designed to assist management and the organisation deliver its strategic and operational objectives in the most efficient and effective way.

2.4 The Barnsley Internal Audit Service operates within a challenging environment across all client organisations to deliver the services each requires and to ensure it does so providing added value. The Service needs to be able to react and adapt to the rapid pace of change which is taking place both locally, regionally and nationally. Accordingly, and in addition to the core principles in the PSIAS, the Charter has been extended to include even wider aspirations of the Internal Audit Service, which are to:

- ✓ Develop, maintain and enhance relationships particularly where a client organisation is undergoing significant change to ensure that the service is aware of and understands its needs and objectives
- ✓ promote and support clients with regards to an increase in regional and collaborative working
- ✓ understand its position with respect to the organisation's other sources of assurance and plan our work accordingly
- ✓ be seen as a catalyst and support for change at the heart of the organisation
- ✓ be the auditor of choice, delivering exceptional client service
- ✓ add value and assist the organisation in achieving its strategic objectives
- ✓ be forward looking – knowing where the organisation wishes to be and being aware of the relevant national agenda and its impact
- ✓ be innovative and challenging
- ✓ help to shape the ethics and standards of the organisation, reducing bureaucracy whilst maintaining high standards of governance and compliance
- ✓ ensure the right resources are available recognising that the skills mix, capacity, specialisms, qualifications and experience requirements all change constantly
- ✓ ensure all staff are supported in undertaking relevant professional qualifications and continuous professional development
- ✓ share best practice with other internal auditors, clients and other professional services
- ✓ seek opportunities for joint working with other organisations' auditors.

3. Authority and Scope of Internal Audit

3.1 The requirement for an internal audit function is detailed within the Accounts and Audit Regulations which state that a relevant body must “*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards and guidance [PSIAS]*”.

3.2 In accordance with the PSIAS, the scope of Internal Audit allows that in fulfilment of audit responsibilities there will be unrestricted coverage of all the organisation's activities and unrestricted access to all functions, records, data, personnel, premises and assets of the organisation and its partner organisations, as deemed necessary in the course of audit work and as set out in relevant partnership agreements and contracts. Internal Audit has therefore the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

3.3 All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The Head of Internal Audit (HoIA) and staff are responsible and accountable for

maintaining the confidentiality of the information they receive during the course of their work.

- 3.4 The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the governance, risk management, and internal control processes in an organisation as well as the quality of performance management **arrangements** in carrying out assigned responsibilities to achieve the objectives of the organisation.

4. Purpose of Internal Audit

- 4.1 Each client organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising whether effective and efficient arrangements exist. The annual HoIA opinion, which informs the annual governance statement, both emphasises and reflects upon the importance of this aspect of Internal Audit work. The response to Internal Audit activity should lead to the strengthening of the control environment and therefore contribute to the achievement of the corporate objectives, improvement and support innovation and change.
- 4.2 This is achieved through internal audit providing a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems and processes are designed (adequacy) and how well they are working (application). Consulting and advisory activities are available and complimentary to assist management make improvements to systems and processes where necessary.

5. Definitions

- 5.1 As the Internal Audit function serves a variety of organisations and for the purpose of this Charter the following definitions apply:

The Board – generally the governance group charged with seeking independent assurance on the adequacy of the control, risk management and governance framework, and the main oversight body for the delivery of the internal audit function. Such Boards are usually the group performing the role of audit committee.

Senior Management – generally those responsible for the leadership and direction of the organisation as a collective, incorporating the ‘chief executive’ role.

6. Responsibilities of Internal Audit and Senior Management

- 6.1 The responsibilities and objectives of Internal Audit are as follows:
- i. To be a valuable asset to the organisation by supporting senior management in meeting their corporate responsibilities.
 - ii. To contribute to assurances to those charged with governance in relation to the robustness and reliability of internal controls, risk management and governance to support the Annual Governance Statement (AGS).

- iii. To support the Statutory S151 Officer / Responsible Financial Officer in discharging their duties.
- iv. To review, appraise and report on the extent to which the assets and interests of the organisation are accounted for and safeguarded from loss and the suitability and reliability of financial and other management data and information.
- v. To support the requirement to seek efficiency including the arrangements for achieving value for money and effective change management.
- vi. To provide soundly based assurances to management on the adequacy and effectiveness of their internal control, risk and governance arrangements. Such assurances include information technology governance and ethical behaviour.
- vii. To assess the adequacy and effectiveness of the organisation's contracts, procurement, commissioning and associated governance arrangements.
- viii. To assess the corporate risk management process and make recommendations to improve and embed the process where required whilst ensuring that Internal Audit does not adopt management responsibilities for managing risks.
- ix. To evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, to reduce the incidence of fraud and irregularity by publicising the findings of fraud investigations to act as a deterrent and provide a quality fraud and irregularity prevention, detection and investigation service.
- x. To disseminate examples of best practice in the application of an effective control, risk and governance framework.
- xi. To provide an Internal Audit advisory service intended to add value and improve governance, risk management and control processes.
- xii. To provide advice and an objective and supportive consulting service in respect of the development of new programmes and processes and / or significant changes to existing programmes and processes including the design of appropriate controls. This is usually achieved through membership of Officer Groups, Governance and other Boards or working parties as well as direct contact with officers within services / functions / departments. Such advice and consultation work forms an important part of the audit plan.
- xiii. To prepare timely, concise and informative reports to management to facilitate the improvement of the control environment.
- xiv. To undertake Audit support activities in respect of assisting the Audit Committee (or equivalent) to discharge its responsibilities; monitoring the implementation of agreed recommendations; disseminating across the entity better practice and lessons learnt arising from its audit activities, and having oversight of the audit function.

6.2 Under the PSIAS, the HoIA has a specific responsibility to lead and manage the Internal Audit function and have the necessary and unfettered access to senior management and audit committees.

6.3 Senior management also have responsibilities under this Charter in order to maximise the effectiveness and efficiency of the Internal Audit function. These are to:

- Engage fully and flexibly in the audit planning process, providing information and insight into high risk areas or areas of strategic focus or concern
- Nominate and commit to lead officers for each internal audit assignment and a point of reference for the overall management of the internal audit service

- Engage in a timely manner with Internal Audit in the scoping of work and agreeing terms of reference, dealing with audit queries and discussing draft and final reports
- Provide evidence to Internal Audit (and the audit committee) of the implementation of audit recommendations

6.4 Arrangements will be made with each client organisation to monitor joint compliance with these responsibilities.

6.5 It should be noted that internal audit is not responsible for the operation of control functions within the Council (or other organisations); these responsibilities rest with senior management. Internal audit should not be regarded as a substitute for good management.

7. Position of Internal Audit in the Organisation(s)

7.1 Within the Council the HoIA reports functionally to the Audit Committee and organisationally to the Service Director – Finance.

7.2 With regards to non-council client organisations the HoIA reports functionally to the respective audit committee / Board. Whilst the organisational relationship is different in the external client organisations, to fulfil professional responsibilities the HoIA will report to the respective Chief Finance Officer and/or Chief Executive.

