



Auditor's Annual Report on Barnsley Metropolitan Borough Council

2021-22 VFM arrangements

28 April 2023



Contents

Section	Page
1. Executive summary	3
2. Opinion on the financial statements and use of auditor's powers	5
3. Key and statutory recommendations	7
4. Securing economy, efficiency and effectiveness in Council's use of resources	8
5. Financial sustainability	9
6. Governance	19
7. Improving economy, efficiency and effectiveness	27
8. Follow-up of previous recommendations	34
Appendices	
Appendix A – Responsibilities of the Council	41
Appendix B – An explanatory note on recommendations	42
Appendix C – Sources of evidence	43



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

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



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

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

1. Executive summary



Value for money arrangements and key recommendation(s)

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

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2021-22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We considered the Council's arrangements in respect of:

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

Our conclusions are summarised in the table below along with our findings from last year to show the direction of travel.

Criteria	Risk assessment	2020-21 Auditor Judgment	2021-22 Auditor Judgment	Direction of travel
Financial sustainability	No risks of significant weakness identified	A No significant weaknesses in arrangements identified. Improvement recommendations raised.	A No significant weaknesses in arrangements identified. Some improvement recommendations have been made.	↔
Governance	No risks of significant weakness identified	A No significant weaknesses in arrangements identified. Improvement recommendations raised.	A No significant weaknesses in arrangements identified. Some improvement recommendations have been made.	↔
Improving economy, efficiency and effectiveness	Ongoing significant weakness identified in relation to the Ofsted/CQC report on SEND, issued in November 2021.	R Significant weaknesses in arrangements identified and key recommendation made in relation to the findings from Ofsted/CQC on SEND.	R The ongoing significant weakness in arrangements as at 31 March 2022 regarding findings from Ofsted / CQC on SEND with associated ongoing key recommendation. We note the actions taken by the Council in response to the findings, but no formal follow up inspection by the regulatory bodies had occurred at 31 March 2022. In addition, one improvement recommendation has been made.	↔

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

1. Executive summary (continued)

Overall Summary

Like many other local authorities, the Council continues to face increasing demands on its services with the context of a challenging and uncertain financial environment. Our work indicates the Council continues to face these challenges with resilience. The recent announcement that the Council was awarded £22.9m in 'safety valve' funding to deal with its significant deficit on the Dedicated Schools Grant reserve was a good outcome for the Council and a positive reflection of the Department for Education's (DfE) assessment of the Council's arrangements.

The Council has been nominated and shortlisted for the 'Council of the Year' award in the 2023 Local Government Chronicle awards, with an announcement expected in June. Governance arrangements continue to be appropriate. The only significant weakness we have identified is in relation to the ongoing findings of the Ofsted/CQC inspection into Special Educational Needs and/or Disabilities (SEND) services in the borough from 2021, which remain relevant to this review of the Council's arrangements to 31 March 2022. We note the actions taken by the Council in relation to the Review, however, no formal follow up by the regulatory bodies had occurred as at 31 March 2022. We have identified a small number of improvement recommendations to further enhance the Council's finance, governance and performance arrangements, and also followed up the recommendations raised in the prior year within Section Eight of this report.

Financial sustainability

The Council has a good track record of delivering a balanced financial position over a number of years. For 2021-22, the Council delivered a general fund underspend outturn of £4.9m on business as usual services after c£26m Covid-19 funding. It was agreed that this underspend would be earmarked and carried forward for future Council expenditure through the Medium Term Financial Strategy (MTFS).

The Council approved the 2022-23 budget in February 2022. However, since the approval of the 2022-23 budget, the financial outlook has worsened with inflation posing a real risk alongside rising energy prices and a higher than anticipated pay award. The impact of rising energy, fuel and other prices is directly impacting on both the Council's revenue and capital budgets for 2022-23. The Quarter 3 Corporate Finance Performance Report for 2022-23, presented to the Cabinet on 8 March 2023, noted a projected operational overspend of £12.1m. According to this report, this is to be funded from reserves in 2022-23. The Council is continuing to look at ways to manage the additional costs in both 2022-23 and beyond.

Due to the Council's good record on financial sustainability, it is better placed than many authorities to meet the economic challenges currently facing the local authority sector. As such our work has not identified any significant weaknesses in arrangements to secure financial sustainability. However, regular overspends of the level quoted in the Q3 Finance Report would quickly start to impact on the Council's financial position, therefore this should be closely monitored by Members.

We have raised two improvement recommendations to further strengthen the Council's current arrangements around financial sustainability. They cover the identification and reporting of savings requirements and enhancing capital programme reporting. Further details can be seen on pages 9-18 of this report.

Governance

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

Our work has not identified any significant weaknesses in the governance arrangements at the Council. However, we have raised two improvement recommendations to further strengthen Council's governance arrangements in respect of ensuring the Council considers its group entities when drafting the Annual Governance Statement and also on further enhancing arrangements in relation to providing satisfactory remedies to complainants, before matters are raised and escalated to the Local Government and Social Care Ombudsman. Further details can be seen on pages 19-26 of this report.

Improving economy, efficiency and effectiveness

The Council has demonstrated an appropriate understanding of its role in securing economy, efficiency and effectiveness in its use of resources. The only significant weakness we have identified is in relation to the findings of the Ofsted / CQC inspection on SEND from November 2021. We reported this in our 2020-21 Auditor's Annual Report (AAR) in March 2022. However, it remains relevant to our 2021-22 review of the Council's arrangements to 31 March 2022 as the inspection was conducted and reported during 2021-22 financial year and no formal follow up by the regulatory bodies had occurred as at 31 March 2022.

We have noted the actions taken in relation to the findings from the SEND review in this report and will continue to monitor this matter as part of our 2022-23 VFM work. We have not identified any other significant weaknesses in arrangements or need for any other key recommendations in relation to improving economy, efficiency and effectiveness. However, we have made one improvement recommendation to further strengthen Council's procurement arrangements. Further details can be seen on pages 27-33 of this report.



We issued an unqualified 'clean' audit opinion on the Council's financial statements on 20 January 2023, following the publication of the Statutory Instrument on infrastructure assets accounting.

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

2. Opinion on the financial statements and use of auditor's powers

Audit opinion on the financial statements

We issued an unqualified 'clean' audit opinion on the Council's financial statements on 20 January 2023, following the publication of the Statutory Instrument on infrastructure accounting. Our audit work was completed by the end of November 2022 as planned, with the exception of the national issue on infrastructure.

Other key findings

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

Audit Findings (ISA260) Report

More detailed audit findings can be found in our ISA260 Report, which was reported to the Council's Audit and Governance Committee on 16 November 2022 and the final ISA260 Report dated and issued on 20 January 2023, coinciding with the date of our audit opinion on Council's financial statements.

Preparation of the accounts

The Council provided draft accounts in line with the national deadline and provided a good set of working papers to support it. The Council's finance team demonstrated a good level of engagement in the 2021-22 audit process and throughout the year. This is something we have come to expect from the Barnsley finance team and this helped to ensure the audit process progressed smoothly.

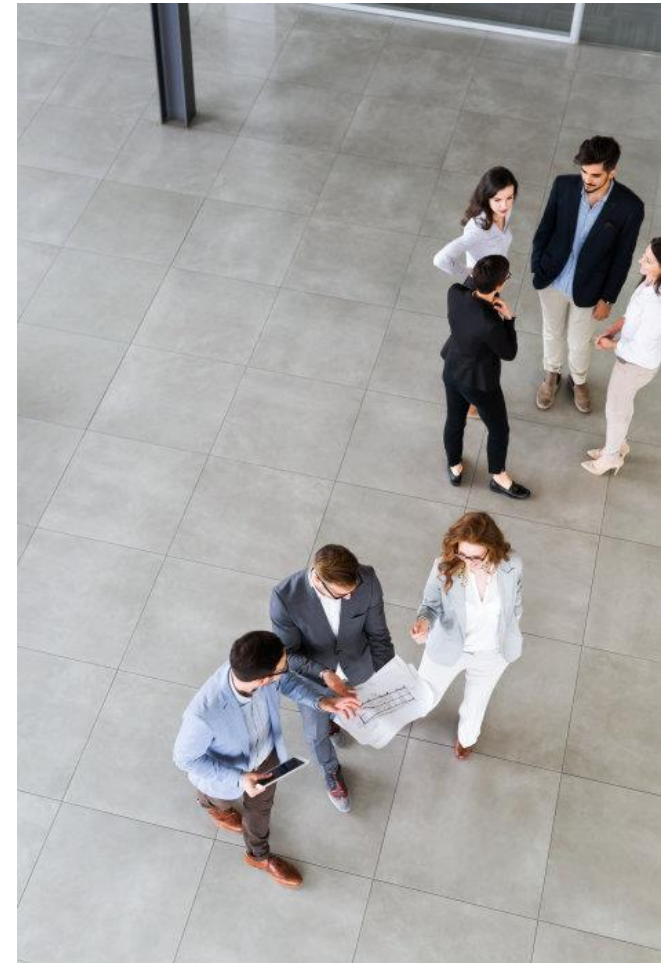
Whole of Government Accounts

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

The WGA audit guidance for 2021-22 was recently issued and, as in the prior year, the Council falls below the threshold for detailed audit procedures. We completed the high-level assurance statement on the WGA consolidation pack in line with the national guidance and submitted it to the NAO on 30 March 2023.

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

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



2. Opinion on the financial statements and use of auditor's powers

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

Statutory recommendations

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

We have not issued any statutory recommendations at the Council.

Public Interest Report

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

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

Application to the Court

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

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

Advisory notice

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

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

We have not issued any advisory notices to the Council.

Judicial review

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

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

3. Key and statutory recommendations



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

Our work has not identified any new significant weaknesses in arrangements since we issued our 2020-21 VFM report in March 2022 and therefore, we have not made any new key recommendations for 2021-22.

However, as noted previously, we identified a significant weakness and an associated key recommendation on SEND, which was reported in our 2020-21 AAR. The issue remains relevant in our review of the Council's arrangements to 31 March 2022, as the CQC / Ofsted inspection was conducted and reported during the 2021-22 financial year. We note the actions taken by the Council in response to the report, however, no formal follow up review of the SEND arrangements had taken place as at 31 March 2022 by the regulators.

Section 2 outlines the use of auditor's statutory powers. These powers include the use of written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Authority to discuss and respond publicly to the report.

As reported at Section 2, we have not made any statutory recommendations or had to discharge any other wider powers under the Local Audit and Accountability Act 2014, for the 2021-22 audit year.

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



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

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

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

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

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



Financial Sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 9 to 33.

5. Financial sustainability



We considered how the Council:

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

Identifying Significant Financial Pressures and building them in to Council Plans

The key tool the Council uses to identify significant financial pressures and builds them into the Council Plan is the Annual Budget and the Medium Term Financial Strategy (MTFS). The Council's budgets are presented, discussed and formally approved by full Council in February, prior to start of the new financial year from 1 April.

