

# Barnsley Metropolitan Borough Council

Auditor's Annual Report for the  
year ended 31 March 2024

13 November 2024 and updated  
20 December 2024



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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.

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# Introduction



## Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Barnsley Metropolitan Borough Council (the Council) during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of 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 in Appendix A.

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

## Responsibilities of the appointed auditor

### Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

### Value for money

We report our judgements on whether the Council has proper arrangements in place regarding arrangements under the three specified criteria:

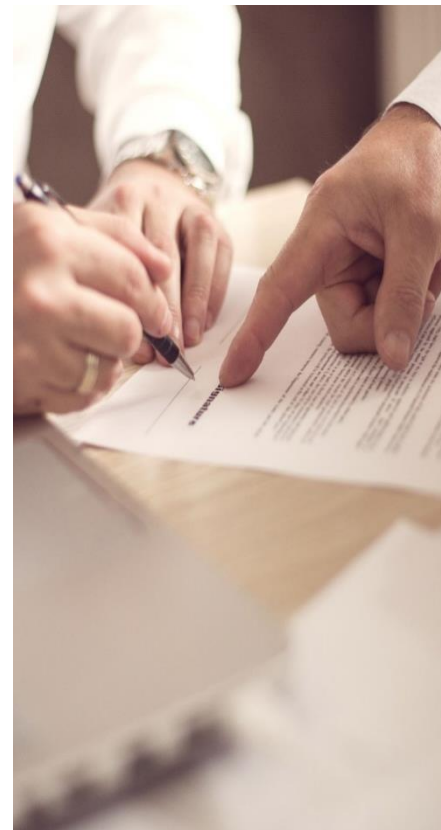
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

### Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 9 with a commentary on whether any of these powers have been used during this audit period.



# Executive summary



# Executive summary

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. The NAO, in its consultation of February 2024, has indicated that it will in future require auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year and for the audited body to publish the Report thereafter. The outcome of the NAO's consultation on the Code is dependent upon the decisions made by the new government elected on 4 July 2024. These decisions are awaited at the time of drafting this report. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible. We are therefore sharing this report with you in advance of the NAO's new Code being introduced. In the event that any new audit requirements are introduced when the Code is published, we will revisit these before finalising this report. Our recommendations and management responses are summarised in the section starting on page 24.



## Financial sustainability

The Council reported a revenue overspend of £18.1m for 2023/24, mainly driven by a £17.4m overspend in children's social care, with smaller overspends in home to school transport, and a shortfall against budgeted commercial income. Despite the overspend, the Council's overall revenue reserves changed only slightly. The Council has identified savings to bridge the funding gaps for 2024/25 and is actively monitoring and managing its financial plans, including developing alternative savings plans and addressing key statutory responsibilities. In conclusion, and based on our areas of focus and evidence considered, we found no evidence of significant weaknesses in the Council's arrangements for ensuring financial sustainability. However, we identified areas where the Council could improve arrangements and as such, have raised two improvement recommendations which have been accepted by Management.



## Governance

The Council continues to have established and appropriate arrangements for budget setting and monitoring. The Council has appropriate arrangements in place for risk assessment, fraud prevention and detection, and decision-making, with regular updates provided to the Audit and Governance Committee. However, there are opportunities to enhance risk reporting, and the governance arrangements for its wholly-owned entity, Oakwell Community Assets Limited, do not reflect good practice. The Council should also consider proportional ways to ensure compliance with its established policies in the area of gifts and hospitality. In conclusion, and based on our areas of focus and evidence considered, we found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. However, as we have identified areas where the Council could improve arrangements we have raised two improvement recommendations which have been accepted by Management.

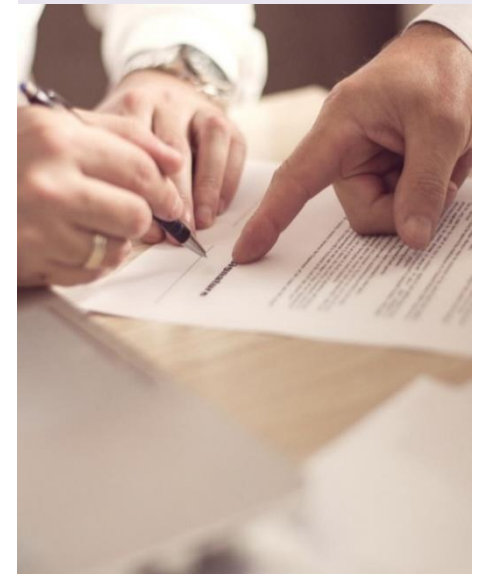


## Improving economy, efficiency and effectiveness

The Council has a well-established performance management framework and reports performance to Cabinet quarterly, but there are opportunities for improvement, such as including benchmarking against similar authorities. The Council engages with stakeholders and partners to deliver key services, including through its partnership with the Wholly Owned subsidiary, Berneslai Homes. The Council has updated its contract management approach, but there are gaps in waiver and wider contract assurance reporting to the Audit and Governance Committee. Based on our areas of focus and evidence considered, we have not identified any significant weaknesses in arrangements to ensure the Council manages improving economy, efficiency and effectiveness. However, we have raised two improvement recommendations which have been accepted by Management.

We have completed our audit of your financial statements. We issued an unqualified ('clean') audit opinion on 20 December 2024.

See more details of our audit of the financial statements at page 8.



# Executive summary (continued)



## Overall summary of our Value for Money assessment of the Council's arrangements

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. A summary of our judgements is set out in the table below.

Criteria	2022/23 Auditor judgement on arrangements	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements	Direction of travel
Financial sustainability	A No significant weaknesses identified; improvement recommendations raised in relation to cost pressures in children's services and improving the clarity of financial reporting	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but two improvement recommendations have been made to support ongoing work to control children's social care costs and enhance links between the capital and revenue budgets and Council Plan.	↔
Governance	A No significant weaknesses identified; improvement recommendations raised in relation to reporting of strategic risks and separation of the roles of Data Protection Officer and Head of Internal Audit.	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but two improvement recommendations have been made to support the Council in ensuring compliance with corporate policies and governance of arm's length entities.	↔
Improving economy, efficiency and effectiveness	A No significant weaknesses identified; improvement recommendations raised in relation to corporate performance reporting to the Audit and Governance Committee and progression of the Net Zero strategy.	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but two improvement recommendations have been made to support the Council in improving arrangements for corporate performance reporting and contract assurance reporting.	↔

- 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.