7.3 Irrespective of the organisation, the HoIA has direct and unfettered access to the Chief Executive (or equivalent), Monitoring Officer (or equivalent) and Responsible Finance Officer. The HoIA also has access to the respective audit committees where this is deemed necessary in the discharging of professional responsibilities.

8. Internal Audit Resources / Skills / Competencies and Standards

8.1 In accordance with PSIAS, the HoIA will be professionally qualified and suitably experienced in the leadership and management of an internal audit function. These requirements reflect the responsibilities of the HoIA in leading a professional discipline, demonstrating personal independence and objectivity and the need to liaise with senior management, members, other professionals.

8.2 It is the responsibility of the HoIA to establish and maintain an appropriately skilled and experienced team and to set a culture of continuous improvement for the function. Resources will be set aside in the operational budget for the purposes of staff development and general and professional training.

8.3 At least annually, the HoIA will submit to the 'Chief Executive' and the Audit Committee an Internal Audit plan for review and approval. The plan will consist of a work schedule and resource requirements for the next financial year(s). The plan will include the impact of any resource limitations and significant actual or planned changes.

8.4 The Standards element of the PSIAS highlights some key expected competencies. These are:

8.5 Independence:

8.5.1 An independent approach and mind-set is essential to the effectiveness of the Internal Audit function. To ensure this, Internal Audit will operate within a framework that allows:-

- Unrestricted access to the relevant senior officers; the Chair of the Audit Committee and Audit Committee Members; individual Senior Management Officers; employees and the responsible External Auditor.
- The HoIA reporting in his own name.
- Segregation from line operations.

8.5.2 The Internal Audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities.

8.5.3 Internal Auditors are generally not involved in undertaking non-audit activities and an Auditor will not be involved in the audit of any system or process for which they had previous operational responsibility for a period of two years.

8.5.4 Audit responsibilities are periodically rotated to avoid over-familiarity and complacency and also to provide for service continuity and resilience.

8.6 Objectivity:

8.6.1 Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- Shall not accept anything that may impair or be presumed to impair their professional judgement.
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.
- declare any real or perceived interests on an annual basis. In addition, a prompt is included at the assignment planning phase of each audit;

8.7 Confidentiality:

8.7.1 Internal Auditors are expected to display confidentiality and:

- Shall be prudent in the use and protection of information acquired in the course of their duties.

- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

8.8 Integrity:

8.8.1 In the conduct of audit work, Internal Audit staff will:

- perform their work with honesty, diligence and responsibility.
- observe the law and make disclosures expected by the law and the profession.
- not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
- respect and contribute to the legitimate and ethical objectives of the organisation.
- comply with relevant professional standards of conduct.
- respect and contribute to the legitimate and ethical objectives of the organisation.
- observe the Standards of Public Life's Seven Principles of Public Life.

8.9 Competency:

8.9.1 Internal Auditors are expected to be competent in their role by:

- engaging only in those services for which they have the necessary knowledge, skills and experience.
- performing internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- continually improving their proficiency and effectiveness and quality of their services.

8.9.2 The HoIA will maintain a Quality Assessment and Improvement Programme (QAIP) as required by the PSIAS and report this to each client audit committee on an annual basis.

9. **Access to Relevant Personnel and Information**

9.1 Each member of the Internal Audit Team will carry with them at all times an ID card that clearly shows their responsibilities and authority as auditors. In the fulfilment of their audit duties this entitles them to unrestricted access to all records, assets, personnel and premises belonging to each client organisation. In addition, internal auditors have the authority to obtain such information and explanations as is considered necessary to meet the requirements of the audit activity. Where necessary, such access will be granted on demand and not subject to prior notice.

10. **Scope of Internal Audit Activity**

10.1 The HoIA is responsible for producing an annual report to each client organisation's audit committee providing an opinion on the adequacy and effectiveness of the control, risk management and governance arrangements. Through careful annual audit

planning and based on a programme of audit activities of sufficient breadth and depth covering the whole organisation, the HoIA is able to produce such an annual opinion.

- 10.2 The overall approach is determined by the HoIA and will take into account the level of assurance required, the significance of the objectives of the organisation, the degree of change within the organisation, the prevailing risk appetite and culture, and previous audit findings and recommendations.
- 10.3 To fulfil the scope of internal audit, the programme of audit activities is usually varied covering assurance work, advice, consultancy, anti-fraud work and irregularity investigations. The types of internal audit work are shown as annexe 1.
- 10.4 Increasingly, a major contribution to the HoIA's annual opinion is through advisory/consultancy type work where in a more proactive and timely basis input can be given and assurance obtained regarding the adequacy and effectiveness of the activities of the organisation, e.g. through attendance at key management meetings, steering groups and project and programme boards. This work is also valuable for audit planning and generally ensuring a high level of awareness of the organisations direction, objective, pressures and performance.

11. Internal Audit Planning

- 11.1 Setting an annual or periodic risk-based plan is the responsibility of the HoIA. The audit plan is determined through a process of information gathering, reflection, forward looking and above all consultation and engagement with senior management and the Board.
- 11.2 The following are the key issues in the development of the risk based audit plan:-
- An understanding of the organisation's vision and ambition, as articulated within the organisation's strategic plans and ensuring that audit coverage is directed and links to these areas of corporate importance.
 - Identification of the significant (key) risks and issues arising from the above and understanding which areas of service delivery the significant risks impact upon.
 - Internal Audit provides support to management and directs resources to areas where the Service can add value and support change and innovation.
- 11.3 The HoIA will advise senior management and the Board regarding the planned coverage and if/where this is potentially compromised due to limited resources.
- 11.4 Each year the HoIA will set out the planning process and key issues as part of senior management and Board engagement.

12. Reporting

- 12.1 The key output from internal audit activity is a report, a written and formal product to show the outcome from the assignment.

12.2 Audit Assignment Reporting

12.2.1 In reporting the outcome of individual audit assignments, the lead Internal Auditor will follow a proactive and consultative approach to engage management. The key principles of which are:-

- Advance discussion and agreement of the scope and objectives of audit assignments, and the timescales for the completion of the work along with the recipients of the audit report.
- Immediate reporting of any fundamental or critical issues arising during the course of audit work.
- Post audit meetings (with or without a draft report as required) to discuss the conclusion and outcome of audit work on a prioritised basis and to agree management actions and timescales.
- Any areas of disagreement which are not resolved by discussion are recorded in the action plan and the residual risk highlighted within the report.
- Providing management with the opportunity to give feedback on the conduct of the work and how valuable and effective they found the audit process and report.

12.2.2 The process for the communication of audit work is designed to conform with the PSIAS.

12.2.3 Final audit reports will normally include an overall assurance opinion on the adequacy and effectiveness of the system of risk management, controls and governance arrangements. The report will be issued on a timely basis and responses sought from senior management on the implementation of agreed recommendations. The non-receipt of a response will be followed up with the responsible manager, Executive Director **or equivalent** and reported to the Audit Committee.