The budget document is a comprehensive report covering key financial challenges, assumptions relevant to the year ahead and the MTFS period. It also covers how these challenges are mitigated to achieve a balanced budget. It particularly covers the following areas:

- The S151 Officer's section 25 report covering budget recommendations, including the prudence of the assumptions included in the budget and the adequacy of the Council's reserves
- How the Budget and the MTFS aligns with the latest Council Plan
- A detailed MTFS, generally covering the budget year, plus two additional years identifying budget gaps and how those can be resolved
- The Council's Reserves position and reserves strategy going forward
- Fees and Charges
- Spending Plans
- Capital Programme and Capital Investment Strategy based on the Council's Strategy
- Treasury Management Strategy
- Savings and efficiency proposals.

The 2023-24 budget and the associated MTFS was the latest available approved document at the time of this report. It included the key challenges facing the Council and key estimates of the budget forecast.

The key challenges included:

- **Adult Social Care:** The impact of the National Living Wage for 2023-24 together with continuing inflationary & energy costs pressures, adult social care provider costs are likely to increase significantly in 2023-24 according to the latest Budget. It is currently assumed that these will be funded from a combination of a 2% increase in the Adult Social Care council tax precept, the Council's own base budget resources together with the specific adult social care grant confirmed as part of the settlement. That assumption will be revisited as part of the ongoing dialogue with care providers around fee levels for 2023-24. This is a continuing challenge for most single tier local authorities.
- **Children Services:** With demand on children with Special Educational Needs and Disabilities (SEND) increasing in the Borough, this is considered a key challenge to balance the in year budget.
- **Inflation & supply chain issues:** The well known inflation and supply chain issues relating to energy, fuel, food, and construction costs will continue to put pressure on the cost of council services during 2023-24. Additionally, the impact of rising prices on household disposable incomes and on business cashflow / profitability could increase the volatility, unpredictability, and uncertainty on the levels of council tax and business rate collection.

The Budget also included key estimates and assumptions, such as:

Council Tax income assumptions: The budget assumes a 95% collection rate which has been achieved in previous years. The Council is aware that this is considered a challenge for 2023-24 under the current economic conditions and the rising cost of living. However, this is mitigated to an extent via assumptions around growth in the tax base to be achieved through a combination of new properties coming into rating and a reduction in the number of households claiming local council tax support. It was noted that the support scheme increased significantly during 2020-21 and the early part of 2021-22, as described in the budget reports.

5. Financial sustainability

Identifying Significant Financial Pressures and building them in to Council Plans (continued)

Business Rates Income assumptions: Under the current Business Rate Retention scheme, Barnsley retains 49% of the total income collected. Government has confirmed that there will be no major changes to the Business Rate System in 2023-24 and that the planned move to reset the business rate baseline will not take place until 2025-26 at the earliest. The budget also takes into account the Government's intention to compensate for the reduction in income as a result of there being no inflationary increase to business rates in 2023-24, whilst the impact of the revaluation exercise is anticipated to be fiscally neutral.

Pay and other inflationary assumptions: The pay award for 2022-23 was resolved in November 2022 and equated to an average 7% uplift in the Council's pay bill. This was considerably higher than the budgeted assumption of 2% for 2022-23 which resulted in additional unbudgeted costs of £5m. Pay is forecast to be increased by 4% in 2023-24 and then at 3% per annum for the remainder of the MTFS period. The budget highlights that this should be kept under review, in light of the levels of inflation, the general cost of living, energy challenges and the funding position across the local government sector.

Interest rates assumptions: The Council continues to aim for 70:30 fixed to variable rate borrowing ratio to reduce exposure to interest rate risk. Due to the current economic climate, higher levels of interest rates (compared to the previous 15 years) are expected in 2023-24 before they gradually stabilise and then possibly reduce according to current economic forecasts. The 2022-23 budget has incorporated these interest rate risk assumptions.

Service / demand pressures and related assumptions: There have been significant increases in the demand for all Council services in recent years, particularly in Children's and Adult Social Care services. These pressures are expected to continue into 2023-24 and beyond and provision for this has been made within the budget and MTFS.

After identification of such financial pressures and key assumptions within 2023-24 budget, the planned deficit for 2023-24 was £7.223m before savings/efficiency plans of £7.336m, finally forecasting a small budgeted surplus of 113k, after savings. The Council's budget clearly identifies an approved detailed efficiency programme of £7.336m for 2023-24.

From the points above, and from our cumulative knowledge and experience, it is evidenced that there is a process at the Council to identify significant financial pressures with various assumptions that are relevant to the Council's short to medium-term plans which are then built into its financial planning.

Plans to bridge funding gaps and identify achievable savings

Our previous value for money reviews have reported that the Council is good at delivering its overall savings plans, including how they are monitored at a directorate level. The Covid-19 pandemic undoubtedly had an impact on delivering efficiency savings but that challenge was not specific to this Council. All public services were impacted by the pandemic and this unprecedented situation was experienced by all local government organisations.

The 2021-22 budget, approved in February 2021, included plans to bridge funding gaps and identify a savings targets amounting to £7.192m. The budget identified these across each individual directorate with a brief description of the proposal and the targeted specific saving.

2021-22 outturn position: The Council's approved budget for 2021-22 totalled £186.6m. In the final 2021-22 outturn, the Council reported an underspend of £4.9m at the year end. This was after c£26m of Covid related funding from the government. Without the government funding, coupled with increased service demands, the Council could not have achieved this performance in 2021-22.

The underspend was taken to a strategic reserve to mitigate against future cost pressures. This underspend position of £4.9m was mainly attributable to a reduction in the level of expected spend in dealing with the pandemic (for example some adult social care services could not be delivered due to the pandemic environment) combined with lower than anticipated spend (e.g. business as usual spend and additional grant income received during the period).

2022-23 year to date position: The Council approved budget for 2022-23 totalled £211.4m with a savings target of £2.1m to achieve a break even position. At the end of Month 9 (Dec 2022), the Council is predicting an operational overspend of £12.1m. According to the latest corporate finance performance report, this gap is to be funded from general fund reserves. The most significant contributor to this overspend was on Children's Services which was c£7.6m ahead of the budgeted spend.

In common with a number of local authorities with children's services, the budget pressures experienced by the Council in respect of children with SEND is an increasingly financially demanding service pressure for the Council. This is further discussed under Dedicated School Grant Deficit section (see pages 15 and 16).

5. Financial sustainability

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

Plans to bridge funding gaps and identify achievable savings

From our previous VFM review work in 2020-21 and also from this year, it is evident that the budget is developed in a manner to bridge the funding gaps required and identify savings. The 2021-22 and 2022-23 savings targets were £7.192m and £2.1m respectively. The £7.192m savings target for 2021-22 was 3.7% of 2021-22 core spending plans of £193.8m, before efficiencies.

However, what is not very clear is how monitoring and achievement of these saving targets are reported during the year and at the year-end outturn. Having reviewed the 2021-22 final outturn report, and the 2021-22 and 2022-23 quarterly corporate financial performance reports, it is not overly clear what level of savings have been achieved across the relevant directorates and any such gaps in achievement. For example, the £7.192m savings target was reported as below for respective directorate in the 2021-22 Budget.

Directorate	2021/22 Saving £
Adults and Communities	1,485,000
Children's Services	0
Place	827,000
Public Health	(290,000)
Core	968,000
Sub Total - Directorates	2,990,000
Organisational Wide	4,202,000
TOTAL	7,192,000

[Figure 1 : Extracted from 2021-22 budget report]

From our review of the 2021-22 outturn report, it is not really clear, in summary, how much of the £7.2m was delivered, against each of the directorates' target savings, or what has been delivered recurrently or non-recurrently. The budget report is also not clear the recurrent and non-recurrent nature of these savings targets, although our discussions with management note that all savings delivered by the Council are deemed recurrent.

Our view is, reporting this clearly in the budget, outturn and financial monitoring reports would further enhance financial reporting of the Council. Whilst this is not an indication of a significant weakness, we have raised an improvement recommendation.

The key financial planning document of any year is the annual budget which covers how services are to be funded and costed. The proposals identified within the budget provide the foundation around which the Barnsley 2030 Plan and Council Plan (covered in more in Section 7) can be delivered, in a financially sustainable manner.

The annual budget captures the spending plans for each of the five directorates. See figure 2 below which was extracted from 2023-24 budget.

DIRECTORATE SUMMARY SPENDING PLANS 2023/2024

Figure 2

DIRECTORATE	OPENING 2023/24 RESOURCE ENVELOPE	ADD		LESS		REVISED 2023/24 RESOURCE ENVELOPE
	£M	Pay £M	Demography & Demand £M	SUB-TOTAL PRE EFFICIENCIES	Efficiencies £M	
PLACE HEALTH & ADULTS						
Adults Assessment and Care Management	47.835	0.498	6.532	54.865	-3.010	51.855
TOTAL PLACE HEALTH & ADULTS	47.835	0.498	6.532	54.865	-3.010	51.855
CHILDRENS DIRECTORATE						
Education and Early Start Prevention	10.104	0.504		10.608	-0.283	10.325
Children Assessment and Care Management	33.057	0.449	7.000	40.506	-0.480	40.026
TOTAL CHILDRENS	43.161	0.953	7.000	51.114	-0.763	50.351
GROWTH & SUSTAINABILITY						
Regeneration and Culture	15.589	0.702	3.110	19.401	-1.540	17.861
Environment and Transport	34.760	0.695	3.725	39.180	-0.200	38.980
TOTAL GROWTH & SUSTAINABILITY	50.349	1.397	6.835	58.581	-1.740	56.841
PUBLIC HEALTH & COMMUNITIES						
Public Health	4.276	0.330	0.000	4.606	-0.700	3.906
Safer, Stronger & Healthier Communities	7.223	0.327		7.550	-0.360	7.190
TOTAL PUBLIC HEALTH & COMMUNITIES	11.499	0.657	0.000	12.156	-1.060	11.096
CORE DIRECTORATE						
Finance	3.743	0.365	1.286	5.394	-0.190	5.204
IT	7.596	0.221	0.150	7.967	-0.299	7.668
HR, Performance & Communications	4.799	0.353		5.152	-0.025	5.127
Legal & Governance	5.693	0.147	0.500	6.340		6.340
TOTAL CORE	21.831	1.086	1.936	24.853	-0.514	24.339
CORPORATE BUDGETS						
Levies	0.947	0.000		0.947		0.947
Corporate & Democratic Core	0.463	0.005		0.468		0.468
Capital Financing	19.271	0.000	0.570	19.841		19.841
Corporate Budgets & Provisions	16.039	4.415	-5.521	14.933	-0.250	14.683
TOTAL CORPORATE	36.720	4.420	-4.951	36.189	-0.250	35.939
TOTAL NET BUDGET	211.395	9.011	17.352	237.758	-7.337	230.421

5. Financial sustainability

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

From figure 2 at page 11, it is evident how statutory and other services are planned at high level. This is replicated for the entire MTF5 period up to 2025-26 and reported as such in the MTF5. The pay, demography and demand costs (see figure 2 at page 11) are then added to the starting position for budget planning. After that, the efficiencies required to achieve a sustainable and balanced budget are determined before arriving at the revised net budget priorities for the Council.

The sustainable delivery of this plan also depends on setting prudent assumptions which are built into this plan, regular monitoring of the budget, taking mitigating actions on budget to actual variations and what is happening in the real world on these demand driven costs and activities. For example, Adult Social Care and Children's Services are two key demand driven activities of the Council that can be volatile and sometimes not easy to estimate at the start of the year.