# **Opinion on the financial statements and use of auditor's powers**



# Opinion on the financial statements



## Audit opinion on the financial statements

We have completed our audit of your financial statements and issued an unqualified audit opinion on 20 December 2024.

The full opinion will be included in the Council's audited Statement of Accounts for 2023/24, which will be available from the Council's website.

## Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2024) published by the National Audit Office, and
- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Findings from the audit of the financial statements

Findings from the audit of the financial statements are reported in our Audit Findings (ISA 260) Report that was presented to the Audit and Governance Committee on 13 November 2024 and updated on 20 December at the date of our audit opinion. Please refer to our Audit Findings (ISA260) Report for more detail.

Requests for this Audit Findings Report should be directed to the Council.





# Use of auditor's powers

We bring the following matters to your attention:

2023/24

## Statutory recommendations

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

We did not make any recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

## 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 did not issue a public interest report.

## 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 did not make an application to the Court.

## 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 did not issue any advisory notices.

## 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 did not make an application for judicial review.

# **Value for Money Commentary on arrangements**



# The current local government landscape

It is within this context that we set out our commentary on the Council's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



## National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' General Fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

For Housing Revenue Accounts, inflation in recent years led to cost increases often outstripping rent rises. In the coming years, new legal duties on landlords are expected to increase costs further, without there necessarily being any additional funding to cover the new costs. At the same time, high construction prices are making it harder for councils to invest in the new accommodation which might have helped make savings in the revenue account, for example on temporary accommodation and homelessness. Housing Revenue Accounts are under further pressure due to regulatory challenges in housing quality in the light of national issues in respect of cladding and damp/mould issues.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven councils issuing eleven section 114 notices between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018, with an increasing number of other councils publicly warning of a section 114 risk;
- Twenty councils being with government approval for exceptional financial support during 2024/25, totalling approximately £1.5 billion. Only six of these councils had previously issued a section 114 notice.; and
- The Local Government Association warning that councils in England face a funding gap of £4 billion over 2023/24 and 2024/25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Councils have subsequently been asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend.

The general election that took place on 4 July 2024 led to a change in government, and changes to government policy and legislation relating to the sector are emerging at the time of producing this report.



## Local context

Barnsley Metropolitan Borough Council (the Council) is a unitary council formed in 1974 with an estimated population in 2023 of around 248,000 residents in both urban and rural areas. The former including the town of Barnsley itself, which has been the focus of significant regeneration activity in recent years. The Council is part of the South Yorkshire Mayoral Combined Authority along with the local authorities of Doncaster, Rotherham and Sheffield.

The Council's priorities are set out in its 2024-2027 Council plan, which is the second three-year plan aligned to the longer-term Barnsley 2030 vision. The Council under an Executive (Cabinet) decision-making model, and as such the Council's formal decision making and governance structure constitutes the Full Council and an Executive (the Cabinet), supported by a scheme of delegated decision-making. Full Council and Cabinet are supported by an overview and scrutiny committee which itself has three committees which align with Council Plan priorities. Full Council comprises 63 Councillors – three per ward. Of these, 21 of the places on the council are contested at each election (one place per ward).

The Council along, with many others nationally, has continued to face a tough financial position in recent years but has to this point not experienced the difficulties faced by some of its peers, which it attributes to a range of factors including its stable leadership. In our 2022/23 Auditor's Annual report we did not identify any significant weaknesses in the Council's arrangements with regard to value for money. In 2023, the Council was named "Council of the Year" by both the Municipal Journal and the Local Government Chronicle.

# Financial sustainability



We considered how the audited body:

## Commentary on arrangements

## Assessment

ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;

The Council's revenue outturn shows an overspend of £18.1m against a non DSG budget of £230m for the General Fund. The overspend was mainly driven by children's social care, which overspent by £17.4m but also included other costs such as shortfalls in commercial income (£0.9m). The Council "used" reserves of £35.4m to meet this gap (that is, it notionally set the overspend against reserves previously set for this purpose) but it also put £35.6m into reserves, so that despite the large overspend in budget terms the council's overall useable revenue reserves changed only slightly.

As reported in previous years, the Council has entered into a Safety Valve agreement with the Secretary of State for Education. The Safety Valve Programme requires the Council to set out (via the Dedicated Schools Grant Management Plan) how it will manage the deficit in the High Needs Block and reach an in-year balance. Under the signed agreement, the DfE has committed to paying the Council £22.9M over five years to 2026/27. The closing Dedicated Schools Grant (DSG) outturn position for 2023/24 shows a forecast deficit of £3.3M – an increase in the forecast deficit of £0.1M when compared to the forecast position in Q3 (£3.2M), although an increase of £0.7M compared to the original planned position.

The Council used reasonable assumptions in setting its 2024/25 budget and refreshing its Medium Term Financial Strategy. As set out above, for both 2023/24 and to a lesser extent – at this stage – 2024/25, the children's services area has had very high cost pressures, in common with many other authorities. The Council has recognised this and put in place a financial recovery plan for this service area - we make an improvement recommendation in relation to this on page 14. More generally, the Council is alert to the variable nature of its overall budget, and it plans to produce alternative savings plans under different scenarios during 2024/25 as contingency planning, and to make a wider range of transformation savings in future years.

A

plans to bridge its funding gaps and identifies achievable savings

The Council have been successful in identifying savings that bridge its funding gap and have a good record of delivering savings. The Council delivered the majority of planned savings in 2023/24 with only a relatively small amount of savings (£0.7m) not delivered. For 2024/25 at present the forecast is for 93% of the £8.4m required to be delivered. The Council understands the increased risk of the position it is in and has as discussed above decided to produce alternative savings in case they are needed. In future years the savings requirements and complexity of the work involved will increase, a fact the Council recognises.

G

- 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.