12.2.4 A process has been established with each organisation to ensure the agreed actions are implemented or that senior management have accepted the risk of not taking action. Internal Audit will in certain circumstances undertake specific further work to obtain direct evidence of management actions having been taken as planned. The implementation of audit recommendations is reported to each audit committee where senior management may be invited to explain any delays in taking action.

12.3 Reporting of Ad Hoc Advice and Development / Consultancy Work

12.3.1 Internal Audit undertakes a variety of tasks which do not always justify a formal audit report, e.g. responding to one-off queries, advice and consultancy type work given verbally at meetings e.g., projects and developments. Internal Audit does however ensure that details of advice given and recommendations made are recorded by the retention of memos / copy e-mails, or file notes and minutes of meetings. Such records are retained in respect of advice given which is likely to (or intended to) influence management decisions or effect changes in systems and processes. The result of this work is considered as part of the HoIA's overall assurance opinion.

12.3.2 Issues and risks arising would also be recorded within project and operational risk registers in order to be managed by project lead officers. Details of issues arising

would not necessarily be reported separately to the Audit Committee. However, details of the engagement and work undertaken would be recorded within the respective Audit Committee Report and any material issues would be followed up in accordance with the standard reporting and monitoring process.

12.4 Reporting to the Audit Committee

12.4.1 Internal Audit reports as follows:-

- Details of audit plans, performance against plans and against key performance measures, and on significant control or compliance issues arising from audit work, longstanding recommendations and management responses, completed projects / advice, unplanned, cancelled or deferred audit work.
- To client Audit Committee's on its performance and on individual audit reports.
- Audit Committees provide a route for the escalation of a failure to respond to audit reports, or the non-implementation of agreed recommendations, with the potential for management to be called to answer to the Committee.
- The Audit Committee receives an annual report summarising the outcome of the review of the effectiveness of the internal audit function which is required under the PSIAS.

12.5 Annual Report of the Head of Internal Audit

12.5.1 The annual report to the Audit Committee includes the HoIA's opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control as determined from the programme of work undertaken. The following elements are incorporated into annual audit reports:-

- The HoIA's opinion on the overall effectiveness of the organisation's internal control, risk management and governance environment.
- Disclosure of any qualification to this opinion, together with the reason for the qualification.
- The disclosure of any impairments or restriction in scope of audit work.
- A summary of the audit work undertaken to provide this opinion, including any reliance placed on assurance work by other bodies.
- Details of any issues that the HoIA judges to be particularly relevant to the AGS.
- A comparison of work actually undertaken with the work originally planned and a summary of the performance of Internal Audit against its performance measures and criteria.
- A statement to confirm work has been completed independently and in accordance with the PSIAS.
- The results of the Quality Assurance Improvement Programme (QAIP).
- Any other issues that the HoIA judges is relevant to the preparation of the AGS.

13. **Quality Assurance**

13.1 Internal Audit is committed to provide a high quality service to all client organisations and encourages clients to give feedback. All matters relating to the quality of the

function are captured within the Quality Assessment and Improvement Plan (QAIP) which is maintained by the HoIA and reported to each audit committee annually.

14. Contacts

The key contacts for the Internal Audit Service are:

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Types of Internal Audit Work

Advice	To meet requests from management for information and guidance on matters of internal control, procedures, compliance with relevant policies etc.
IT Audit	Operational IT audit designed to assess and review the operating procedures supporting key IT policies, environmental controls and input into system developments and new systems.
Information Governance	<p>Work specifically looking at the adequacy and effectiveness of the management, use, control and security of information, compliance with the requirements of data protection legislation as well as internal policies and procedures.</p> <p>Support the Data Protection Officer in undertaking specific compliance reviews in relation to Data Protection legislation.</p>
Regularity	<p>Audit work designed to review and assess compliance with policies and procedures to ensure internal controls exist and are effective.</p> <p>Such work covers the functional areas of services and establishments.</p> <p>Important Internal Audit work to demonstrate presence at an operational level. Work supported by risk based and themed audit work.</p>
Financial Systems	<p>Work designed to assess and review the adequacy of the internal controls within the financial systems of the Organisation. Such work will take the form of either a walkthrough or full compliance audit on a cyclical basis.</p> <p>This work is also considered by External Audit as part of their work on the statutory opinion on the accounts.</p>
Grant Claims	Work necessary to independently verify grant claims as required by the awarding body.
Management Audit (Incl. Corporate items)	<p>Provision for work on corporate procedures and processes. Also incorporates work specifically for management on an advisory basis.</p> <p>These jobs also tend to be of a significant length in terms of Internal Audit days and elapsed time due to their detail and nature.</p>

Anti-Fraud and Special Investigations	<p>This work focuses on prevention, detection and investigations.</p> <p><i>Prevention</i> work focuses on developing good procedures, policies and guidance for managers and ensuring awareness so that appropriate controls are in place to avoid irregularities.</p> <p><i>Detection</i> work focuses on proactively examining the transactions of the organisation and other information to identify potential fraudulent activity.</p> <p><i>Investigations</i> work is largely in response to allegations of irregularity being brought to Internal Audit's attention. This work is often extremely sensitive and requires great care, tact, diplomacy and attention to detail. A report to management is most often the output from this work where audit findings are described along with recommendations regarding potential disciplinary action or referral to the Police, and guidance on improving controls to minimise the risk of such matters arising again.</p>
Commissioning, Procurement and Contract Audit	<p><i>Commissioning & Procurement</i> - generally focussed on the policies, procedures and systems in place to identify, assess and deliver a requirement; including compliance with procurement regulations (EU requirements and/or Contract Procedure Rules, Commissioning and Procurement Strategies/Policies).</p> <p><i>Contract</i> - this work focuses on the controls within the organisation's contractual policies and procedures to ensure that individual contracts are entered into on a timely basis and that these protect the organisation's interests. In addition, that the contract management arrangements are robust, and payments made are appropriate.</p>
Project Management	<p>Work which evaluates the effectiveness of the application of project management principles in order to achieve given outcomes / deliverables.</p>
Corporate Governance Assurance	<p>Requirements under the Accounts and Audit Regulations mean that all client organisations have to prepare and publish a statement on the overall adequacy of their governance arrangements (annual governance statement).</p> <p>A key element to providing assurance to the organisation is the work of Internal Audit overall and particularly in the key areas of corporate governance, risk management, performance management and general policy and procedure compliance.</p>
Audit Committee Support	<p>Time is allocated to support the various audit committees. This work involves the provision of reports, guidance and training.</p>

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Audit Progress Report and Sector Update

Barnsley Metropolitan Borough Council

Year ending 31 March 2019

8 March 2019

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Introduction



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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Gareth or Thilina.

Progress as at 8 March 2019

Financial Statements Audit

We have started planning for the 2018-19 financial statements audit and have issued a detailed Audit Plan which was presented to the January Audit Committee. The Audit Plan sets out our proposed approach to the audit of the Council's 2018-19 financial statements.

Our interim audit visit commenced in February and we have a further visit planned during second half of March 2019. Our interim fieldwork visit includes:

- Reviewing the Council's control environment
- Documenting our understanding of key financial systems
- Reviewing Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing.