From our work on the budget reports, we note that there are key assumptions reported such as inflation, interest rates, increase in pay costs, efficiency targets and these are built into the annual budget and MTF5. Also the current Minimum Working Balance held by the Council remains at £20m, a level that is considered prudent in line with the risks faced by the Council around volatile economic conditions and increased demand on key services.

As mentioned earlier, sustainable delivery of services in accordance with strategic and statutory priorities needs budget monitoring and our work indicated that quarterly monitoring of the budget is reported to the Cabinet.

Overall, the Council has a good system of financial planning to deliver services in accordance with its strategic and statutory priorities, however, we highlight below some scope for improvement.

Glass Works Operational Phase - running costs:

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

The net running costs of Glassworks operational phase, according to the latest Council management information is c£5.2m for 2022-23, after taking income into account. The main elements to this in 2022-23 are c£5m on debt servicing costs (capital and interest elements) mainly offset by c£1.7m rent and service charge income. The management accounts also include costs such as repairs and maintenance, marketing, staff and other centre running costs. Overall, according to the current records the gross running costs amount to £7.2m for 2020-23. We understand, going forward the Council also needs to consider lifetime replacement costs of maintaining the GW buildings. This will form part of on going costs.

The management accounts are prepared on a monthly basis and reported to the Glassworks Project Board, which mainly consists of officers from the Council. This includes the S151 and Deputy S151 Officers.

We also understand the current 2022-23 income reported to Glassworks Project Board does not account for market rents (part of GW) and additional business rate income due to the Council from GW buildings. If accounted for, the net costs would further reduce from c£5.2m.

The Council's 2023-24 budget report indicates the net cost of Glassworks is de-risked. What this actually means is the financial risk (e.g. the costs and income) attached to running the Glassworks is provided for within the current budget and MTF5.

2022-23 was the first full year Glassworks was fully operational. This flagship regeneration project is funded through borrowings and other Council resources and run by the Council on a day to day basis. This is a discretionary service activity of the Council where significant investment and resources have been committed during the last 3-4 years.

According to the Month 10 Glasswork Board meeting minutes for January 2023, we understand there was a c£2m overspend on the current agreed budget. By separately identifying the budgeted net costs and actual net costs of the scheme and reporting to members it would improve accountability and transparency of the operational performance of this flagship project.

With the current challenging economic climate and other future possible risks (e.g. rent arrears, changing consumer habits), it may be possible that actual net cost of the Glassworks scheme may increase – with a resulting impact on the Council's financial position. Informed and timely decision making is critical in such circumstances.

Whilst we acknowledge that the Glassworks was always a regeneration scheme as opposed to a commercial venture, in our view, given the significance of the scheme, it should be separately identified and its financial performance (associated income and expenditure) should be reported to the Cabinet and Audit and Governance Committee.

We acknowledge there are updates on GWs to the Audit and Governance Committee. These mainly focus on commercial aspects rather than financial performance of running this flagship project. Currently the financial performance is monitored at senior management level through the Glassworks Project Board. By making this more transparent, the Council can further improve its informed decision making not just for senior management but also for Members. Additional scrutiny on GW's financial performance would further enhance Council's financial management and sustainable delivery of key Council services.

We have not raised a new improvement recommendation on this matter but have followed up our prior year's recommendation at section eight and commented accordingly.

Overall, the Council has arrangements in place in planning its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities and we have not identified any significant weaknesses.

5. Financial sustainability

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

The Council's budget report has a detailed section on the Capital Investment Programme. The Capital Investment Programme is aligned to Barnsley 2030 - the key Council Strategy. Barnsley 2030 sets out Council's long-term vision and how the Council plans to achieve it.

The Capital Investment Programme is largely derived via detailed consideration of three key strategies.

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

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

The quarterly Corporate Finance Performance reports to Cabinet include the overall capital programme position at the end of the specific quarter for a corresponding year, actual expenditure, projected outturn and reasons for the variations. The Council has an yearly and a five year capital programmes which are reported in these quarterly monitoring reports.

Our review of these reports indicate that it is not overly clear to follow the actual approved capital programme for a particular year and for the five year period. The numbers reported are not consistent to the previous quarterly report. The linkage between capital spending to the respective budget report and capital programme was also not clear.

For example, the quarterly reports for 2022-23 indicated the following:

Extracts from Corporate Finance Performance Reports 2022-23				
		2022-23 Capital Programme	2022-23 Forecast Spend	5 year Capital Programme
Quarter one		£149.3m	£147m	174.3m
Quarter two		£154.2m	£134.2m	182m
Quarter three (Latest available)		£140.7m	£129.1m	191.5m

From the table, a clear observation is the inconsistency in numbers reported from quarter one to quarter three of 2022-23, of the capital programme, forecast spend and five year capital programme

We understand this reporting is based on approved funding and in some cases what is in the pipeline.

However, in our view, the reasons for the movements are not clear to the reader and there is some scope for improvement on how the Council reports its approved capital programmes in the budget and follows that through consistently during quarterly Corporate Finance Performance reports.

This would further improve transparency, accountability and consistency in reporting. We have raised an improvement recommendation on this matter.

The Full Council receives and approves, the annual capital plan, minimum revenue provision (MRP) policy, TMS and Annual Investment Strategy. The MRP is the calculated annual charge to the revenue account to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements. As reported in our 2021-22 Audit Findings (ISA260) Report we consider the current MRP charges to be appropriate.

Like many other local authorities, the Council uses the Link Group as their Treasury Management advisors. It is clear from the reporting that the Council recognises the responsibility for TM decisions remain with the organisation at all times but considers there is value in employing external providers with experience on treasury management services.

5. Financial sustainability

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

Council Borrowing: As reported in our 2020-21 Auditors Annual Report, the Council has relatively high debt compared to similar Metropolitan Borough Councils. The graph below has analysed total borrowings as a proportion of total assets. The average in Metropolitan Councils is 34% where Barnsley is showing 43% (the blue line). The high borrowing is due to previous policy decisions including Glassworks and other key regeneration projects. The Council borrowings in last five years per the audited Financial Statements are as follows:

Council Borrowings in the last five years per audited Financial Statements	
Year	Council Borrowing £'000
2017-18	568,404
2018-19	666,270
2019-20	676,879
2020-21	650,018
2021-22	690,465

As noted above, Council borrowing has increased by c21% over the 5 year period however, this was within the borrowing limits permitted. According to the 2023-24 Budget and MTFS up to 2025-26, the Council has more capital investment plans that require additional borrowing of c£278m – increasing the Council's debt levels. Out of this total of c£278m, the Council is planning to borrow c£90m on fixed rate and the remaining c£188m through short term temporary borrowing. The budget reporting is clear that any required additional borrowings will be obtained within the required Prudential Borrowing Limits as permitted in the public sector financing regime.

Exposure to Interest Rate Risk

The Cost of living challenge, increasing energy costs and a war in Europe have increased the economic volatility in the UK and around the world. The UK economy avoided a technical recession in Q1 of 2023, although the Bank of England raised interest rates for the eleventh consecutive time since December 2021 to 4.25%, the highest in 14 years.

The Council is potentially exposed to interest rate risk with its relatively high levels of borrowing. Although, according to the latest budget reporting, the Council mitigates this risk by maintaining a proportion of fixed rate borrowing at 70% through to 2025-26. This proportion of fixed rate borrowing will ensure interest cost certainty for the Council for the MTFS period.

To achieve this 70% fixed rate borrowing strategy and reduce the exposure to interest rate risk, it is anticipated that the Council will need c£90m of fixed rate borrowing over the period to 2025-26. The Council is aiming to fulfil the remaining borrowing requirements through temporary borrowing for a very short period or via internal cash resources.

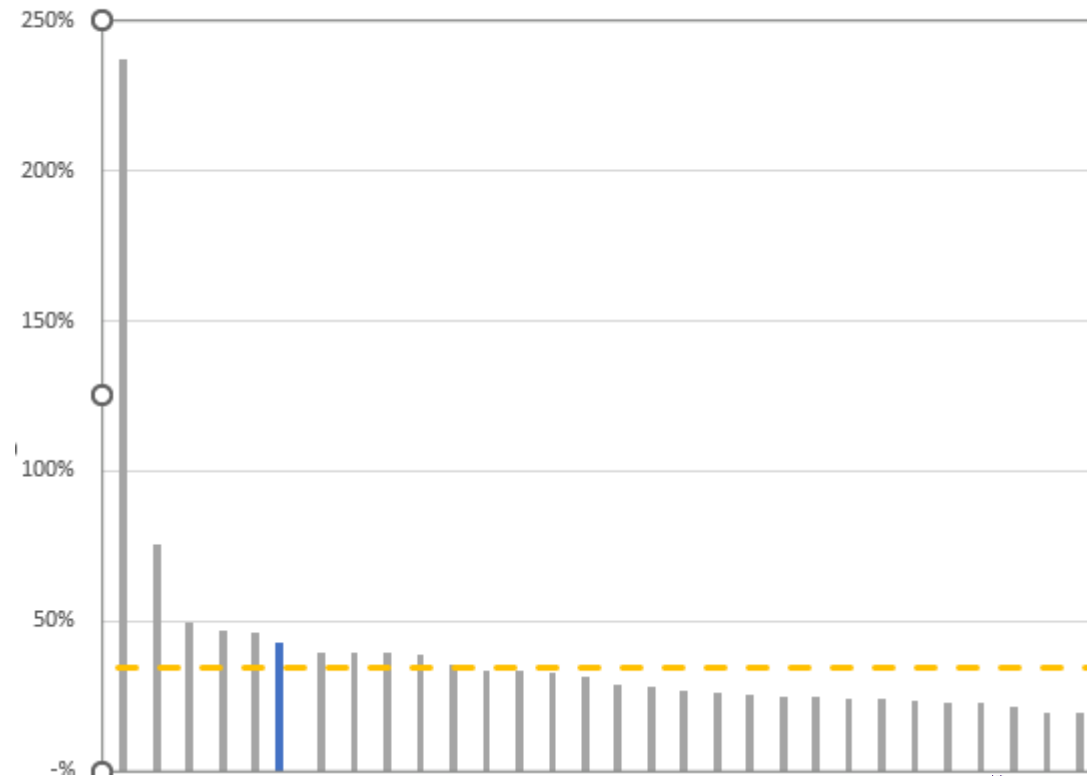
Our work during the current and prior year indicates the Council is fully aware of the level of increasing debt, increasing cash outflows to service these debts, and interest rate risks and these are captured in the budget and MTFS. Also, as indicated, the borrowing limits are within the prudential borrowing limits and public sector financial regime.

It is good to note that in budget reporting to the Council, the S151 Officer acknowledges that future borrowing should be considered subject to robust business cases, due diligence and funding guarantees, based on affordability.

We do not intend to make any further improvement recommendations on borrowings, based on our review of Council's current financial planning other than following up our 2020-21 improvement recommendation around borrowings, which is reported at section 8 of this report.

The Council's increasing debt profile, arrangements in place to manage the interest rate risk, and availability of funds to service debt, are all areas we will continue to focus on in our future audit work, as part of our value for money responsibilities.

Total borrowing as a proportion of total asset (%)



5. Financial sustainability

Identifies and manages risk to financial resilience

How the Council identifies significant financial pressures and builds them into Council plans is reported at pages 9 and 10. This covers the risks associated with the budget and the MTFs, and how they are incorporated into the Council's financial planning.