# Financial sustainability



## We considered how the audited body:

## Commentary on arrangements

## Assessment

<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The Council's MTFS and the work around it reflect the Council's approach and strategy, as shown in the Council Plan. The Council understands the costs of its key statutory responsibilities and the variables around unit costs and client numbers that can change this. The Council could make a small improvement to the presentation of these strategic links and an improvement recommendation is made on page 15 regarding this.</p>	<p>A</p>
<p>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</p>	<p>The Council's financial plans are consistent with other key plans that the Council produces. The Capital Programme outturn for 2023/24 showed some slippage of spend but not clear evidence of problems related to managing the funding causing cancellations, for example. The Council has developed an Asset Management Strategy which is a key part of delivering its budget over the medium term. The Council also has clear policies for treasury management which indicate it has given thought to the balance between risk and reward in borrowing and investment decisions. The Council have confirmed that it is progressing the recommendation made in our 2022/23 Auditors Annual Report around the Council's target of Net Zero by 2040 to produce a plan and in June 2024 a report was made to an Overview and Scrutiny meeting on this detailing actions taken. As this work is still in progress, this improvement recommendation remains open in this report (page 34) hence the 'amber' rating opposite.</p>	<p>A</p>
<p>identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans</p>	<p>The Council identifies risks to its financial plans in its Medium Term Financial Strategy and the Section 151 Officer's "section 25" report on the robustness of estimates and adequacy of reserves. The quarterly financial monitoring reports that are reported to Cabinet give commentary on variations, and discuss overspends and reasons for them, and actions to be taken. The Council's work makes clear its understanding of the changeable nature of its assumptions, and it looks at the sensitivity of figures, and is undertaking relevant work around alternative savings (see page 12 above).</p>	<p>G</p>

- 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.

# Financial sustainability – continued



## Further commentary and areas for improvement

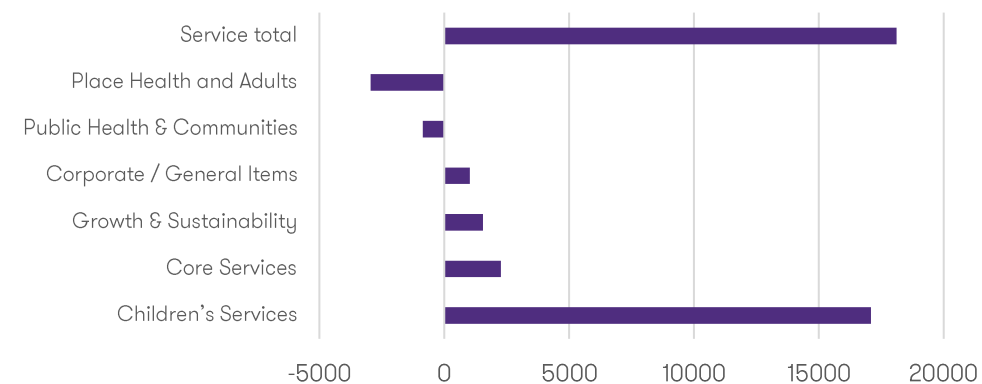
### Children's social care costs

In common with many other councils with social care responsibilities, the Council has recently experienced severe pressures on the costs of providing children's social services, with a combination of increases in the level of demand, the complexity of demand, and the cost of meeting that demand. As set out on page 12 and opposite, the main driver of the Council's £18.1m net revenue overspend in 2023/24 was an overspend on children's social care of £17.4m, some 45% of the overall children's services directorate budget. The underlying cost drivers included £11m on the costs of children in care, due to increases in both the number of children (up 85, 22 more than planned for) and the unit cost of placements for looked-after children. There was also a significant spend of £4.5m on the service development plan which includes staff costs to manage the increased workload.

The Council is fully aware of the issue with children's services costs and the overspend in 2023/24 was identified clearly in relevant financial monitoring reports during the year. The Council also made provision for extra costs in the 2024/25 budget. We note that the draft first quarter monitoring report for 2024/25 shows a forecast overspend for the general fund of £3.5m due to continuing pressures in the cost area of looked after children. While not on the scale of the 2023/24 overspend, this still represents further inflation above the expected budget.

In our 2022/23 Auditor's Annual Report, we discussed the Council's proposal for a recovery plan for Children's services and made a related improvement recommendation (see page 33). The Council's "financial sustainability plan" for children's services sets out the actions it intends to take, and progress against them, and monitoring of the financial impact. The Council's focus is on: assessing the right level of care for children, which it is hoped will lead to more internal foster care; reducing high-cost residential placements; enabling care leavers or those near to leaving care to be accommodated in council accommodation with appropriate wrap-around care; and early intervention work (which it is hoped will achieve better care outcomes and reduce the complexity of provision needed). The Council is also looking to increase the supply of foster carers. The Council has been involved via the Special Interest Group of Municipal Authorities (SIGOMA) in making representations to central Government around issues such as regional indicative price caps for residential care. At the time of writing this report the Council noted a stabilisation of looked-after children numbers, but was still experiencing high placement costs due to a small number of high-cost cases.

Barnsley Metropolitan Borough Council service overspends/underspends, 2023/24, £000s



Barnsley Metropolitan Borough Council children's services directorate budget and outturn, 2023/24

	Budget	Actual	Variance
Education, early start and prevention	£12.3m	£12m	(£0.3m)
Children's social care	£38.8m	£56.2m	£17.4m

**Improvement recommendation 1:** The Council should ensure that future reporting on its Children's Services financial sustainability action plan is clear on:

- the outcomes each action is intended to deliver;
- whether those outcomes are being delivered; and
- whether the expected positive financial impact has been achieved.

If outcomes are not in line with expectations, the Council should act quickly to investigate the cause and, where appropriate, identify alternative actions to address any shortfall.

# Financial sustainability – continued



## Further commentary

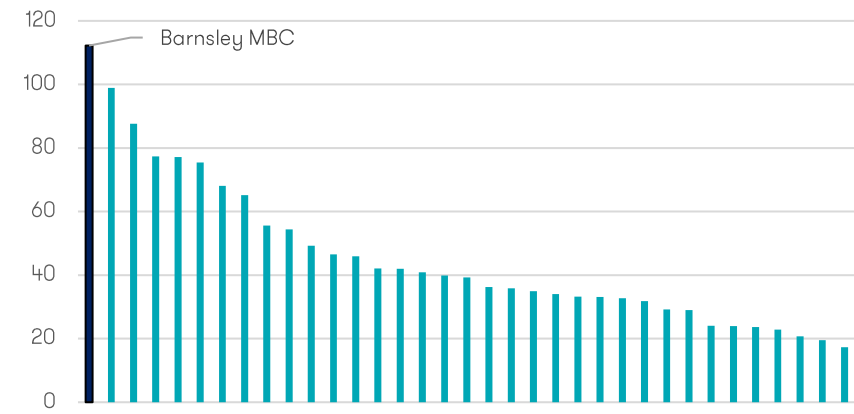
### The Council’s financial position and plans

The Council continues to have a relatively high level of reserves which provide a degree of protection against both expected and unexpected cost pressures. At the end of 2022/23, the most recent comparative data available at the time of this report, the Council had relatively high revenue reserves compared to other Metropolitan Authorities (see figure on the right). The Council has however identified that a substantial portion of its reserves have been committed as a result of previous policy decisions, however, and therefore the Council will need to monitor its reserve position carefully moving forwards to ensure this continues to provide a sufficient buffer against the cost of unexpected events. The budgetary pressures on the Council’s position have also generally been reflected in the MTFS and in the savings which the Council have identified and achieved.