The work completed and findings up to 8 March are set out on pages 6 and 7. We will provide a further update following our planned audit visit in the second half of March to the next Audit Committee on 17 April 2019.

The statutory deadline for the issue of the 2018-19 opinion is 31 July 2019. The final accounts audit is due to begin early June with findings reported to you in the Audit Findings (ISA260) Report by the deadline of 31 July 2019.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach were included in our Audit Plan presented to the Audit Committee in January 2019.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019.

Other areas

Meetings

On 27 February, we met with the Chief Executive, the s151 and the Monitoring Officers. We continue to meet with the senior officers of the Council as part of our regular liaison meetings. We also met with the Peer Review team on 27 February.

We also continue our discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for officers and members in addition to publications to support the Council. Key finance staff attended our annual accounts workshop on 5 February.

On 26 February, a number of members from the Audit Committee attended a workshop on the roles and responsibilities of audit committees including governance issues, accounting developments and value for money arrangements. We would like to thank those member who attended the event for their contribution to the day.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2018-19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018-19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts Audit Plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Complete. This was presented to the Audit Committee on 23 January 2019.
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March & April 2019	Our findings to date are set out on pages 6 and 7.
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due

Results of Interim Audit Work

The findings of our interim audit work completed to date, and the impact of our findings on the accounts audit approach, are summarised in the table below:

Audit area	Work performed	Conclusions and recommendations
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's findings to date on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we considered the work of internal audit to date, to help inform our understanding of the Council's control environment and inform our audit strategy for our accounts and value for money work.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices. 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>
Review of information technology controls	<p>Our information systems specialist will perform a high level review of the general IT control environment, as part of the overall review of the internal controls system of the Council .</p> <p>Our IT specialists are currently liaising with your Head of IT and this work will commence in April.</p>	<p>Our IT related audit work is expected to commence in April 2019.</p> <p>We will give you an update of this work at the next Audit Committee on 17 April 2019.</p>

Results of Interim Audit Work (continued)

Audit area	Work performed	Conclusions and recommendations
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. This includes Property, Plant and Equipment (PPE) and Pensions valuations processes.</p> <p>In addition, we have held discussions with members of staff to obtain an understanding of the business processes and transactions that are significant for your financial statements. These included incomes & receivables, PFI, non pay expenditure, payroll, treasury management, cash and cash equivalents, collection fund and Non domestic rates revenues, HRA rental revenues, grant revenues and housing benefit expenditure.</p> <p>Our work has not identified any issues to date which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p>	<p>Our work to date has not identified any weaknesses to date which impact on our audit approach.</p>
Journal entry controls	<p>Our interim audit work in this area is still ongoing.</p> <p>Our work to date has not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>We have selected a sample of journals for testing in accordance with our audit approach. We have time scheduled onsite during second half of March to complete the testing of the selected sample.</p>	<p>Work is ongoing and is expected to be completed by the end of March 2019.</p> <p>We will give you an update of this work in the next Audit Committee on 17 April 2019.</p> <p>We will then perform an additional review of journals during our final audit visit in June and July 2019.</p>
Early substantive testing	<p>As part of our initial interim audit visit in February 2019, we selected samples for testing to month 9 (December 2018), including operating non-pay expenditure, revenues and payroll starters and leavers.</p> <p>During our second visit in March, we will complete our early substantive testing in these areas as well as reviewing:</p> <ul style="list-style-type: none"> - payroll substantive analytical procedures - existence and rights and obligations of significant land and buildings 	<p>No issues have been identified to date from our work on selecting samples.</p> <p>We will report any significant findings from our testing to the next Audit Committee on 17 April 2019.</p>

Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Page 450

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Public Sector Audit Appointments – Report on the results of auditors’ work 2017/18

This is the fourth report published by Public Sector Audit Appointments (PSAA) and summarises the results of auditors’ work at 495 principal local government and police bodies for 2017/18. This will be the final report under the statutory functions from the Audit Commission Act 1998 that were delegated to PSAA on a transitional basis.

The report covers the timeliness and quality of financial reporting, auditors’ local value for money work, and the extent to which auditors used their statutory reporting powers.

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 431 (87 per cent) of audited bodies received an audit opinion by the new deadline.

The most common reasons for delays in issuing the opinion on the 2017/18 accounts were:

- technical accounting/audit issues;
- various errors identified during the audit;
- insufficient availability of staff at the audited body to support the audit;
- problems with the quality of supporting working papers; and
- draft accounts submitted late for audit.

All the opinions issued to date in relation to bodies’ financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

The number of qualified conclusions on value for money arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

The most common reasons for auditors issuing qualified VFM conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates, for example Ofsted;
- corporate governance issues;
- financial sustainability concerns; and
- procurement/contract management issues.

All the opinions issued to date in relation to bodies’ financial statements are unqualified, as was the case for the 2016/17 accounts.

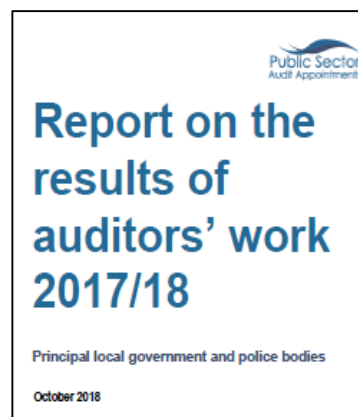
The report is available on the PSAA website:

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

PSAA Report

Challenge question:

Has your Authority identified improvements to be made to the 2018/19 financial statements audit and Value for Money Conclusion?



National Audit Office – Local auditor reporting in England 2018

The report describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework and summarises the main findings reported by local auditors in 2017-18. It also considers how the quantity and nature of the issues reported have changed since the Comptroller & Auditor General (C&AG) took up his new responsibilities in 2015, and highlights differences between the local government and NHS sectors.

Given increasing financial and demand pressures on local bodies, they need strong arrangements to manage finances and secure value for money. External auditors have a key role in determining whether these arrangements are strong enough. The fact that only three of the bodies (5%) the NAO contacted in connection with this study were able to confirm that they had fully implemented their plans to address the weaknesses reported suggests that while auditors are increasingly raising red flags, some of these are met with inadequate or complacent responses.

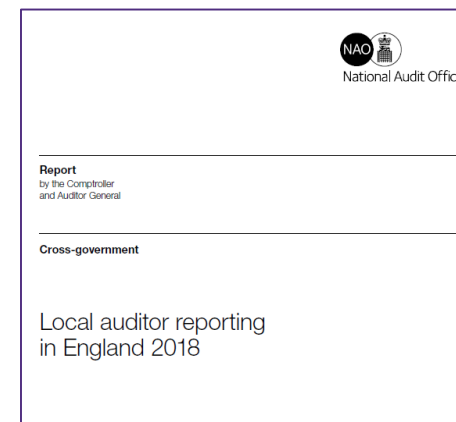
Qualified conclusions on arrangements to secure value for money locally are both unacceptably high and increasing. Auditors qualified their conclusions on arrangements to secure value for money at an increasing number of local public bodies: up from 170 (18%) in 2015-16 to 208 (22%) in 2017-18. As at 17 December 2018, auditors have yet to issue 20 conclusions on arrangements to secure value for money, so this number may increase further for 2017-18.