The Council has a Strategic Risk Register and financial sustainability has been identified as a red risk within the RAG rating. This red rating is assigned not because there is an imminent risk to the financial sustainability of the Council, but as a result of assessing the impact if no actions are taken on a timely manner to mitigate financial risks. This risk is regularly monitored, reported and discussed. For example, this was an agenda item in the recently held Audit and Governance Committee meeting in March 2023, where the S151 Officer presented and explained the actions being taken. This risk has four key continuing actions as follows:

1. actions on current socio economic factors impacting the country such as inflation, interest rates, and demand on Council services
2. actions on achieving more funding into the local government sector and Council through working with various departments (e.g. with the DfE on the DSG deficit), lobbying government departments through the local MPs and other bodies such as LGA to understand cost pressures and obtain more funding
3. actions around national and local policy issues – for example working with South Yorkshire Mayoral Combined Authority (SYMCA) on partnership working and additional funding into the Barnsley borough
4. Actions on developing and monitoring prudent budgets and MTFs

Overall, there are sufficient arrangements in place to identify risks to financial resilience, manage and mitigate those risks.

DSG deficit:

As reported in our prior year VFM Report, the Council's DSG deficit had increased by 120% within the two year period up to 31 March 2021 from £5.3m to £11.8m. This was further increased by £6.1m to £17.9m by 31 March 2022. The estimated deficit at the year end 31 March 2023 is £22.1m, a further increase of £4.2m in year.

We acknowledge that under the time limited statutory requirement, the DSG deficit is now ringfenced as an unusable reserve – so there is no immediate risk of this deficit being a draw on the reserves of the Council. However, this may change in 2024-25 when the current statutory override is due to finish.

It is important for the Council to have arrangements in place to address cost pressures within the High Needs Block linked to Special Educational Needs including Disabilities (SEND) and ensure that DSG related spending is brought in line with budget in order to aim to breakeven in year.

Our continuing work in this area highlighted:

- the Council engaging with DfE to manage this deficit
- the Council has a deficit recovery plan with assumptions based on current available information
- the Council understands the reasons for these deficits and there is a clear correlation, for example, between increasing demands in children with Educational and Health Care Plans (EHCP) and rising costs in the SEND budget
- quarterly reports on various aspects of SEND are presented at Cabinet level and reports are also taken to the SEND Oversight Board. Therefore, those Members in Cabinet or the SEND Board have a reasonable understanding of this financial challenge facing the Council.

We made an improvement recommendation on DSG deficit reporting in our 2020-21 AAR and this is followed up in Section 8 of this report.

Latest update on DSG deficit (March 2023):

As a result of Council's proactive work with all relevant stakeholders and constructive discussions with the DfE, the Council has reached an agreement on DSG deficit elimination funding with the DfE during March 2023. This is called a Safety Valve Agreement (SVA) and the total SVA funds due to the Council from 2022-23 to 2026-27 is £22.9m.

This is a very good outcome for the Council, a positive reflection on the Council's arrangements in this area, and should ease the financial pressures on the DSG deficit.

5. Financial sustainability

Identifies and manages risk to financial resilience

New DSG deficit operational plan and DfE funding as agreed in the SVA are as follows:

Year	Forecast DSG Deficit Profile at each year end agreed with the DfE (£m)
2022-23	22.1
2023-24	24.7
2024-25	25.5
2025-26	24.8
2026-27	22.9

Subject to the above deficit operational plan being achieved by the Council, the DfE would provide the following funding according to the SVA, to eliminate the full deficit by 2026-27.

Year	DfE agrees to pay BMBC an additional DSG funding by each year end (£m)
2022-23	9.16
2023-24	2.75
2024-25	2.75
2025-26	2.75
2026-27	5.5

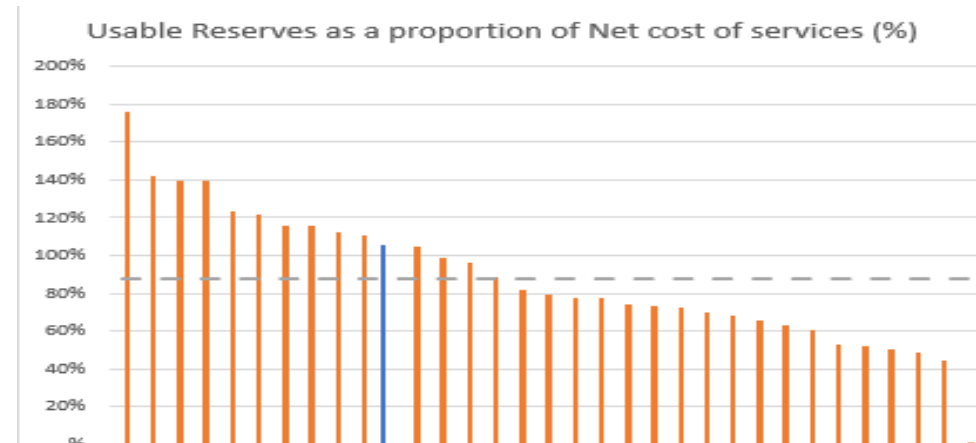
We will perform further work in this area including how this funding has been accounted for, as part of our 2022-23 audit.

Usable and General Fund Reserves

As reported in our 2020-21 AAR, the Council continues to have relatively strong Usable and General Fund Reserve balances, compared to other Metropolitan Borough Councils. For example Council's Usable Reserves as a proportion of Net Cost of Services is 106% [see the blue line in the graph opposite], whereas the average for Metropolitan Borough Councils is 88%. [see grey horizontal line]

Year	Council's General Fund Reserves (£m)	Total Usable Reserves (£m)
2017-18	135,793	197,956
2018-19	130,114	198,862
2019-20	133,875	206,177
2020-21	195,302	273,416
2021-22	217,132	308,760

The budget report highlights the S151 Officer's Section 25 report. This includes reporting on the adequacy of Council reserves. General Fund Reserves are unearmarked and available to be utilised by the Council. The Council continues to set aside a minimum working balance reserve of £20m which is a contingency for unforeseen events. The reserves strategy for the latest MTFs from 2023-24 to 2025-26 has been reported in the latest approved 2023-24 budget and MTFs in February 2023. Overall, Council's relatively strong general fund and total reserves position further strengthen the financial position and helps to manage risks to financial resilience.



Conclusion – financial sustainability : Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have not identified any risks of significant weaknesses, however, we have identified two improvement recommendations which are set out overleaf. In addition, we have followed up progress against our 2020-21 recommendations at section eight of this report.

Improvement recommendations



Financial sustainability – Clearly summarising savings delivery in reports and identifying recurring savings targets and delivery

- Recommendation 1** In order to enhance the Council’s identification, monitoring and reporting of its savings, the Council should:
- Clearly summarise and report the savings delivery in the Corporate Finance Performance and the annual Outturn reports, linking to the relevant budget report savings previously identified and approved by the Council
 - Make clear that all proposed savings and savings delivered are recurrent (ie the Council does not deem any savings non-recurrent).

Why / impact Local authorities are operating within a very challenging environment where demands for Council services have significantly increased but the funding has not proportionately kept pace. In addition, the UK is experiencing economic challenges with increasing inflation, interest rates rises, a cost of living and energy crisis, and in addition, a war in Europe. This creates significant challenges to develop and monitor a balanced budget for local authorities. Developing and monitoring savings strategies (recurrent and non current), and clearly reporting on savings delivery and achievements is an essential part of budget delivery and financial sustainability.

Auditor judgement We acknowledge that the budget report does identify clear savings targets and they are detailed and explained within the annual budget report linking to the respective Directorate, as we indicate on page 11. Our recommendation is based upon:

- how these identified savings are followed up and reported in quarterly Corporate Finance Performance and annual Outturn reports, including clarity in linking such reporting to approved savings targets in the respective annual budget.
- Identification of the split between recurrent and non recurrent savings which will highlight to key stakeholders the level of any ongoing financial challenges arising from possible high levels of non-recurrent savings, and the impact this may have on the longer term financial sustainability of the Council.

Summary findings As part of our work on identification of savings targets, we reviewed savings identified for 2021-22 (£7.2m) in the corresponding budget report which was approved by the Full Council in February 2021. We also reviewed savings identified for 2022-23 (£2.1m) in the corresponding budget report which was also approved by the Full Council in February 2022.

We then reviewed the relevant quarterly Corporate Finance Performance reports for both 2021-22 and 2022-23, and the 2021-22 annual outturn report to track the achievement of savings targets set in line with approved budgets. Our work indicated that it was not very clear from the 2021-22 outturn report whether or not the savings target of £7.2m was achieved. Additionally, it was not overly clear how the 2022-23 savings target of £2.1m is monitored and reported in the quarterly monitoring reports for 2022-23 to date.

We also noted that, the budget report had not identified and distinguished any split of recurrent or non-recurrent savings. Although we understand from subsequent discussions with management that all savings are deemed to be recurrent – the reports should make this point clearer.

Management Comments *Agreed. Robust monitoring arrangements are already in place to ensure tracking of all efficiencies. General performance / issues of non-delivery will be reported as part of the 22/23 final accounts report and during 23/24 as part of the quarterly financial performance reports.*



Improvement recommendations

Financial sustainability – Clear reporting of approved capital programme through quarterly finance monitoring and annual outturn reports

Recommendation 2 We recommend the Council’s approved capital programme for the year should be consistently and clearly reported in the quarterly corporate finance performance reports and in an annual outturn report.

Why / impact

Understandability and consistency of the capital programme reporting through appropriate monitoring tools are an important part of financial reporting and informed decision making. When that understanding and consistency is not overly clear, there is a risk that capital programme reporting on a quarterly basis may not manage to achieve the real purpose of such reporting – in terms of check and challenge, and diminish the audit trail. Therefore, we propose there should be a clearer audit trail starting from the capital element of the budget report and into the quarterly corporate finance performance reports and the annual outturn report.

Auditor judgement

As part of the Barnsley 2030 strategy and under the ‘growing Barnsley’ theme, the Council has ambitious plans to develop infrastructure facilities within the borough. The Council’s capital programme which forms part of the overall budget plays a vital role in these ambitions for the future and should be closely monitored and reported consistently against the approved budget.

Summary findings

The Full Council receives and approves the annual capital programme. The quarterly Corporate Finance Performance reports to the Cabinet include the overall capital programme position at the end of the specific quarter for a corresponding year, actual expenditure incurred, projected outturn and reasons for the variations. The Council has an annual and a five year capital programme which are reported in these quarterly corporate finance performance reports.

However, our review of these reports [see page 13] indicated that it is not overly clear to follow the actual approved capital programme for a particular year and for the five year period. Additionally, linking the numbers to the respective approved budget report was also not clear in a number of cases.

We understand this reporting is based on approved funding and in some cases what is in the pipeline. However, in our view, the reasons for the movements are not clear to the reader and there is some scope for improvement on how the Council reports its approved capital programmes in the budget and follows that through consistently during quarterly Corporate Finance Performance reports and the final outturn report.