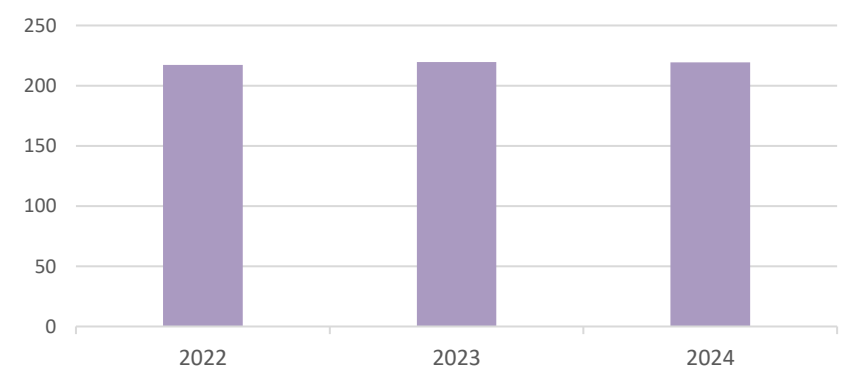
As discussed in last year’s Annual Audit Report, the Council does also have a relatively high levels of debt. The Council’s policy remains to have 70% fixed rate borrowing as in prior year and has reasonable treasury management processes, and as such we do not identify significant weaknesses in arrangements in this area in 2023/24 with regard to this. As such we do not identify significant weaknesses in arrangements in this area in 2023/24 with regard to this, though the Council is aware that this is a risk it will need to continue to manage carefully. The Council does continue to enter into major capital projects which tend to draw on a combination of grants from external bodies, such as central Government and the South Yorkshire Mayoral Combined Authority (SYMCA) as well as its own resources (including borrowing).

The Council’s Plan has 5 priorities - Healthy Barnsley, Learning Barnsley, Growing Barnsley Sustainable Barnsley and Enabling Barnsley. There is evidence in several parts of the Council’s budget papers of alignment with this. For example the Council’s asset management strategy which is delivering an element of the council’s savings is clearly linked to the Council’s strategic objectives, as are the Council’s external funding strategy and reserves strategy, and the Council clearly links its fees and charges approach to its objectives. It is therefore clear that the budget and MTFS papers are designed to show the alignment of the budget with Council priorities but this would be enhanced for the revenue budget by a specific discussion around the Council Plan in the MTFS document reported to Council, and for the capital programme by showing spend against priorities.

Reserves as a percentage of net Revenue Expenditure for Metropolitan Authorities 2022/23



Reserves at 31 March 2022 to 2024 – Barnsley MBC



**Improvement recommendation 2:** The Council should show the link between the Council plan, capital programme and the MTFS through a paragraph or diagram linking spend against priorities.

# Governance – risk, internal controls, decision-making and standards



## We considered how the Audited Body:

## Commentary on arrangements

## Assessment

<p>monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud</p>	<p>The Council continues overall to have appropriate arrangements in respect of risk assessment and monitoring and the prevention and detection of fraud. Risk management is overseen by the Audit and Governance Committee which undertakes regular "deep dives" into risks on the Strategic Risk Register. As we have reported in previous years, this is an example of good practice. The Council has implemented our 2022/23 improvement recommendation to present the full strategic risk register to the Committee periodically. The Council has an established internal audit service which provides regular updates to Audit and Governance Committee, and there are appropriate arrangements to discuss issues at within the management team and escalate to Members as required.</p>	<p>G</p>
<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p>	<p>The Council has in place the arrangements we would expect to see in respect of decision-making. The Council has appropriate arrangements in place to ensure that decisions are made based on appropriate information, and are subject to challenge and scrutiny as required. Reports to Cabinet explain clearly when and why key decisions are required, with key financial, legal and risk management implications clearly explained. The Council's Overview and Scrutiny Committees' reports and recommendations are aligned to the Council's priorities and are reported to Cabinet. Scrutiny Task and Finish Groups produce detailed reports that make recommendations to improve assurance in key areas relevant to value for money, such as on contract management arrangements (see pages 18 and 23).</p>	<p>G</p>
<p>monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.</p>	<p>Based on the information provided, the Council has taken steps to address potential conflicts of interest by separating the roles of the Data Protection Officer (DPO) and the Head of Audit. It has also implemented Codes of Conduct for both members and officers, along with provisions for conflicts of interest and the avoidance of bias in contracting for services with external bodies. The Council regularly updates its Contract Procedure Rules and advertises tenders on YORtender and Contract Finder. It has also established an Appeals, Awards and Standards Regulatory Board to monitor compliance with the Code of Conduct. The Council reported no significant successful cyber incidents or data breaches and has not identified any breaches of legislation or regulatory or professional standards. The Council does not currently have a central register of gifts and hospitality received. Given it is not clear internal audit has examined this area recently it would be worth the Council considering proportional ways to ensure compliance with its established policies in this area at organisational level and we make an improvement recommendation to this effect. The Council's governance arrangements for its wholly-owned entity, Oakwell Community Assets Limited do not reflect good practice and we raise an improvement recommendation in this area.</p>	<p>A</p>

- 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.



# Governance (risk, internal controls, decision-making and standards - continued)



## Further commentary and areas for improvement

### Risk management and reporting

The Council continues overall to have processes in place to assess and monitor risks as well as gain assurances over effective operation of internal controls including arrangements to prevent and detect fraud. Strategic Risks are formally reviewed by the Audit and Governance Committee. A programme of reviews is established, and the Committee receives a briefing report and a “deep dive” presentation of two risks at each meeting presented by the Executive Director as Risk Owner for the relevant strategic risk being considered. We have previously identified this as good practice by the Council. Corporate Assurance undertook an independent compliance review of the risk management arrangements in November 2023. The final assurance opinion was positive (reasonable assurance) in relation to the internal control framework. One agreed management action was reported in terms of the need for a consistent approach to the management of risks.