The proportion of local public bodies whose plans for keeping spending within budget are not fit-for-purpose, or who have significant weaknesses in their governance, is too high. This is a risk to public money and undermines confidence in how well local services are managed. Local bodies need to demonstrate to the wider public that they are managing their organisations effectively, and take local auditor reports seriously. Those charged with governance need to hold their executives to account for taking prompt and effective action. Local public bodies need to do more to strengthen their arrangements and improve their performance.

Local auditors need to exercise the full range of their additional reporting powers, where this is the most effective way of highlighting concerns, especially where they consider that local bodies are not taking sufficient action. Departments need to continue monitoring the level and nature of non-standard reporting, and formalise their processes where informal arrangements are in place. The current situation is serious, with trend lines pointing downwards.

The report is available on the NAO website:

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>



NAO Report

Challenge question:

Has your Authority responded appropriately to any concerns or issues raised in the External Auditor's report for 2017/18?



National Audit Office – Local authority governance

The report examines whether local governance arrangements provide local taxpayers and Parliament with assurance that local authority spending achieves value for money and that authorities are financially sustainable.

Local government has faced considerable funding and demand challenges since 2010-11. This raises questions as to whether the local government governance system remains effective. As demonstrated by Northamptonshire County Council, poor governance can make the difference between coping and not coping with financial and service pressures. The Department (Ministry of Housing, Communities and Local Government) places great weight on local arrangements in relation to value for money and financial sustainability, with limited engagement expected from government. For this to be effective, the Department needs to know that the governance arrangements that support local decision-making function as intended. In order to mitigate the growing risks to value for money in the sector the Department needs to improve its system-wide oversight, be more transparent in its engagement with the sector, and adopt a stronger leadership role across the governance network

Not only are the risks from poor governance greater in the current context as the stakes are higher, but the process of governance itself is more challenging and complex. Governance arrangements have to be effective in a riskier, more time-pressured and less well-resourced context. For instance, authorities need to:

- maintain tight budgetary control and scrutiny to ensure overall financial sustainability at a time when potentially contentious savings decisions have to be taken and resources for corporate support are more limited; and
- ensure that they have robust risk management arrangements in place when making commercial investments to generate new income, and that oversight and accountability is clear when entering into shared service or outsourced arrangements in order to deliver savings.

Risk profiles have increased in many local authorities as they have reduced spending and sought to generate new income in response to funding and demand pressures. Local authorities have seen a real-terms reduction in spending power (government grant and council tax) of 28.6% between 2010-11 and 2017-18. Demand in key service areas has also increased, including a 15.1% increase in the number of looked after children from 2010-11 to 2017-18. These pressures create risks to authorities' core objectives of remaining financially sustainable and meeting statutory service obligations. Furthermore, to mitigate these fundamental risks, many authorities have pursued strategies such as large-scale transformations or commercial investments that in themselves carry a risk of failure or under-performance.

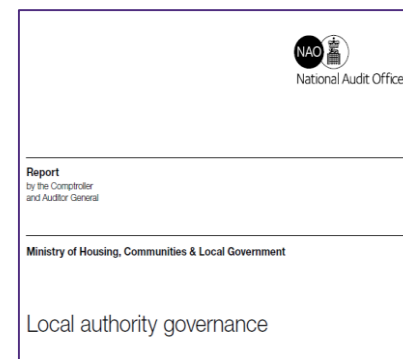
The report is available on the NAO website:

<https://www.nao.org.uk/report/local-authority-governance-2/>

NAO Report

Challenge question:

Has your Authority got appropriate governance and risk management arrangements in place to address the risks and challenges identified in the NAO report?



ICAEW Report: expectations gap

The Institute of Chartered Accountants in England and Wales (ICAEW) has published a paper on the 'expectation gap' in the external audit of public bodies.

Context:

The expectation gap is the difference between what an auditor actually does, and what stakeholders and commentators think the auditors obligations might be and what they might do. Greater debate being whether greater education and communication between auditors and stakeholders should occur rather than substantial changes in role and remit of audit.

What's the problem?

- **Short-term solvency vs. Longer-term value:**
LG & NHS: Facing financial pressures, oversight & governance pressures
- **Limited usefulness of auditors reports:** 'The VFM conclusion is helpful, but it is more about the system/arrangements in place rather than the actual effectiveness of value for money'
- **Other powers and duties:** implementing public interest reports in addition to VFM
- **Restricted role of questions and objections:** Misunderstanding over any objections/and or question should be resolved by the local public auditor. Lack of understanding that auditors have discretion in the use of their powers.
- **Audit qualification not always acted on by those charged with governance:** 'if independent public audit is to have the impact that it needs, it has to be taken seriously by those charged with governance'
- **Audit committees not consistently effective:** Local government struggles to recruit external members for their audit committees, they do not always have the required competencies and independence.
- **Decreased audit fees:** firms choose not to participate because considered that the margins were too tight to enable them to carry out a sufficient amount of work within the fee scales.
- **Impact of audit independence rules:** new independence rules don't allow for external auditors to take on additional work that could compromise their external audit role
- **Other stakeholders expectations not aligned with audit standards**

- **Increased auditor liability:** an auditor considering reporting outside of the main audit engagement would need to bill their client separately and expect the client to pay.

Future financial viability of local public bodies

Local public bodies are being asked to deliver more with less and be more innovative and commercial. CFOs are, of course, nervous at taking risks in the current environment and therefore would like more involvement by their auditors. They want auditors to challenge their forward-looking plans and assumptions and comment on the financial resilience of the organisation..

The ICAEW puts forward two solutions:

Solution a) If CFO's want additional advisory work, rather than just the audit, they can separately hire consultants (either accountancy firms not providing the statutory audit or other business advisory organisations with the required competencies) to work alongside them in their financial resilience work and challenging budget assumptions.

Solution b) Wider profession (IFAC, IAASB, accountancy bodies) should consider whether audit, in its current form, is sustainable and fit for purpose. Stakeholders want greater assurance, through greater depth of testing, analysis and more detailed reporting of financial matters. It is perhaps, time to look at the wider scope of audit. For example, could there be more value in auditors providing assurance reports on key risk indicators which have a greater future-looking focus, albeit focused on historic data?

More information can be found in the link below (click on the cover page)



The expectations gap

Challenge question:

How effectively is the audit meeting client expectations?



Financial Foresight: Our sustainable solution for cash-strapped councils

Grant Thornton's new Financial Foresight platform helps provide local councils with financial sustainability.

Launched in early January, Financial Foresight is a unique platform that can help us provide financial sustainability to under-pressure local councils, using a combination of data, statistics and our expertise.

In December 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) estimated that 15% of councils are showing signs of financial distress. If the rate at which these councils are dipping into their financial reserves continues, the National Audit Office estimates that 10% of councils will have depleted their reserves by 2021. The latest figures from our Insights and Analytics team suggest this could be closer to 20%.