Management Comments *Agreed. Any changes to the approved capital programme budget are tracked throughout the year and reported to Cabinet as part of the quarterly finance performance update. However, improvements will be made to more clearly reconcile/demonstrate all changes back to the approved budget. This has already been included within the 22/23 final accounts report and will also be included within the 23/24 quarterly finance performance reports ongoing.*

6. Governance



We considered how the Council:

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

Monitoring and assessing risk

As reported in our 2020-21 Auditor's Annual Report, the Council's strategic risk management arrangements were reviewed following feedback from a corporate peer review. The revised approach is now embedded in how the Council monitors and assesses risks. The strategic risk register (SRR) enables decision makers to focus on key risks and update those on a regular basis, as necessary, using a digital platform.

The SRR is now operated using a Microsoft Power BI platform and is aligned to the Council's objectives and priorities. The process is owned, reviewed and updated by the Senior Management Team (SMT) on a regular basis. It is maintained together with individual service and specific registers for key priorities such as children's safeguarding, financial sustainability and adult safeguarding.

The Audit and Governance Committee receives regular updates including presentations on the strategic risks from the relevant Executive Directors. This provides assurances on the operation of the SRR and how 'live' it is for the Council's day to day affairs and medium to longer term risks.

For example, the S151 Officer presents the current strategic risk on financial sustainability issues faced by the Council and answers member queries arising on this issue. These presentations provide the Committee with a detailed overview into the strategic risk, an opportunity to gain assurances and also to check and challenge the relevant Executive Director about the effectiveness of the mitigations and action plans in place to address the risks.

The Council Plan captures the risk management arrangements and describes how they will be used to improve business processes, deliver corporate outcomes and priorities and the importance of reviewing the risk register to ensure it contains real and current risks for the Council.

The Corporate Governance and Assurance Manager is working alongside individual business unit leaders to identify and record their risks on the SRR. These will then be monitored on a monthly basis by Service Directors and quarterly by individual Directorate Management Teams. This system contributes towards completion of the Annual Governance Statement at the year-end.

The Head of Internal Audit (HoIA) provides assurances on anti-fraud work during the year and this is captured in the annual HoIA Report. For 2021-22, a reasonable (positive) assurance opinion was provided, which included pro-active and re-active work on fraud prevention at the Council. The Annual Governance Statement also reports on work done on fraud matters carried out during 2021-22 and the outcome.

The Council was a victim of immaterial fraud in June 2021 and this was reported in both 2020-21 and 2021-22 Annual Governance Statements. This was also reported in detail in our 2020-21 Audit Findings Report and VFM Report alongside the actions taken by the Council. Our 2020-21 recommendation is followed up in section eight. We can confirm that all actions relating to this issue are now implemented and no further action is required as part of our VFM work.

Overall, there are arrangements in place within the Internal Audit Plan to capture the required work on prevention and detection of fraud.

Annual Governance Statement (AGS):

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

These actions are followed up and updates are provided to the Audit and Governance Committee during the year before the next draft AGS is produced. This gives an opportunity for the Members of the Committee to check and challenge on the progress of the action plan from the previous AGS. This is a good approach and the Council continues to adopt these arrangements.

Our review of the AGS also highlighted that there is no mention of any assurances obtained on governance arrangements on the two fully owned subsidiaries of the Council, which are Berneslai Homes Limited (which includes c£25m net pension liability) and Penistone Grammar Trust (which includes c£32m of funds).

The Council is the ultimate controlling party to these two organisations and how well they are governed and their key risks are relevant and to the Council's controls and reputation. We have raised an improvement recommendation to report the assurances obtained on these two subsidiaries in future AGS. Any reporting should be proportionate and focus only on key matters arising that are relevant to the Group.

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

6. Governance

Budget Setting Process and budgetary controls

The Council has an established budget-setting process in place for agreeing its annual budget. The budget-setting process is thorough and includes several stages. The budget for the forthcoming year is approved by the full Council in February prior to start of the Council's operational year on 1 April. Routine monitoring of the budget takes place via the Corporate Finance Performance Reports which are presented to the Cabinet on a quarterly basis.

The budget and Medium Term Financial Strategy (MTFS) are considered and approved at the same time during February. The Council's MTFS is incorporated into the budget report and captures a three year time horizon.

The Executive Directors for respective directorates are responsible for their individual budgets and lead on key budget setting and control activities, including:

- monitoring and controlling overall expenditure against budget allocations and reporting to the Cabinet on projected income and expenditure compared with the budget on a regular basis. This includes potential material changes which have corporate implications and for recommending corrective action where required
- administering the Council's scheme of virement
- developing and maintaining a resource allocation process in conjunction with Executive Directors that ensures due consideration of the Council's policy framework
- maintaining budgetary management and control within their directorate, in adherence to the framework set down by the Executive Director of Finance and ensuring that all income and expenditure is properly recorded and accounted for
- ensuring that no expenditure is incurred from other than approved resources and income is not reduced without approval of the full Council
- in conjunction with the Executive Director of Finance monitoring, managing, regulating and reporting upon financial performance throughout the financial year to ensure that approved estimates are not overspent and that budgeted income levels are attained
- ensuring that budget holders are involved in budget preparation and are held accountable for budgets under their control.

Budgetary controls are mainly led by the budget holder and reported to the respective Executive Director including any actions on variations to the budget. These feed in to the Corporate Finance Performance Reports which are reported quarterly to the Cabinet.

Overall, the Council continues to maintain good budget setting processes, budgetary controls and there are no significant weaknesses to report.

Making properly informed decisions, supported by appropriate evidence

The Council has a Committee Structure which mainly consists of :

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

Minutes of these meetings are published on the Council website. For example, Cabinet meetings, the agenda includes the items for noting and items where members need to discuss and take a decision / make recommendations.

Also the key Cabinet and Committee papers are focused and help assist in informed decision making by Members. For example, at the top of Cabinet papers it denotes the purpose of the paper, how the paper links to Council's strategic objectives (e.g. Healthy, Learning, Growing, and sustainable Barnsley) and whether or not the Members need to approve or make a recommendation. At the end of papers it highlights the implication of the paper, such as financial, legal, employee, sustainability and communication impacts.

These matters indicate that relevant information is provided to decision makers before major decisions are made, alongside the impact of these decisions on key Council priorities.

6. Governance

Making properly informed decisions, supported by appropriate evidence

The Council has a vision and aspiration that is supported by a strategy to develop the borough. This is linked to the Council Plan and Barnsley 2030 agenda and is also evident in the continuing town centre regeneration development projects.

The Council's vision is to create a place of possibilities to everyone living in Barnsley by 2030. There is evidence that the Council thinks strategically with longer term objectives for economic growth. This has been acknowledged with the Council recently shortlisted for 'the Council of the Year' at the Local Government Chronicle Awards. This is a real positive recognition for the Council and the winner will be announced in June 2023.

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

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

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

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

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

Update on Glass Works (GW)

The GW is a c£210m capital development project, completed in September 2021, providing new civic, leisure and retail facilities at the heart of the town centre. It includes a new town square, newly refurbished market, new library, 13 screen cinema, bowling alley, and high-end retail, cafés, bars and restaurants.

From presentations and reporting to the Audit and Governance Committee, we understand that footfall in the town centre has increased after the opening of GWs and more local people are spending their money within the borough than before. This is part of the Council's 2030 Strategy of creating a Healthy, Learning, Growing and Sustainable Barnsley. According to the latest data provided by the Council, 86% of the shops are now let with Cineworld, one of the key anchor tenants, going live before the end of 2022.

Following the completion of the capital build of the scheme, the governance of this project is now at an operational level, including financial management. The key element of the operational governance overseeing the Glassworks is the Project Management Board which meets monthly and mainly consists of Council officers. There is a monthly management report that goes to this Board. The report covers:

- financial performance including rent and service charge income, expenditure to date and budgeted expenditure and income for the year. This also includes the debt servicing costs, both principal and interest which are c£5m a year. As indicated in our financial sustainably section, the latest management information indicates the current operational net running cost is c£5.2m after rent income for 2022-23.
- income per tenant
- rent arrears and challenges facing the Board in the shorter and longer term. For example, there was £52k rent overdue as end of Month 9 (December 2022) and actions taken to recover it.
- Footfall, car park income, service charge income, void units and health and safety aspects.

6. Governance

Making properly informed decisions, supported by appropriate evidence

Update on Glass Works (GW)

Internal Audit input:

A representative from Internal Audit attends GW Board meetings. Internal Audit has also recently reviewed and updated the Terms of References (ToR) for the GW Board and other associated GW sub groups to reflect the change in focus from capital programme to operational delivery. There are ToR for the following:

- GW Board
- GW Capital Oversight sub group
- GW Leasing Subgroup
- GW Finance Subgroup

We also understand that Internal Audit is currently supporting the Service Director (Growth & Sustainability) to review the Board / sub group risk registers. Until recently, there was a risk included in Council's Strategic Risk Register in terms of Glass Works, however, this has recently been removed, to reflect the change in risk profile, according to Council's assessment. This change was reported to the Audit and Governance Committee meeting in March 2023.

As attendees of the Audit and Governance Committee meetings, we have seen regular updates on Glass Works operations to the Committee, mainly covering new lease tenants and general operations activities - other than financial performance.

As we indicated under the Financial Sustainability section of this report, we have commented on our prior year GW related recommendation (in section eight) on budget reporting and financial monitoring of the GW operational performance going forward.

Monitoring and ensuring appropriate standards

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

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

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

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

These are key responsibilities to ensure key standards are maintained and continue to be monitored and complied with at the Council. The main compliance reports are presented to the key committees of the Council which are responsible for monitoring standards and to provide checks and challenge.

6. Governance

Monitoring and ensuring appropriate standards (continued)

Matters arising from May 2022 Local Election Process

A situation arose in one of the Council wards in the local elections of 5 May 2022. The counting of votes in one ward were not completed to an acceptable standard. The Council failed to count a box of postal ballot papers – attributed to simple human error. The postal votes were counted and the voting figures in the ward recalculated.

Whilst the result for the ward in question did not change, the situation did significantly impact on trust in the electoral process. As part of our VFM review, we met with the Council's Head of Elections to understand what happened and importantly what actions have been subsequently undertaken.

The Council wanted to learn from this experience, to ensure something of a similar nature would not happen again. The Council took various actions, including:

- Barnsley Returning Officer (BRO) meeting with the Election Commissioner and actioning feedback from the Commissioner
- BRO commissioning the Association of Electoral Administrators to carry out an independent investigation to this particular ward count and accepting all 14 recommendations in full
- BRO commissioning an engagement exercise with candidates, their agents and people working at the polling stations to provide assurances that lessons have been learnt and there are arrangements in place to eliminate such human errors in future elections
- Conducting an end to end review of how the Council would deliver future elections, with the review completed in December 2022. This was led by the Executive Director of Core Services. The review covered the election planning process, staff identification and recruitment, location and equipment to be used at polling stations, communications with the candidates and their agents, postal vote opening and the counting of votes
- Conducting a trial election at the Barnsley Metrodome in January 2023.

Overall, our work indicated how seriously the Council reacted to the issue, with arrangements put in place to prevent a similar situation occurring in the future.

We are content with the actions taken by the Council regarding this matter and there is no indication of residual significant weakness in this area. Due to actions taken and implemented, we are also of the view that an improvement recommendation is not considered necessary.