The Council has also identified that for 2023/24 a system of twice-yearly review of strategic risks has been established with Cabinet. A review session was undertaken in November 2023 which provided an opportunity to update on the Strategic Risk Register and to provide a specific focus on 3 high rated risks presented by the Executive Director as Risk Owner. We have clarified that these reviews are undertaken in informal (private) sessions rather than in public meetings.

Overall these arrangements are in line with what we would expect to see (with elements of good practice). In our 2022/23 AAR, we observed that the full strategic risk register had not been presented to the Audit and Governance Committee for some time. As Committee members have key responsibilities around risk management and effective operation of internal controls at the Council, we recommended the full register be presented alongside the paper highlighting selected risks, at each Committee meeting. Our review of Committee papers indicates the full risk register was taken to the January 2024 Committee, where the two risks being examined were presented alongside the remaining 11 risks. Management has indicated that the Committee will take the full register twice a year. In addition, an annual risk management report on the overall system and assurances in place was taken to the Committee in May 2024.

### Gifts and hospitality

As noted above on page 16, the Council does not currently have a central register of gifts and hospitality received.

**Improvement recommendation 3:** The Council should consider proportional arrangements to provide assurance of compliance with its established policies in gifts and hospitality at organisational level.

# Governance (risk, internal controls, decision-making and standards - continued)



## Further commentary and areas for improvement

### Management of arm's length entities – Oakwell Community Assets Limited

Following a decision by Full Council on 23rd March 2023, the Council now owns 100% of Oakwell Community Assets Limited (OCAL), which own the Oakwell Stadium and surrounding land.

The Council's Section 151 Officer is a Director of OCAL. Good practice guidance including that set out in Local Partnerships' Company Review Guidance makes clear that "given that it is likely that certain decisions of the shareholder will require ratification by the Section 151 officer, it is not considered good practice for that post-holder to hold a position with a council owned entity."

We understand from discussions with the Council that the Deputy Section 151 Officer (Head of Corporate Finance) would ratify any decisions that had an effect on the Council Finances. Given these officers' relative positions in the Council hierarchy type of arrangement presents a risk to the effective management of any conflicts of interest, as it would involve challenging decisions made by an officer further up the hierarchy.

From our discussions with the Council, we understand that the Head of Corporate Finance would in practice escalate any concerns to the Monitoring Officer, and we are not aware of any such instances actually arising. The purpose of the entity is primarily to hold an asset (though Cabinet's agreement acknowledges that a funding agreement for maintenance of the stadium would be required) rather than a riskier enterprise such as a profit-making entity. Nonetheless, as the Council acknowledged to us, the current arrangements do not reflect good practice and we consider they should be reviewed.

We understand that a review of the Council's companies and other arm's length entities has already been proposed and may have a wider remit. It is in any event good practice to regularly review arm's length bodies considering: whether the function the body fulfils is still necessary (and, if so, whether an arm's length arrangement is still the optimal delivery model) as well as how the current body is performing. We raise a recommendation as set out below.

**Improvement recommendation 4:** The Council should complete its proposed review of arm's length entities and to report the resulting actions taken to the Audit and Governance committee. This review should resolve governance arrangements of OCAL in the context of any wider conclusions reached about the future status of those arm's length bodies. In the meantime, the arrangements for managing any actual or perceived conflicts of interest in respect of OCAL should be set out clearly in a written policy or similar document.

# Governance – financial governance



## We considered how the Audited Body:

## Commentary on arrangements

## Assessment

<p>approaches and carries out its annual budget setting process</p>	<p>In setting the 2024/25 budget, the Council followed well-established and embedded processes. The MTFs and budget are set at the same time and interlinked. Pressures from pay, demography and demand, growth ("investment") and efficiencies are identified for each department. The budget setting process included external engagement and challenge from Overview and Scrutiny. The Council considers different financial scenarios in producing the budget. Overall we did not identify any significant issues with the Council's budgeting process or other issues that would lead to a recommendation being made.</p>	<p>G</p>
<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>The Council reports on its financial performance quarterly to Cabinet. The process includes reporting variations from budget are setting out and corrective action identified where possible. The report includes revenue capital, HRA and treasury management information and each budget's reported position within each department clearly shows whether savings are on target to be delivered. Variations are discussed in more detail; for example, the children's services overspend discussed on page 14. Our work did not indicate these issues were attributable to weaknesses with budget monitoring per se (as opposed to the substantive issues such as demand and cost inflation) driving the increased costs. We did not identify other areas within budgetary control that would lead to recommendations being made.</p>	<p>G</p>

- 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.

# Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the audited body:

## Commentary on arrangements

## Assessment

<p>uses financial and performance information to assess performance to identify areas for improvement</p>	<p>The Council has an established performance management framework that aligns with its corporate and strategic priorities. Performance is reported to Cabinet quarterly through the Corporate Performance Report. The reports are publicly available and include a range of strategic and operational indicators, with commentary on actions being taken to address under-performance. The Council appropriately considers data quality, as evidenced by the ‘clienting’ update report on social housing reform and internal audit’s recommendations on data retention policies and data quality, but the Council does not present data quality assurance indicators within the performance report itself. The performance report also does not include benchmarking against similar authorities, and including these would elevate the Council’s performance reporting further. An improvement recommendation has been raised in this regard. We also maintain our recommendation from 2022/23 to bring forward the annual corporate performance report (in addition to the finance performance report) to the Audit and Governance Committee.</p>	<p><b>A</b></p>
<p>evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>Overall, there is evidence the Council adequately evaluates the services it provide and takes action where it or an external regulator or inspectorate identified areas for improvement. There is no evidence an external inspection or review within 2023/24 identified significant adverse findings. We note an inspection by the Regulator of Social Housing was ongoing at the time of our review. We provide a further update on the Council’s historic inspection of SEND arrangements on page 22. We retain a general watching brief in this area in line with the prior year recommendation as set out on page 32, hence an “amber” rating, but do not raise a further recommendation specifically in relation to arrangements in 2023/24.</p>	<p><b>A</b></p>
<p>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</p>	<p>The Council engages with stakeholders and partners in developing strategic priorities and delivering key services. The Council has demonstrated a commitment to partnership working and stakeholder engagement, particularly through the Barnsley 2030 Vision and the regular meetings with various partners.</p> <p>The partnership with the Council’s Wholly Owned subsidiary, Berneslai Homes, is governed by a service agreement with regular performance reporting. The council has also engaged with government departments to access funding and work on initiatives such as SEND reforms.</p>	<p><b>G</b></p>

- 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.