Alarm bells started to chime at Somerset, Surrey, Lancashire and Birmingham councils last year. Yet it was the catastrophic near-collapse of Northamptonshire County Council - after it chose for five years not to raise council tax to cover its spiralling costs - that shone the spotlight on this widespread problem.

Unless local councils can get to grips with the situation, we'll all feel the effects of deeper cutbacks in public spending.

What's causing the problem?

After eight years of government austerity which followed the financial crash of 2008, many councils are now digging deep into their financial reserves in order to provide public services to their communities – from social care to fixing potholes in the road.

Pressure on funding is further impacted by rapidly rising costs – especially for demand-led services as populations grow and age. Within just a few years, many councils will not have any reserves left to fall back on, and some have already said they will be unable to provide any non-statutory services at this time. Overlay Brexit onto this situation, along with the anticipated financial pressures this will bring, and the outlook for local authorities is extremely challenging.

How can we help?

The investments we have made in analytics coupled with the commercial success of our CFO Insights tool has enabled us to develop credible financial forecasts for every local authority in the country. From this platform we developed Financial Foresight; a unique, forward-looking financial analytics and forecasting platform designed to support financial sustainability in local government.

Financial Foresight takes account of factors such as population growth, development forecasts and demand drivers to project local authority spend, income and operating costs. It provides a baseline view on the financial sustainability of every local authority in England and allows leaders in each authority to benchmark their own outlook against others. This will help councils move on from resilience – or just getting by – to financial sustainability.

Head of Local Government Paul Dossett said: "Through Financial Foresight and our associated strategy workshops, we can support local authorities to test and appraise a range of financial strategies and levers to develop a plan for a sustainable future. The critical importance of authorities understanding their financial resilience is only going to increase, so we're proud to be leading the market with this offering."

For more information, follow the links below:

<https://www.grantthornton.co.uk/en/insights/councils-are-at-risk-but-do-they-really-know-why/>

<https://www.grantthornton.co.uk/en/insights/from-resilience-to-financial-sustainability/>

Brexit Room - Increasing readiness and resilience within your locality

Local authorities have always navigated uncertainty and faced challenges on behalf of communities and this role has never been more important than now. Whilst the outcome of Brexit remains uncertain at a national level, it is essential for councils to set a path to ensure the continued delivery of vital services and the best possible outcomes for their local communities and economies. Whatever happens over the coming weeks and months, it is important that councils identify key Brexit scenarios and use these to frame robust local contingency plans.

From our conversations with the sector we know that local authorities are at different stages in their preparation for this big change.

Here's a brief summary of the issues that we are seeing:

Organisations

- Engaging non-EEA nationals within the workforce to ensure they understand their residency rights and are not receiving incorrect information from other sources
- Loss of access to key EU databases on policing and trading standards and changes to data sharing arrangements
- Uncertainty around continuation of EU funding beyond 2020 and the implementation of the UK Shared Prosperity Fund.

Services and suppliers

- Engaging with key suppliers to assess their risk profiles and resilience
- Dealing with the immediate strain on key services such as social care and trading standards
- Potential disruption to live procurement activities and uncertainty around the national procurement rulebook post OJEU.

Place

- Considering scenarios for economic shock, the associated social impact in the short, medium and long-term and the potential impact on local authority financial resilience
- Potential impacts on major local employers, key infrastructure investment programmes and transport improvements
- Civil contingencies and providing reassurance and support to residents and businesses.

Our approach

The Brexit Room is a flexible and interactive half-day workshop designed to sharpen your thinking on the impact Brexit could have on:

Your organisation – including considerations on workforce, funding, and changes to legislation

Your services and suppliers – ensuring that critical services are protected and building resilience within supply chains

Your place – using our proprietary Place Analytics tools we will help you to understand potential impacts on your local communities and economy and develop a place-based response, working with partners where appropriate.

We can work with you to identify key risks and opportunities in each of these areas whilst building consensus on the priority actions to be taken forward. You will receive a concise and focused write-up of the discussion and action plan to help shape the next stages of your work on Brexit.

For more information, follow the link below:

<https://www.grantthornton.co.uk/insights/brexit-local-leadership-on-the-front-line/>

Brexit

Challenge question:

How well advanced are your authority's plans for Brexit?



National Audit Office – The health and social care interface

The NAO has published its latest ‘think piece on the barriers that prevent health and social care services working together effectively, examples of joint working in a ‘whole system’ sense and the move towards services centred on the needs of the individual. The report aims to inform the ongoing debate about the future of health and social care in England. It anticipates the upcoming green paper on the future funding of adult social care, and the planned 2019 Spending Review, which will set out the funding needs of both local government and the NHS.

The report discusses 16 challenges to improved joint working. It also highlights some of the work being carried out nationally and locally to overcome these challenges and the progress that has been made. The NAO draw out the risks presented by inherent differences between the health and social care systems and how national and local bodies are managing these.

Financial challenges – include financial pressures, future funding uncertainties, focus on short-term funding issues in the acute sector, the accountability of individual organisations to balance the books, and differing eligibility criteria for access to health and social care services.

Culture and structure – include organisational boundaries impacting on service management and regulation, poor understanding between the NHS and local government of their respective decision-making frameworks, complex governance arrangements hindering decision-making, problems with local leadership holding back improvements or de-stabilising joint working, a lack of co-terminus geographic areas over which health and local government services are planned and delivered, problems with sharing data across health and social care, and difficulties developing person-centred care.

Strategic issues – include differences in national influence and status contributing to social care not being as well represented as the NHS, strategic misalignment of organisations across local systems inhibiting joint local planning, and central government’s unrealistic expectations of the pace at which the required change in working practices can progress..

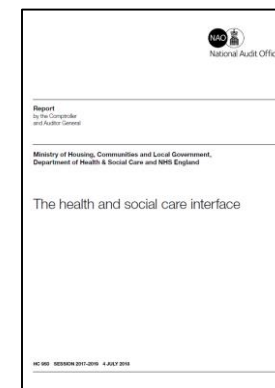
This ‘think piece’ draws on the NAO’s past work and draws on recent research and reviews by other organisations, most notably the Care Quality Commission’s review of health and social care systems in 20 local authority areas, which it carried out between August 2017 and May 2018. The NAO note that there is a lot of good work being done nationally and locally to overcome the barriers to joint working, but often this is not happening at the scale and pace needed.

The report is available to download from the NAO’s website at:
<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

The health and social care interface

Challenge question:

Has Audit Committee considered the 16 challenges to joint working and what can be done to mitigate these?



A Caring Society – bringing together innovative thinking, people and practice

The Adult Social Care sector is at a crossroads. We have yet to find a sustainable system of care that is truly fit for purpose and for people. Our Caring Society programme takes a step back and creates a space to think, explore new ideas and draw on the most powerful and fresh influences we can find, as well as accelerate the innovative social care work already taking place.

We are bringing together a community of influencers, academics, investors, private care providers, charities and social housing providers and individuals who are committed to shaping the future of adult social care.

At the heart of the community are adult social care directors and this programme aims to provide them with space to think about, and design, a care system that meets the needs of the 21st Century, taking into account ethics, technology, governance and funding.