Local Government and Social Care Ombudsman (LGSCO)

The Local Government and Social Care Ombudsman (LGSCO) looks at complaints about councils including education admissions appeal panels and adult social care providers (such as care homes and home care providers).

This is a key regulator service in the local government and social care system and each council should have arrangements in place to address such complaints and LGSCO findings. Like every other local authority, the Council receives a LGSCO annual report, normally by July each year, covering complaint statistics.

The statistics focus on three key areas, complaints upheld, compliance with recommendations and satisfactory remedy provided by the council. The LGSCO compares the three key annual statistics with similar local authorities. In the case of the Council it is compared with similar metropolitan borough councils.

According to the LGSCO's 2021-22 annual review, the summary and comparison data for Barnsley Council was as follows:

- 69% of complaints were upheld and the national average was 68%
- The Council had successfully implemented all (100%) LGSCO recommendations and the national average was 100%
- On none of the 9 upheld decisions in 2021-22 (0%), the Council provided satisfactory remedy before the complaint reached the Ombudsman. The national average for similar authorities is 11%.

As part of the LGSCO report review and overall arrangements in place to address matters arising from the LGSCO review, we met with the Customer Resolutions Manager at the Council. (see overleaf)

6. Governance

Monitoring and ensuring appropriate standards (continued)

Local Government and Social Care Ombudsman (LGSCO) – continued

Our work highlighted that the Council takes customer complaints very seriously and there are arrangements in place to address customer complaints and working with respective directorates to address, provide remedies and minimise such complaints.

The majority of complaints relate to the two demand driven key services of the Council which are adult social care and children's services. According to the national statistics reported on the previous page, the Council is performing relatively in line with other similar local authorities other than in providing satisfactory remedies to the complainants before going to the LGSCO.

This is an area the Council could enhance existing performance by working more with the complainant, providing reasonable solutions, dealing with the relevant directorate to which the complaint relates, and all other relevant stakeholders to understand the root cause of this issue. Accordingly, we have raised an improvement recommendation on this.

The Council also publishes an annual customer complaints and compliments report (Annual Customer Report) which is also presented to the Cabinet, usually in October. This Annual Report includes action plans to address LGSCO annual review matters (normally issued in July) and improve proactive and re-active work in relation to customer complaints.

Some of these actions, planned for 2022-23, include:

- launch a training course on an introduction to customer services complaints for all staff members – this is now completed
- hold a workshop with those services who are receiving the highest number of upheld complaints to review processes on how to manage complaints and learn from them
- review the online customer complaint and compliment form to improve how complaints and compliments are captured and routed through the organisation
- review the present system for the management of complaints and compliments with a view to implement identified changes which will improve service delivery

Overall, we consider the Council is taking customer complaints seriously and there are arrangements in place to address customer complaints, including monitoring procedures. We have also noted work is continuing and there is no evidence of any significant weaknesses. We have, however, raised an improvement recommendation in relation to providing satisfactory remedies to the complainant before it goes to the LGSCO.

Conclusion – Governance

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

Our work identified two improvement recommendations to further enhance the Council's governance arrangements in respect of including any significant and relevant governance issues in its group entities within the AGS. We have also followed up the Council's progress against our 2020-21 governance recommendations at section eight.

Improvement recommendations



Governance – capturing governance assurances on the Council’s subsidiaries in the Annual Governance Statement

Recommendation 1

The Council reports a group accounts structure, which in addition to the Council, also includes two wholly owned subsidiaries, which are Berneslai Homes Limited and Penistone Grammar Trust. The AGS which accompanies the group accounts, should summarise the key governance arrangements and any governance issues arising for the group as a whole. We recommend the Council should include any key governance arrangements, assurances and any issues arising of all the group entities within AGS.

Why / impact

The Council’s accounting framework is within a group structure with two other entities. The Council is required to prepare an Annual Governance Statement for the group as a whole in order to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance principles in Delivering Good Governance Framework issued by CIPFA. This includes how the group/Council monitor and evaluate the effectiveness of the governance arrangements in the year, on any planned changes in the coming periods and any significant issues arising.

Auditor judgement

The Council has two wholly owned subsidiaries - Berneslai Homes Limited and Penistone Grammar Trust, which together with the Council form the group accounting structure. The Council is the ultimate controlling party to these two organisations. How well they are governed and their key risks are relevant and important to the group operations.

Not considering the subsidiaries’ key risks and operating effectiveness of their respective internal control environments may impact the operation of the whole group, including the Council. There is also the risk that full and appropriate disclosures in the AGS are not made. The Council should ensure the other two group entities’ governance arrangements are considered, and key assurances and any gaps in assurance should be included in Council’s AGS.

Summary findings

The Council produces an annual AGS, which complies with required guidance. It captures and summarises the overall governance framework at the Council, assurances obtained, and action plans on matters that need to be followed up together with timescales for those actions. These actions are followed up and updates provided to the Audit and Governance Committee during the year before the next draft AGS is produced. This gives an opportunity for the Members of the Audit and Governance Committee for check and challenge on the progress of the action plans from the previous AGS. This is a good approach and the Council continues to adopt these arrangements.

Our review of the AGS highlighted that there is no disclosure regarding any assurances obtained pertaining to governance arrangements on the two fully owned subsidiaries of the Council. This is an omission which should be rectified from the 2022-23 AGS.

Management Comments

Agreed. The inclusion of assurances regarding the Council’s two wholly owned subsidiaries, Berneslai Homes and Penistone Grammar School, will be incorporated in the AGS for 2022/23.

Improvement recommendations



Governance – Improving arrangements in relation to providing a satisfactory remedy to the complainant before raising an issue with the LGSCO.

Recommendation 2 We recommend the Council further enhances their arrangements in relation to providing satisfactory remedies to complainants before matters are raised and escalated to the Local Government and Social Care Ombudsman (LGSCO).

Why / impact

Providing satisfactory remedies to the complainant before the matter is raised with the LGSCO would enhance customer service, and is likely to reduce additional resource time to address these issues in the future. Overall, this would help to make this process more efficient and effective for both the Council and the Ombudsman.

Failing to provide satisfactory remedies could increase dissatisfied local residents and consume more Council resources in the future to rectify these. Additionally these matters would be reported in the annual public letter from the Ombudsman to the Council's Chief Executive.

Auditor judgement

This is an area the Council should engage more with the complainant, trying to provide reasonable solutions, dealing with the relevant directorate to which the complaint relates, and all other relevant stakeholders in order to understand the root cause of the issue. Ideally this will ensure the complainant is provided with satisfactory remedies at that stage with no reason to take the issue forward to the LGSCO.

Summary findings

Our work highlighted the Council takes customer complaints very seriously and there are arrangements in place to address customer complaints and working with respective directorates to address, provide remedies and minimise such complaints. The majority of complaints relate to the two demand driven key services of the Council which are adult social care and children's services. According to the national statistics, the Council's performance in this area is relatively in line with other similar local authorities, other than in providing satisfactory remedies to complainants prior to raising issues with the LGSCO.

The Council also publishes an annual customer complaints and compliments report (Annual Customer Report) which is presented to the Cabinet, usually in October. This Annual Report includes action plans to address LGSCO annual review letter matters (normally issued in July) and improve proactive and re-active work in relation to customer complaints.

Management Comments

Agreed. A number of measures have been implemented to support services in this area. These include:

- *an easy-to-follow checklist for Investigating Officers, helping to ensure that they follow the key steps when investigating and writing responses.*
- *A guidance document for Investigating Officers when undertaking Stage 2 investigations, and we're planning on doing the same for Stage 1.*
- *A remedy guidance document written by the LGSCO in every task allocation to Investigating Officers, which helps them to consider appropriate remedies should fault be found as part of the outcome of their investigation findings.*
- *Training sessions have been/continue to be delivered for services highlighting where they can look for exemplary areas of best practice on the LGSCO's website.*
- *Focused support for services, advising around learning and actions identified by Investigating Officers.*

In addition we continue to progress and evolve our response to complaints using learning and best practice and supporting services to meet both statutory requirements and our own performance targets.

7. Improving economy, efficiency and effectiveness



We considered how the Council:

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

Performance Management and monitoring

The Council continues to have an established Performance Management Framework in place. Performance is reported through the quarterly Corporate Performance Report and is structured around the Council's Plan 2021-2024 priorities and presented to Cabinet. These performance monitoring reports are publicly available through Council website.

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

The Plan explains what the Council wants to achieve, how it plans to do it, how the performance is measured, and whether it is on track to achieve it. This is where the quarterly Corporate Performance Report is useful for the Cabinet and the senior management to monitor the performance against the Critical Success Factors (see below) to achieve the Council Plan.

The Council Plan has been developed alongside the work that has taken place for the Barnsley 2030 vision, a series of activities with residents, businesses, employees and other key stakeholders across the borough.

The Barnsley 2030 strategy has four priorities to enable the borough to be modern, inclusive and efficient. These 4 priorities are supported by 12 Outcomes and currently 57 Critical Success Factors (CSF) – in effect key performance indicators of the Council, which have been aligned to the Outcomes.

This allows the Council to assess the performance against each outcome (which is linked to the Council Plan and vision) and monitor the direction of travel to achieve the Council Plan linked to the Barnsley 2030 vision.

In summary the 12 outcomes are:

1. People are safe and feel safe
2. People live independently with good physical and mental health
3. Reduce inequalities in health and income
4. People have the opportunity for lifelong learning
5. Children and young people achieve the best outcome
6. People have access to early help and support
7. Business startups and existing local businesses are supported to grow and get new investments
8. People have a welcoming, safe and enjoyable town centre
9. People are supported to have safe, warm and sustainable homes
10. More recycling and wasting less, feel connected in the borough
11. Barnsley heritage and green spaces promoted to all people to enjoy
12. Fossil fuels are being replaced by affordable and sustainable energy.

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

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

7. Improving economy, efficiency and effectiveness

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

One of the key tools for evaluation of services at the Council is the quarterly Corporate Performance Report, as indicated in the previous page. Based on the findings from these performance monitoring reports, the council evaluates the services and identifies areas for improvement. These are captured by respective Directorates. Overall, the Council continues to monitor these and publicly available.

The Council also uses other means of evaluation of services, such as (not limited to), for example:

- External inspections and reports
- Local Government and Social Care Ombudsman (LGSCO) annual report
- Internal Audit reports in relation to the internal control environment where impacting on Council services, for example, internal audit work on benefit payments may highlight internal control improvements which once implemented could improve the service for the end user.

External inspections and reports:

Ofsted/CQC Report:

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

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

HMCI also determined that the Council and the then Barnsley Clinical Commissioning Group (now within NHS South Yorkshire Integrated Care Board) were jointly responsible for submitting the written statement to Ofsted. In reaching their judgements, inspectors took account of the impact of the Covid-19 pandemic on the SEND arrangements in the borough. More detailed findings of this inspection and the full report can be obtained from Ofsted website.

As a result of these findings from Ofsted and CQC, our view was there was a significant weakness in the Council's arrangements for 2020-21 in relation to improving economy, efficiency and effectiveness in Barnsley in implementing SEND reforms as set out in the Children's and the Families Act 2014. As such, we issued a key recommendation on this issue in our 2020-21 Auditor's Annual Report on the Council's VFM arrangements.