# Improving economy, efficiency and effectiveness – commentary on arrangements (continued)



We considered how the audited body:

## Commentary on arrangements

## Assessment

commissions or procures services, assessing whether it is realising the expected benefits

The Council updated its Contract Procedure Rules in September 2023, with revisions reported to the Cabinet in November 2023, aiming to align with planned procurement regulation reforms. The Council advertises tenders on YORtender and Contract Finder, maintains a contract register, and has introduced a contract tiering system for critical contracts. We examined the contract performance regime for one key service agreement with Berneslai Homes and, in this case, the Council maintains proportionate contract review with key performance indicators in place. The Council has recently strengthened its contract management framework and we summarise these improvements on page 23.

The Council continues to have appropriate arrangements to approve and review key capital investments. More widely, the council's overall capital program monitoring shows a reasonably good record of delivery, and the project governance structure indicates clear lines of reporting up to the Cabinet and SYMCA. The council is not exposed to the full cost of the programme, as the capital funding from SYMCA will support the transformation of Barnsley town centre, including the provision of health and well-being facilities at the Alhambra Centre in collaboration with health partners.

The Council maintains a log of waivers used in contracting and tendering, with the majority related to regeneration and the largest beneficiary being Humankind charity. However, there are gaps in waiver and wider contract assurance reporting to the Audit and Governance Committee, which would ensure further robust challenge and oversight in this area, and we recommend the Council introduces periodic contract assurance reports to provide oversight on key contracts and procurement compliance (see page 23).

A

- 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.

# Improving economy, efficiency and effectiveness (continued)



## Further commentary and areas for improvement

### Corporate performance reporting

Overall, the Council has an established performance framework and associated corporate performance reporting. Our review of the Quarterly performance report provided to Cabinet shows that it includes a reasonable range of strategic or outcome focused indicators (such as healthy life expectancy at birth) and more operational performance indicators, with the latter being reported within all themes but particularly in the "Enabling Barnsley" domain. These include useful indicators of Council performance and productivity such as the impact of sickness absence on the Council (days lost per FTE). The report at year-end shows that under-performance is spread across indicators and domains rather than clustered in any one area. Where an indicator is not on track, the commentary outlines the action being taken. Among the corporate indicators one of note is the low Personal Development Review (annual appraisal) rate, where there has been a decline to 66% against a target of 95%. The commentary notes that a review of the PDR process is planned for later in 2024. There are however some areas that could elevate the Council's performance reporting toward good practice:

The Council's Performance Reports to Cabinet do not contain benchmarking against similar authorities. Including comparative information on performance can help identify where any improvement or decline in performance is reflective of a wider trend, and where the Council may be an outlier, for example. The Council could also provide more assurance and commentary on data quality within its corporate performance reports. For example, its reports do not include any formal Data Quality Assurance Indicators which organisations can use to show the level of assurance the Council has over the underlying data system and reporting attached to each key performance indicator. Such assurance can help with interpretation of data by signalling the level of confidence in the underlying data and the extent to which it can be relied upon.

**Improvement recommendation 5:** The Council should identify cost-effective ways to:

- include more information on comparative performance within its corporate performance reports; and
- provide more assurance and commentary on data quality within its reports.

### SEND arrangements

As set out in prior years' Auditor's Annual Reports, we previously identified a significant weakness in the Council's arrangements for 2020-21 and 2021-22 in relation to improving economy, efficiency and effectiveness in Barnsley, in implementing SEND reforms as set out in the Children's and the Families Act. This followed a joint inspection by Ofsted and the CQC and we raised a related key recommendation on this issue in both our 2020-21 and 2021-22 reports. Based on progress reported to that points, however, this was lowered to an improvement recommendation in 2022/23 to be monitored until a formal visit and reinspection report is performed. The Council reports in its draft 2023/24 that

A new inspection framework for SEND was launched in January 2023 and Barnsley will be subject to this inspection. While a formal reinspection under the current framework has yet to take place, as the Council reports, it, the Integrated Care Board, education settings and schools have met with the DfE throughout 2023-24 and also provided monthly data submissions, narrative accounts etc. Cabinet receives quarterly performance and finance reports. Based on the council's reporting in Annual Governance Statement requirements of the written statement of action have been fulfilled. Review of the minutes of the Place Based Board minutes on the ICB's website further indicates regular reporting and updates on preparedness for inspection.

We therefore retain a general watching brief in this area but do not raise any further recommendations other than continued monitoring and reporting of preparedness for a future inspection in line with current arrangements.

# Improving economy, efficiency and effectiveness (continued)



## Further commentary and areas for improvement

### Contract assurance reporting

The Council has recently introduced strengthened contract management arrangements supported by the recommendations of a Scrutiny ‘deep dive’ report. It is positive to see a focus on ongoing contract management as well as procurement. The Council’s arrangements include introducing “contract tiering”, which assigns contracts to a Bronze, Silver, Gold scheme which is aligned to Cabinet Office guidance, and is based on the contract value but also other factors such as how critical the contract is considering the potential impact of service failure, supply market conditions and the complexity of the contract.

As at March 2024 the Council identified 29 Gold contracts of which 10 are IT contracts, with the remainder spread across services; 62 silver and 348 Bronze contracts, showing that this approach is helpful in identifying a smaller number of critical contracts. The Council also has a contract management toolkit which sets out key roles and responsibilities including those of the contract manager and SRO.

The council maintains a log of waivers used in contracting/tendering and review of this does not identify significant or habitual use of waivers to place contracts with any one supplier. However, it is not clear that the Audit and Governance Committee receives regular assurance over waiver activity or other aspects of procurement compliance, which we typically see elsewhere. This should be introduced. The Council should however also consider introducing a periodic contract assurance report providing a summary of assurance available over. The Council could build on its contract management arrangements to ensure this provides assurance over the ongoing performance of, and any issues with, key contracts as categorised under its contract tiering system, as well as procurement compliance. Many of the Council’s largest contracts are relatively mature, so would not be included in a report focused solely on the “front end” of the process.