We are doing this by:

- hosting a 'scoping sprint' to determine the specific themes we should focus on
- running three sprints focused on the themes affecting the future of care provision
- publishing a series of articles drawing on opinion, innovative best practices and research to stimulate fresh thinking.

Our aim is to reach a consensus, that transcends party politics, about what future care should be for the good of society and for the individual. This will be presented to directors of adult social care in Spring 2019, to decide how to take forward the resulting recommendations and policy changes.

Scoping Sprint (Oct 2018)

Following opening remarks by Hilary Cottam (social entrepreneur and author of Radical Help) and Cllr Georgia Gould (Leader of Camden Council) the subsequent debate identified three themes for Grant Thornton to take forward:

1. Ethics and philosophy: What is meant by care? Should the state love?

2. Care in a place: Where should the power lie? How are local power relationships different in a local place?
3. Promoting and upscaling effective programmes and innovation

Sprint 1 – What do we really mean by 'Care'? (Dec 2018)

Julia Unwin, Chair of the Civil Societies Futures Project, and Sam Newman of Partners4Change sparked debate on why we need society to be brave enough to talk about care and the different levels at which 'care' can be applied to create a Caring Society.

Sprint 2 – A new role for the state? (7 Feb 2019)

Donna Hall, CEO of Wigan Council and Andrew of Reform, will start the debate on how can the state – nationally and locally – develop and adapt itself to be in service to a caring society.

To find out more or get involved:

- Join the conversation at #acaringssociety
- [Why we need to create a caring society](#)
- [Creating a caring society – the start of the debate](#) – the key themes from our first round table
- [Social care must take the starring role in its own story](#) – why the definition of social care is so important if the system is to change
- [Markets, trust & governance](#) – how social care can evolve to become a driver of local care economies
- [The future care leader](#) – Fiona Connolly, director of adult social care at Lambeth, discusses the importance of local care leaders working across the entire health system

Challenge question:

How is your authority engaging in the debate about the future of social care?



Care Homes for the Elderly – Where are we now?

It is a pivotal moment for the UK care homes market. In the next few months the government is to reveal the contents of its much-vaunted plans for the long-term funding of care for older people.

Our latest Grant Thornton report draws together the most recent and relevant research, including our own sizeable market knowledge and expertise, to determine where the sector is now and understand where it is heading in the future. We have spoken to investors, providers and market consultants to showcase the diversity and innovation that care homes can offer.

Flourishing communities are not a 'nice to have' but an essential part of our purpose of shaping a vibrant economy. Growth simply cannot happen sustainably if business is disconnected from society. That is why social care needs a positive growth framing. Far from being a burden, the sector employs more people than the NHS, is a crucible for technological innovation, and is a vital connector in community life. We need to think about social care as an asset and invest and nurture it accordingly.

There are opportunities to further invest to create innovative solutions that deliver improved tailored care packages to meet the needs of our ageing population.

The report considers a number of aspects in the social care agenda

- market structure, sustainability, quality and evolution
- future funding changes and the political agenda
- the investment, capital and financing landscape
- new funds and methods of finance
- future outlook.

The decline in the number of public-sector focused care home beds is a trend that looks set to continue in the medium-term. However, it cannot continue indefinitely as Grant Thornton's research points to a significant rise in demand for elderly care beds over the coming decade and beyond.

A strategic approach will also be needed to recruit and retain the large number of workers needed to care for the ageing population in the future. Efforts have already begun through education programmes such as Skills for Care's 'Care Ambassadors' to promote social care as an attractive profession. But with the number of nurses falling across the NHS as well, the Government will need to address the current crisis.

But the most important conversation that needs to be had is with the public around what kind of care services they would like to have and, crucially, how much they would be prepared to pay for them. Most solutions for sustainable funding for social care point towards increased taxation, which will generate significant political and public debate. With Brexit dominating the political agenda, and the government holding a precarious position in Parliament, shorter-term funding interventions by government over the medium-term look more likely than a root-and-branch reform of the current system. The sector, however, needs to know what choices politicians, and society as a whole, are prepared to make in order to plan for the future.

Copies of our report can be requested on our website



Grant Thornton

Challenge question:

How effective is the Council's engagement with the social care sector?



In good company: Latest trends in local authority trading companies

Our recent report looks at trends in LATC's (Local Government Authority Trading Companies). These deliver a wide range of services across the country and range from wholly owned companies to joint ventures, all within the public and private sector.

Outsourcing versus local authority trading companies

The rise of trading companies is, in part, due to the decline in popularity of outsourcing. The majority of outsourced contracts operate successfully, and continue to deliver significant savings. But recent high profile failures, problems with inflexible contracts and poor contract management mean that outsourcing has fallen out of favour. The days of large scale outsourcing of council services has gone.

Advantages of local authority trading companies

- Authorities can keep direct control over their providers
- Opportunities for any profits to be returned to the council
- Provides suitable opportunity to change the local authority terms and conditions, particularly with regard to pensions, can also bring significant reductions in the cost base of the service
- Having a separate company allows the authority to move away from the constraints of the councils decision making processes, becoming more agile and responsive to changes in demand or funding
- Wider powers to trade through the Localism act provide the company with the opportunity to win contracts elsewhere

Choosing the right company model

The most common company models adopted by councils are:

Wholly
owned

Joint
Ventures

Social
Enterprise

Wholly owned companies are common because they allow local authorities to retain the risk and reward. And governance is less complicated. Direct labour organisations such as Cormac and Oxford Direct Services have both transferred out in this way.

JVs have become increasingly popular as a means of leveraging growth. Pioneered by Norse, Corserv and Vertas organisations are developing the model. Alternatively, if there is a social motive rather than a profit one, the social enterprise model is the best option, as it can enable access to grant funding to drive growth.

Getting it right through effective governance

While there are pitfalls in establishing these companies, those that have got it right are: seizing the advantages of a more commercial mind-set, generating revenue, driving efficiencies and improving the quality of services. By developing effective governance they can be more flexible and grow business without micromanagement from the council.

LATC's need to adapt for the future

- LATC's must adapt to developments in the external environment
 - These include possible changes to the public procurement rules after Brexit and new local authority structures. Also responding to an increasingly crowded and competitive market where there could be more mergers and insolvencies.
- Authorities need to be open to different ways of doing things, driving further developments of new trading companies. Relieving pressures on councils to find the most efficient ways of doing more with less in today's austere climate.

Overall, joint ventures can be a viable alternative delivery model for local authorities. Our research indicates that the numbers of joint ventures will continue to rise, and in particular we expect to see others follow examples of successful public-public partnerships.



[Download the report here](#)

Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<https://www.grantthornton.co.uk/en/insights/a-caring-society/>

<https://www.grantthornton.co.uk/en/insights/care-homes-where-are-we-now/>

<https://www.grantthornton.co.uk/en/insights/the-rise-of-local-authority-trading-companies/>

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National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

<https://www.nao.org.uk/report/local-authority-governance-2/>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>

Public Sector Audit Appointments

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

Health and Safety Report 2018/2019 – interim performance April to September 2019

The information below provides an update on priorities identified in the Health and Safety Report 2017/2018 along with interim health and safety statistics for 2018/2019. Full year data will be available in the 2018/2019 Health and Safety Report which will be considered by the Senior Management Team and Cabinet in summer 2019.