Our work in this area in 2021-22 indicates that, progress has been made in actioning Ofsted/CQC report recommendations. Some of those actions taken by the Council include:

- submitting a detail WSOA as required by the Ofsted/CQC report
- developing a SEND Strategy 2022-25
- developing a SEND Improvement Programme that underpins the SEND Strategy
- producing quarterly Cabinet updates on SEND improvement programme progress and financial position. These reports update on support and provision for children and young people with SEND in the local area
- working closely with South Yorkshire Integrated Care Board on WSOA plan implementation and progress to date.

Whilst the Council has made progress in implementing Ofsted and CQC recommendations during 2021-22, not all WSOA recommendations were fully actioned as at 31 March 2022 and Ofsted/CQC have not performed a full re-inspection on WSOA actions.

Our view is under the terms of the NAO's VFM guidance, we believe it is appropriate to report this matter once again as an ongoing significant weakness in the Council's arrangements as at 31 March 2022.

Therefore, the resulting key recommendation (detailed at page 39) remains relevant to our 2021-22 VFM work. We note the actions taken by the Council during 2022-23 and we will further consider these as part of our 2022-23 VFM work later this year.

7. Improving economy, efficiency and effectiveness

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

Partnership working

The Council continues to have appropriate partnership working arrangements in place. An integral part of the Barnsley 2030 Strategy is partnership working. The four themes of this vision are Healthy, Growing, Learning and Sustainable Barnsley and all these themes include elements of partnership working.

In developing the Barnsley 2030 strategy, the Council has closely worked, and continues to do so, with the communities, businesses and various organisations across all sectors and with local councillors, and Members of Parliament.

There is a formal structure that supports the delivery of the Barnsley 2030 strategy. This includes the Barnsley 2030 Board and the Barnsley 2030 delivery groups. The Barnsley 2030 Board includes various external key individuals and organisations, such as:

- Principal at Barnsley College
- Chief Executive of the Business Village (formerly Barnsley Business and Innovation Centre)
- Chief Executive of Barnsley and Rotherham Chamber
- Executive Director, Infrastructure and Place, South Yorkshire Mayoral Combined Authority
- Deputy Chief Executive, Barnsley NHS Foundation Trust
- Various very senior members from South Yorkshire Partnership NHS Foundation Trust, South Yorkshire Integrated Care Board, Barnsley School Alliance, CEO Barnsley Football Club, South Yorkshire Police, the National Trust and leading business people from South Yorkshire.

This is a demonstration of how the Council works with various partners to achieve its vision and aim to improve services to its local residents. The Board meetings for Barnsley 2030 are held quarterly and review of the agenda items indicate how the Council is working together in partnership with various individuals, organisations and stakeholders.

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

- The South Yorkshire Mayor and South Yorkshire Mayoral Combined Authority senior executives to develop the borough infrastructure and access to required funding
- Rotherham and Doncaster Councils which together run a Waste Partnership called BDR Partnership. This manages waste recycling across the three boroughs. Barnsley, Doncaster and Rotherham have almost 350,000 households, which between them produced around 340,000 tonnes of waste each year, almost one tonne per household.
- All key Government departments such as Department for Levelling Up, Housing and Communities (DLUHC), Department for Work and Pensions, Department for Education (DfE). A good example of demonstrating the collaborative partnership working with government departments is the Council's successful access to Safety Valve Funding in relation to the DSG deficit which was agreed in March 2023 – see pages 15 and 16.
- South Yorkshire Integrated Care Board in respect of the response to the Written Statement of Action (WSOA) as a result of Ofsted/CQC report on SEND – see more details at page 28.

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

7. Improving economy, efficiency and effectiveness

Procurement

More than a third of all UK government spending on goods and services is spent by local government, so it is important for local authorities to have effective arrangements in place for procurement and contract management.

The local authority sector's ongoing focus on efficiency, and other priorities, such as net zero and local growth, mean that local government procurement has a real opportunity to make a difference to the wider efficiency, growth and environmental agenda.

Strategic planning, internal controls, technical expertise, commercial awareness and contract management are all key attributes for effective procurement. Appropriate governance arrangements and deploying appropriate skills and resources are critical for successful procurement that is compliant with legislation. Where things go wrong, there are potentially significant risks to public money, service delivery and reputation.

New Procurement Legislation - Transforming Public Procurement

Procurement rules and legislation are continually changing. The latest legislation "Transforming Public Procurement" is currently going through parliament with approval expected later this year and the rules anticipated to come into force by early 2024.

According to the government website, this new legislation will have differences in terms of how public sector procurement should be conducted and that will require specialist people to implement these in local government.

The Council has a procurement strategy which has been updated in previous years as a result of internal audit reviews and other changes to the operational and legal environment. The latest update was presented to the Audit and Governance Committee in January 2023.



Public-sector procurement

The new revisions reflected the growing remit and development of procurement within the Council, including innovation performed by the Strategic Procurement and Contract Management Team.

The key changes and updates to the Contract Procedure Rules (CPR) were both strategic and operational. Some of the strategic updates were:

- Social Values on how the Council would improve economic, social and environmental wellbeing through procurement policies
- Zero Carbon 40/45
- Minimum value for undertaking a competitive quotation exercise through requesting at least three quotes has been increased from £10,000 to £20,000
- Grants/State Aid

Some of the operational updates were:

- Conflict of Interest signed by all procurement participants
- Rejection of late Standard Questionnaires, Quotations and Tenders
- Record of all procurement documentation
- Second Signature for contracts under £70K
- Guidance in Estimating Contract Values and approvals

As part of our work, we met with Head of Strategic Procurement & Contract Management to discuss the recent updates to CPR and procurement related challenges facing the Council. Our discussions highlighted that:

- The Council takes procurement requirements very seriously and is aware of the developing legislative agenda in this area
- Social value and Zero Carbon 40/45 are incorporated into CPR
- There is growing remit of procurement need at the Council. This is evident from the recently approved 2023-24 budget and MTFs where there is a significant amount of capital investment and other programmes over the next 2-3 years. Closely linked to these requirements are sound and effective procurement of goods and services to protect public money.

7. Improving economy, efficiency and effectiveness

Procurement (continued)

- With the changing legislation coupled with increasing procurement activities going forward, there are challenges around capacity, skill mix and experience within the procurement function at the Council
- There has been no external independent review of the Council's procurement function. The Council has acknowledged this, and considering the specialist and changing nature of this area, a form of independent scrutiny and advice by specialists could further improve, efficiency and effectiveness of this key activity.

Tackling these factors in to consideration we have raised an improvement recommendation on procurement to further enhance the current procedures and assist the Council to successfully face future challenges. The recommendation focuses on:

- Reviewing capacity levels and expertise within the Council's procurement function given the current and future activities it is expected to deal with
- Within reasonable intervals, seek a level of independent, external professional input on the Council's procurement activities (both compliance and controls), in order to provide a level of assurance over the procurement function given the level of remit of this key service.

Overall, other than our proposed improvement recommendation above, we consider there are sufficient arrangements in place at the Council to evaluate, monitor and comply with Contract Procedure Rules and there is no indication of any significant weakness.

Climate Change

The Council has various projects in place to tackle the climate change agenda. A key part of this agenda is reducing carbon emissions to help limit the effects of climate change. In September 2019, the Cabinet declared a climate emergency to bring these issues to the top of the Council's agenda and to the attention of all within the borough.

To support Barnsley to reduce its carbon emissions the Council has two programmes:

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

7. Improving economy, efficiency and effectiveness

Climate Change (continued)

To achieve these significant targets, the Council is working on five key areas:

1. **Energy Efficiency and procurement of energy:** The aim is for this to be done with insulation and better equipment, with the Council wanting to make sure its energy is from renewable sources
2. **Resource Efficiency:** This is around making the most from the resources the Council has and waste less and recycle more. Some of these objectives are fed in to BDR Waste Partnership covered at page 29
3. **Sustainable Transport:** This is about reducing the need to travel, encourage walking and cycling, and reduce the amount of carbon emitted through travel, such as by using electric and low emission vehicles. Barnsley 2030 visions captures some of these in terms of more cycling lanes, electric vehicle charging points, walking paths, and vehicle replacement programme of the Council focusing on ultra low vehicle emissions
4. **Renewables:** These are sources of energy that do not reduce and disappear with use, unlike fossil fuels. For example, the design and build of solar panels at Glass Works. Berneslai Homes is working with Energise Barnsley to install solar panels on roofs of council dwellings
5. **Decentralised Heating:** This means heating homes via zero or low carbon measures away from traditional sources of heat. The Council is looking at the potential for expanding district heat networks where several buildings are heated from a single source. Berneslai Homes currently manage 24 district heat networks across Barnsley.

There are other projects the Council is engaged in relating to the environment such as working with community groups. The Council is also aiming to increase the number of trees planted in Barnsley with a target to plant 10,000 trees before 2025.

According to the Council's current strategic risk register (March 2023), it has included a red risk, showing the importance and the urgency of the Council to become net carbon zero by 2040 and the borough aiming to achieve this by 2045. It includes the current actions being taken and the latest updates on those actions. The red rating is given to this key area not due to lack of actions by the Council at the current moment but consequences if no actions are taken. The action ratings against specific milestones are mainly green (e.g. actions taken by the Council to date and continuing are in line with plans).

Overall, there is sufficient evidence to demonstrate the Council's desire, commitment and direction of travel in this area and no indication of any significant weakness.

Conclusion – Improving economy, efficiency and effectiveness:

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

However, as highlighted at page 28, there is one ongoing significant weakness from 2020-21 in relation to arrangements in implementing special educational needs and / or disabilities (SEND) reforms. Therefore, we have an ongoing key recommendation on this matter and this is followed up at section eight. We have also raised one improvement recommendation on Council's procurement arrangements.

Improvement recommendations



Improving economy , efficiency , effectiveness – enhancements in relation to procurement activities

Recommendation 1

Given the levels of significant activities requiring procurement input at the Council, and the developing legislative environment impacting on procurement, the Council should consider:

- reviewing capacity levels, expertise and experience within the procurement function to ensure it is ready and ‘match fit’ to meet these future challenges
- seeking an independent, external professional review of the Council’s procurement activities, gaining a level of assurance in terms of how well the Council is placed to face the future demands on the procurement function.

Why / impact

Given the level of significant schemes the Council is currently dealing with and is expected to do so in the future, it is important to have a procurement function that is well placed to deal with these challenges. There are financial, legal and reputational risks when things go wrong in procurement.

Auditor judgement

More than a third of all UK government spending on goods and services is spent by local government, so it is important for local authorities to have effective arrangements in place for procurement and contract management.

Appropriate governance arrangements and deploying appropriate skills and resources are critical for successful procurement that is compliant with legislation. Where things go wrong, there are potentially significant risks to public money, service delivery and reputation. The latest legislation “Transforming Public Procurement” is currently going through parliament for approval later this year and the rules are anticipated to come into force by early 2024.

Summary findings

Our work indicated:

- with the changing legislation coupled with increasing procurement activities going forward, there are challenges around capacity, skill mix and experience within the procurement function at the Council
- there has not been an external independent review of procurement arrangements at the Council. The Council acknowledges that, considering the specialist and changing nature in this area including change in legislation, that independent scrutiny and advice by specialists could further improve, efficiency and effectiveness of this key activity.