**Improvement recommendation 6:** The Council should as a minimum ensure there is regular procurement waiver and breach reporting to Audit and Governance Committee, but should also consider introducing a fuller contract assurance report to Audit and Governance Committee that builds on the strengths of its revised contract management arrangements. This could summarise:

- Procurement compliance and waiver and/or other breach activity;
- Contract performance of strategically important contracts (including mature contracts) and any issues with contractual or contractor performance;
- Key risks and opportunities associated with contracts with external providers

### Capital projects

As set out above, the Council continues to have appropriate arrangements to approve and review strategic capital projects. Although not identified as an area of risk specifically, as part of our review the Council’s VFM arrangements we examined the approval arrangements for the acquisition and repurposing of the Alhambra shopping centre, which is an important project in the context of the Council’s town centre regeneration and investment strategy, is and linked the to the now operational Glassworks project. Our review did not indicate significant issues with the Council’s arrangements in terms of the project approval process. The Outline Business Case (OBC) for the Alhambra project has been approved, with funding to be provided in two phases. The project is aligned with the South Yorkshire Mayoral Combined Authority’s (SYMCA’s) funding strategy and Cabinet’s consideration was supported by external reports on the project’s viability. Of course, any large capital programme carries risk and the Council will need to continue to monitor the progress of the Alhambra project, building on the experience gained from the Glassworks regeneration project.

**Value for Money  
Recommendations raised in  
2023/24**





# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council should ensure that future reporting on its Children's Services financial sustainability action plan is clear on:</p> <ul style="list-style-type: none"> <li>the outcomes each action is intended to deliver;</li> <li>whether those outcomes are being delivered; and</li> <li>whether the expected positive financial impact has been achieved.</li> </ul> <p>If outcomes are not in line with expectations, the Council should act quickly to investigate the cause and, where appropriate, identify alternative actions to address any shortfall.</p>	IR1 Improvement	Financial Sustainability	The Council's overspend of £18.1m in 2023/24 was driven by overspends in children's social care and the Council has developed a recovery plan.	Continued overspends in this area would erode the Council's reserve position.	<p><b>Actions:</b> The Council reported significant cost pressures in 2023/24, predominantly relating to an overspend in Children's Services. The Financial Sustainability Plan has been put in place to address some of the children's services cost pressures and is split across 8 work strands. On a monthly basis the strand leads meet via a sufficiency oversight group, to report their progress in their respective strands. Specific examples of actions and activities are:</p> <ul style="list-style-type: none"> <li>Increase access to accommodation for care leavers;</li> <li>Increasing the number of foster carers in borough;</li> <li>Reviewing high-cost residential placements;</li> <li>Increasing health care income;</li> </ul> <p>Future updates will seek to address the specific recommendations highlighted. It is also worth noting that given the pressures experienced, a lot of which are outside the Council's direct control, consideration has also been given to the impact of ongoing cost pressure on the Council's MTFS as part of the detailed financial and scenario planning exercise. Furthermore, a detailed plan to address gaps in resources has been devised as part the wider MTFS to be presented to elected members in due course for approval.</p> <p><b>Responsible Officer:</b> Richard Lynch (SD for Children's Commissioning) / Steve Loach (Head of Corporate Finance)</p> <p><b>Executive Lead:</b> Neil Copley (DOF) / Carly Speechley (ED for Childrens)</p> <p><b>Due Date:</b> From Qtr 3 in 24/25 onwards</p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR2 The Council should show the link between the Council plan, capital programme and the MTFS through a paragraph or diagram linking spend against priorities.	Improvement	Financial Sustainability	The Council has reasonable processes for budgeting overall but these would be enhanced by a clearer link to its strategic priorities.	Clarity over links to the Council's priorities will make the impact of further investment (or disinvestment) clearer in terms of the impact on medium term strategic priorities.	<p><b>Actions:</b> Whilst the Council's management structure is not based on the delivery of priorities, an exercise will be undertaken to subjectively allocate resources used to deliver each of the 5 key priorities in a graphical and/or tabular format. This will be included as part of the 25/26 budget planning process and reported on a quarterly basis as part of normal financial performance reporting.</p> <p><b>Responsible Officer:</b> Steve Loach (Head of Corporate Finance)</p> <p><b>Executive Lead:</b> Neil Copley (DOF)</p> <p><b>Due Date:</b> Feb 25</p>
IR3 The Council should consider proportional arrangements to provide assurance of compliance with its established policies in gifts and hospitality at organisational level.	Improvement	Governance	The Council does not currently have a central register of gifts and hospitality received.	A central register could provide more cost-effective and clear oversight of compliance with relevant policies.	<p><b>Actions:</b> Each Directorate is currently maintaining its own register for gifts and hospitality. To ensure a consistent approach a new process will be launched during 2024 (expected Nov 2024) where all declarations of a gift or hospitality are to be made via a PowerApps form (mirroring the new Declaration of Interest form). Completed forms will create a record in SharePoint which can be searchable and reported on by exporting to Excel either at Directorate level or at Council level.</p> <p><b>Responsible Officer:</b> Phil Quinn (Head of HR)</p> <p><b>Executive Lead:</b> Michael Potter (SD for HR, Business Intelligence &amp; comms)</p> <p><b>Due Date:</b> Mar 25</p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>IR4 The Council should complete its proposed review of arm's length entities and to report the resulting actions taken to the Audit and Governance committee. This review should resolve governance arrangements of OCAL in the context of any wider conclusions reached about the future status of those arm's length bodies. In the meantime, the arrangements for managing any actual or perceived conflicts of interest should be set out clearly in a written policy or similar document.</p>	Improvement	Governance	The Council's current governance arrangements	The Council could run a greater risk of real or perceived conflicts of interest under current arrangements	<p><b>Actions:</b> A review is underway, and a report is being prepared to be presented to SMT in February 2025 on the future of OCAL and other LATC's within the Council's control. As part of that review and report, a Wholly/Partly Owned LATC Policy will be produced and presented to SMT, which will take into account the good practice guidance produced by CIPFA.</p> <p><b>Responsible Officer:</b></p> <p><b>Executive Lead: Andrew Perriman (SD Law &amp; Governance &amp; Acting Monitoring Officer)</b></p> <p><b>Due Date: Mar 25</b></p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council should identify cost-effective ways to:</p> <ul style="list-style-type: none"> <li>include more information on comparative performance within its corporate performance reports;</li> <li>provide more assurance and commentary on data quality within its reports.</li> </ul>	Improvement and	Improving economy, efficiency and effectiveness	Overall, the Council has an established performance framework and associated corporate performance reporting	Comparative performance data can help identify where performance is reflective of a wider trend, and where the Council may be an outlier. Data Quality Assurance Indicators can show readers the extent to which the data underpinning key indicators can be relied upon.	<p><b>Actions:</b></p> <p><b>Comparative Performance:</b> It is widely acknowledged that Comparative performance is an important part of understanding what good looks like across the organisation, this has been regularly raised by SMT and elected members. A review of the way Corporate Performance is reported has taken place and as part of the continuous improvement of this function, focus will move to where possible inclusion of comparative performance, including looking outside our normal spheres of influence to bring learning from other public sector organisations and the private sector. Some of the challenge in providing comparative performance data lie with the measures themselves, while we endeavour to use nationally agreed methodologies to aid in the comparison, some measures are locally designed or locally adapted to meet local preference and policy. Business Intelligence will continue to work with Directorate leads and leadership teams to use our combined networks and understanding to annually review Key Performance Measures and as part of that discussion how we source comparator data.</p> <p><b>Data Quality:</b> Data Quality remains a priority for the organisation, a pilot of an easy-to-use framework to capture, scale, impact and improvement of known data quality issues has been successfully tested in the Early Start area of Children's Services. Using this framework data quality measures across all Directorates can be created and reported as part of the Enabling Barnsley priority into SMT and DMTs. Business Intelligence will lead on the promotion of data quality using our already existing networks within Directorates to jointly own Data Quality Action Plans, creating and reporting on actions to improve data quality.</p> <p><b>Responsible Officer:</b> Chris Blackburn (Head of Business Intelligence)</p> <p><b>Executive Lead:</b> Michael Potter (SD for HR, Business Intelligence &amp; comms)</p> <p><b>Due Date:</b> Mar 25</p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council should as a minimum ensure there is regular procurement waiver and breach reporting to Audit and Governance Committee, but should also consider introducing a fuller contract assurance report to Audit and Governance Committee that builds on the strengths of its revised contract management arrangements. This could summarise:</p> <p>IR6</p> <ul style="list-style-type: none"> <li>• Procurement compliance and waiver and/or other breach activity;</li> <li>• Contract performance of strategically important contracts (including mature contracts) and any issues with contractual or contractor performance;</li> <li>• Key risks and opportunities associated with contracts with external providers</li> </ul>	Improvement	Improving economy, efficiency and effectiveness	The Council has recently introduced strengthened contract management arrangements and maintains a log of waivers. However, it is not clear that the Audit and Governance Committee receives regular assurance over waiver activity or other aspects of procurement compliance, which we typically see elsewhere, or over other aspects of contract performance.	Regular scrutiny of waivers would help identify patterns and trends and support continuous improvement.	<p><b>Actions:</b> Waiver reporting – A report will be provided to A&amp;G annually (Following the FY end) to summarise in year waivers, by service, value and reason and any actions associated with the plan for reducing unnecessary waivers.</p> <p>Compliance Reporting - A report will be provided to A&amp;G annually to summarise compliance with CPR based on dip sampling activity, by service and any actions associated with the plan for further improvement.</p> <p><b>Responsible Officer: Jenny Lockwood (Head of Strategic Procurement)</b></p> <p><b>Executive Lead: Neil Copley (DOF)</b></p> <p><b>Due Date: Mar 25</b></p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# 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.