Priorities from Health and Safety Report 2017/2018	Proposed action in 2018/2019	Progress update
1. All Business Units and/or Services will implement the Council's Occupational Health and Safety Management System to a standard that would meet the Health, Safety and Emergency Resilience Service's "Good" rating upon audit, with an increased good rating of 90%.	The audit programme will continue during 2018/2019 and each previous audit has produced a prioritised plan of action to allow this target to be met. This target requires Business Units and services to implement the Council's occupational health and safety management system in a proportionate manner to the risks they face.	This target has been achieved by 80% of services audited (and 100% of schools). Whilst less than optimum all services audited do now have a prioritised action plan to allow this target to be met.
2. Each Business Unit and/or Service (as appropriate) will produce all required risk assessments.	This target requires Business Units and services to implement the Council's occupational health and safety management system in a proportionate manner to the risks they face.	Of the accidents reported in the period the manager responsible for the service concerned only stated that in 64% of accidents was there a risk assessment for the task being undertaken prior to the accident. All accident forms are followed up and the service concerned supported to ensure that these assessments are in place and implemented in line with existing Council policy.
3. Each Business Unit and/or Service (as appropriate) will have an action plan to implement the health and safety competencies detailed in Section 8 of the Corporate Health and Safety Policy.	When implementing the Council's performance and development review process, services should include necessary competencies relating to health and safety. Training that supports achievement of this is provided by the Health, Safety and Emergency Resilience Service.	Linked to target number 1, where this has been identified as a concern in the audit process it has been included in the action plan arising from the audit.
4. Reporting of near misses is far lower than reasonably expected.	The need for near miss reporting is included in the training provided by the Health, Safety and Emergency Resilience Service and the	Introduction of a simplified near miss reporting regime for staff based at Smithies Depot has greatly improved reporting at the local level.

	Council's occupational health and safety management system. It is proposed to run a specific campaign relating to the reporting of both near misses and incidents of violence and aggression during 2018/2019.	
5. Reports of violence and aggression account for the majority of incidents reported.	The need for violence and aggression reporting is included in the training provided by the Health, Safety and Emergency Resilience Service and the Council's occupational health and safety management system. It is proposed to run a specific campaign relating to the reporting of both near misses and incidents of violence and aggression during 2018/2019.	Reporting campaign has been designed with support from Communications and Marketing and will be launched in Spring 2019.
6. To develop and implement an action plan to address the opportunities for improvement in the Employee Survey 2017	There is a need to both ensure the competence of employees (see 3 above) and also ensure that all employees at all levels contribute to making health and safety a core priority. An action plan and campaign will be developed and implemented in 2018/2019 to challenge all staff to think about how they contribute raising health and safety standards.	'Safer Together' campaign has been designed with support from Communications and Marketing and will be launched in Spring 2019. Specific ' <i>Safety Culture</i> ' project is being undertaken in Environment and Transport Business Unit with a view to learning lessons that may be applied across the Council.

	Reported accidents (received by the Health, Safety and Emergency Resilience Service)	Lost time accidents (i.e. those which resulted in an employee recording absence from work)	RIDDOR 'recordable' over 3 day accidents	RIDDOR 'reportable' over 7 day accidents (i.e. accidents which are recordable and additionally reportable)	RIDDOR 'reportable' specified injury accidents	First aid accidents (i.e. those which resulted in an employee seeking first aid)	Medical treatment accidents (i.e. those which resulted in an employee attending hospital or their GP)	Days lost due to accidents	Members of the public taken directly to hospital from the scene of the accident	Reported incidents of violence and aggression (received by the Health, Safety and Emergency Resilience Service)	Days lost incidents of violence and aggression
April to September 2018	75	16	15	11	0	21	11	516	1	89	2
Total 2017/2018	148	24	16	15	1	36	31	564	8	158	57

Figure 1 above summarises accidents for April to September 2018. Of the days lost: one accident resulted in 146 days lost due to an ankle injury; 282 days lost (8 accidents) were attributed to a single service (ranging from 7 to 98 days lost – slips and trips, manual handling and road traffic collision); with 59 days lost at one school – these accidents account for 487 (94%) of days lost. The remaining lost time incidents (4) account for the balance of days lost.

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BARNSELY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME

	Mtg. No.	7	8	1	2	3	4	5	6
Committee Work Area	Contact / Author	20.03.19	17.04.19	5.06.19	22.07.19	11.09.19	30.10.19 (2.00 pm)	4.12.19	22.01.20
Committee Arrangements							Workshop		
Committee Work Programme	WW	X	X	X	X	X	X(?)	X	X
Minutes/Actions Arising	WW	X	X	X	X	X		X	X
Review of Terms of Reference and Self-Assessment	RW/CHAIR								
Training Review and Skills Assessment	RW/CHAIR								
Review of Terms of Reference & Working Arrangements	ACF		X (moved from 20/3/19)						
Draft Audit Committee Annual Report	RW/CHAIR								X
Audit Committee Annual Report	RW/CHAIR	X							
Internal Control and Governance Environment									
Local Code of Corporate Governance	AF/AH								
Annual Governance Review Process and Timescales	AF/AH								
Draft Annual Governance Statement & Action Plan	AF/AH			X					
Final Annual Governance Statement	AF/AH				X				
AGS Action Plan Update	AF/AH							X	
Corporate Whistleblowing Update & Annual Report	RW								X
Annual Fraud Report	RW			X					

	Mtg. No.	7	8	1	2	3	4	5	6
Committee Work Area	Contact / Author	20.03.19	17.04.19	5.06.19	22.07.19	11.09.19	30.10.19 (2.00 pm)	4.12.19	22.01.20
External Audit Progress report & Technical Update	GT	X	X	X	X	X		X	X
Financial Reporting and Accounts									
Budget Proposal Section 25 Report	NC	X							
Draft Statement of Accounts	NC								
Corporate Finance Summary	NC					X		X	
Corporate Finance and Performance Management & Capital Programme Update	NC	X				X		X	
Treasury Management Annual Report	IR				X				
Treasury Management Progress Report	IR/SW							X	
Treasury Mgt. Policy & Strategy Statement	IR	X							
Other Corporate Functions contributing to overall assurance									
Human Resources (annual)	AB/JH					X			
Business Improvement and Communication (annual)	MP				X				
Health & Safety Resilience (6 monthly report – March Update – September Annual)	SD	X				X			

	Mtg. No.	7	8	1	2	3	4	5	6
Committee Work Area	Contact / Author	20.03.19	17.04.19	5.06.19	22.07.19	11.09.19	30.10.19 (2.00 pm)	4.12.19	22.01.20
Governance & Member support (annual)	IT/WW			X					
Information Governance update	DR		X		X			X	
General Data Protection Regulations - Update	RW/SH			X					

*Members of the Senior Management Team to be invited periodically to report on any issues identified within the Strategic Risk Register

Item 13

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Item 14

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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