Management Comments

Agreed. An independent strategic review of the Council’s procurement and contract management function concluded in the early part of 2023 with an improvement plan / new operating model currently subject to approval with an estimated implementation date of December 2023.

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
1	<p>DSG deficit:</p> <p>As a good governance measure, going forward, the Council should consider reporting the actions and outcomes on the DSG deficit reduction plans to the Audit and Governance Committee on a regular and timely basis.</p>	Improvement	March 2022	<p>Quarterly reports on the position for SEND and DSG Deficit together with actions being taken to address the deficit are reported through the following forums on a quarterly basis.:</p> <ul style="list-style-type: none"> • Lead Cabinet spokesperson briefings • Council's Senior Management Team (SMT) meetings • Cabinet • Schools Forum • SEND Oversight Board <p>A summary position is reported to the Audit and Governance Committee as part the quarterly performance report but moving forwards the detailed report will be submitted to the Audit and Governance committee during 23/24.</p> <p>Furthermore through ensuring a robust deficit reduction plan is in place, the Council has been able to secure financial support from the DFE as part of their Safety Value programme.</p>	Yes	N/a
2	<p>Borrowings:</p> <p>With the increase in borrowings over the years at the Council and associated financial risks such as interest rate increases, coupled with increasing inflation, going forward, the Council should prudently continue to monitor future cash flows to service and repay current and future borrowings without any significant impact on the delivery of key Council services.</p>	Improvement	March 2022	<p>The 2022/23 Treasury Management Strategy outlined an external borrowing requirement of £90M over the planning period to 2024/25. In light of rising interest rates throughout the year and the increasing cost of external borrowing, recommendations were made to the Treasury Management Panel to delay long-term borrowing at this time. The Council has also followed advice from our Treasury Management Advisors, Link Group, and during 2022/23 have focussed on a policy of internal and temporary borrowing, utilising cash balances and reserves in lieu of external borrowing. This position is being continually reviewed and changes in approach are recommended and discussed at Treasury Management Panel.</p>	Yes	None required. The Council's borrowing levels will be continually monitored in our future audit work.

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
3	<p>Bank Mandate Fraud:</p> <p>The Council should:</p> <ul style="list-style-type: none"> Have proactive mechanisms of fraud awareness training to relevant colleagues summarising the issues which resulted in this fraud – as a reminder to all Council staff to be alert to such schemes in order to reduce the chances of another fraud of this nature taking place again Ensure mandatory fraud awareness training is completed by all relevant employees, monitoring this requirement and taking appropriate action if compliance is not achieved Fully action all the recommendations arising from Internal Audit's November 2021 report. 	Improvement	March 2022	<p><i>New training courses have been created on the Council's POD system covering broad fraud awareness and communicated to all employees. Additional courses are being developed covering fraud awareness around procurement, recruitment, direct payments, anti-bribery and corruption, whistleblowing and money laundering fraud. These will be rolled out during 2023/24.</i></p> <p><i>A new mandatory general fraud awareness course was implemented earlier in 2023.</i></p> <p><i>All actions have been implemented from the original Internal Audit report in November 2021. Internal Audit continue to support and provide advice to the Accounts Payable function in the constant review and development of effective and efficient controls.</i></p>	Yes	N/a

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
4	<p>Strategic Risk Register:</p> <p>The Council should have a formal process of sharing the Strategic Risk Register (SRR) with the Cabinet for consideration and discussion at least every six months</p>	Improvement	March 2022	<p>Regular updates have been provided to Cabinet on risk during the year:</p> <p>27 June 2022 – explanation of the new risk management process, outlining the role of the Audit and Governance Committee in reviewing strategic risks, a comprehensive review of every strategic risk details were shared with a slide presentation and individual ED’s outlined the key issues and actions in relation to those risks where they are the Risk Owner.</p> <p>29 March 2023 – update on the strategic risk register, assurance provided that the Audit and Governance Committee are continuing to undertake regular deep dives into strategic risks, a detailed presentation of 3 high rated strategic risks (these risks were identified by SMT as the most important for Cabinet to have detailed oversight/understanding on) by the responsible ED considering key issues and actions, and an offer of training on risk management to Cabinet colleagues (training to be provided to 2 Cabinet leads on Children’s Services in May who have expressed an interest in this) – further training sessions to be set up as required.</p> <p>13 September 2023 – next session booked in for strategic risk review at Cabinet.</p>	Yes	N/a
5	<p>Glass Works:</p> <p>At this early operational stage of the Glassworks, to further enhance transparency, accountability and also assist in informed decision making, we recommend management continue to share relevant financial performance reports (income and associated expenditure) to the Cabinet and Audit and Governance Committee</p>	Improvement	March 2022	<p>Monthly updates have been provided to the Council’s GW Management Board. Audit and Governance Committee has also received verbal updates on a regular basis during the construction and initial operational phase.</p> <p>Detailed operational and financial performance reports will be submitted to SMT/Cabinet/Audit and Governance committee moving forwards.</p>	Ongoing	<p>As indicated in the management response, we will follow up future financial performance reports on GWs to the Cabinet and Audit and Governance Committee as part of our 2022-23 audit work.</p> <p>As we note on page 12, with the current challenging economic climate and other future possible risks it may be possible that actual net cost of the Glassworks scheme may increase – with a resulting impact on the Council’s financial position.</p> <p>Whilst we acknowledge that the Glassworks was always a regeneration scheme as opposed to a commercial venture, in our view, given the significance of the scheme, it should be separately identified and its financial performance (associated income and expenditure) should be reported to the Cabinet and Audit and Governance Committee.</p>

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
6	Members and Officers Register of Interest and gifts and hospitality:	Improvement	March 2022	<p><i>A process is in place that assures that all Members complete a declaration of interests form within 28 days of being elected.</i></p>	Partially and progress made	<p>We will further follow this up in our 2022-23 VFM work.</p>
	<p>The Council's arrangements around (a) recording and reporting members' gifts and hospitality and (b) recording of officers' register of interests could be further improved by having:</p>			<p><i>A revised process for all employees to submit and maintain their declaration of interests has been implemented through the POD system. Almost 70% of staff have now completed this (as at the end of April 2023). Reminders have been issued to increase this percentage. All senior officers, Executive Directors and Service Directors have completed their declarations.</i></p>		
	<ul style="list-style-type: none"> • a clear evidenced based audit trail of Members declaring gifts and hospitalities (within the 28 days requirement), including confirmation of nil returns and then evidencing this on the Council's website • a complete, accurate and up to date list of senior officers' Register of Interest to comply with Council's own Code of Conduct for employees. 					

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
7	<p>Performance Management:</p> <p>As part of Council's continuous performance improvement agenda, it should consider:</p> <ul style="list-style-type: none"> Revisiting the number of Critical Success Factors (CSF) and see whether there is any opportunity to reduce the current number of CSFs whilst achieving the same intended outcomes Benchmarking relevant CSFs against similar and neighbouring local authorities to understand how the Council is performing comparatively and identify any opportunities to further improve performance. 	Improvement	March 2022	<p><i>A review of all corporate Critical Success Factors (CSF) is undertaken at the start of each financial year and new targets set for the forthcoming year. For 2022/23 we added one new CSF target and deleted seven, meaning the total CSF for 2022/23 period was 57, a net reduction of 6 CSF compared to 2021/22. A further review is ongoing for 2023/24.</i></p>	Yes	<p>No immediate action required as continuous review of CSFs occur at the Council.</p> <p>We will review this area and any use of benchmarking by the Council in our future VFM work.</p>

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
8	<p>Ofsted/CQC report on SEND - November 2021:</p> <p>Following the Ofsted and CQC SEND inspection, the Council should:</p> <ul style="list-style-type: none"> • have a clear “Written Statement of Action (WSOA) in response to Ofsted and CQC report on joint area SEND inspection, which identified significant areas of weaknesses in implementing SEND reforms as set out in the Children and Families Act 2014 • a clear action plan to implement this WSOA, working with all stakeholders including parents, carers, the CCG officers, Ofsted and the CQC • The action plan should be subject to formal monitoring and challenge by the Cabinet. Action should be taken against any elements of the action plan not implemented within the agreed timescales. 	Key	March 2022	<p><i>On the back of the SEND Inspection by Ofsted/CQC, the Council produced a Written Statement of Action – aimed at addressing the identified areas of weakness in the inspection.</i></p> <p><i>Progress on the WSoA has been reported to SMT/Cabinet on a regular basis via the quarterly SEND reports and has been subject to monitoring discussion with the DfE on numerous occasions since the inspection.</i></p>	<p>Partially.</p> <p>Good progress has been made since the regulator report was issued in November 2021.</p>	<p>It remains relevant to our 2021-22 review of the Council’s arrangements to 31 March 2022 as the inspection was conducted and reported during 2021-22 financial year and no formal follow up by the regulatory bodies had occurred as at 31 March 2022.</p> <p>We have noted the actions taken in relation to the findings from the SEND review in this report and will continue to monitor this matter as part of our 2022-23 VFM work.</p>

Appendices

Appendix A – Responsibilities of the Council

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

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

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

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

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

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



Appendix B – An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No Statutory recommendations have been raised in 2021-22.	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	No. There are no new key recommendations raised in 2021-22. However, there is one ongoing key recommendation relating to the findings from Ofsted /CQC Report on SEND.	Please see comments on page 39 in the follow up of prior year recommendations section. The key recommendation relates to the significant findings arising from the Ofsted / CQC review of SEND. We note the actions the Council and its partner have taken but as at 31 March 2022 this remained a significant weakness. We will follow up this matter as part of our 2022-23 VFM work.
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes. There are five improvement recommendations that have been raised in this report. Two on financial sustainability, two on governance and one on improving economy efficiency and effectiveness.	Financial sustainability: pages 17, 18 Governance: pages 25, 26 3Es: page 33

Appendix C – Key sources of evidence

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



Key Staff involved

- Chief Executive
- Section 151 Officer
- Monitoring Officer
- Head of Internal Audit
- Core Services – Executive Director
- Head of Corporate Finance and Deputy s151 Officer
- Head of Strategic Procurement & Contract Management
- Head of Elections
- Customer Resolutions Manager



Key Documents Reviewed

- Annual Budgets 2021-22, 2022-23, 2023-24
- Quarterly Finance Performance Reports for 2022-23 and 2021-22
- Outturn report for 2021-22
- Treasury Management Strategy
- Glassworks Monthly Management Report for 2022-23 month 9
- Glassworks Board meeting – January 2023 minutes
- Strategic Risk Register
- Council Constitution
- Council Plan and Strategy
- Barnsley 2030 Plan
- Quarterly Corporate Performance Reports for 2021-22 and 2022-23 to date
- Annual Governance Statement 2021-22
- Head of Internal Audit Annual Report 2021-22
- Local Government and Social Care Ombudsman (LGSCO) website and 2021-22 LGSCO Annual Letter to Barnsley Council
- Updated Contract Procedural Rules
- Ofsted / CQC report on SEND - issued in November 2021
- Sustainable Energy Action Plan (SEAP)



Key Meetings Observed

- Attendance of Audit and Governance Committee meetings by the Key Audit Partner and Senior Audit Manager during 2021-22 and 2022-23
- Attendance of the Council Meeting by Key Audit Partner in November 2022
- Minutes review of the Cabinet and Council 2021-22