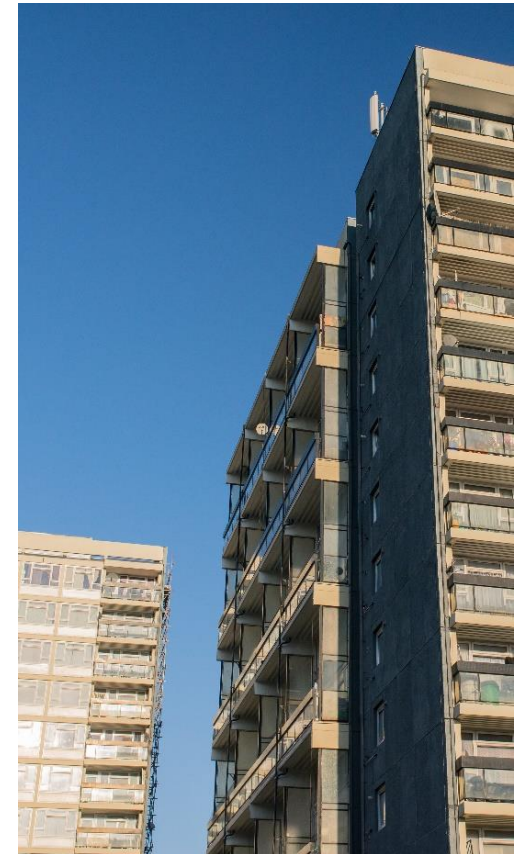
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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) 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: Value for Money Auditor responsibilities



## Value for Money arrangements work

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 audited body's responsibilities are set out in Appendix A.

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

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 National Audit Office (NAO) Code of Audit Practice ('the Code'), 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.

2023/24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

## Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period

Information which informs our risk assessment	
Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

## Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

## Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Council's auditors as follows:

- **Statutory recommendations** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Council and a public response.
- **Key recommendations** – actions which should be taken by the Council where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Council's arrangements.



# Appendix C:

## Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
1 Given the significance of the Children's Services Directorate to the Council's overall budget, and the significant overspends recently experienced, we recommend the Council should Finalise and report the financial recovery plan for Children's Services expenditure to the Cabinet Understand the root causes of this significant increase in Children's Services costs, compared to budgeted numbers Address the root causes in the short to medium term, as far as within the Council's control, and report the progress of the recovery plan to the Cabinet	Improvement	January 2024	Recommendation has been implemented. The Council now needs to monitor the impact of its plan.	Yes	Yes
2 In order to provide enhanced clarity to readers of the Council's quarterly Corporate Finance Performance Reports, we recommend the net budget reported in these quarterly reports should be reconciled to the approved net budget figure at the time of setting the annual budget.	Improvement	January 2024	Recommendation has been implemented.	Yes	No
3 In order to enhance the reporting of key risks, we recommend the Council presents the full Strategic Risk Register (SRR) to the Audit and Governance Committee in order to inform Members and to generate challenge and debate.	Improvement	January 2024	A report was presented to A&G committee in January 2024 to provide an update on all 13 strategic risks and at subsequent meetings as necessary throughout the year. At every ASG meeting two strategic risks continue to be covered in detail.	Yes	No
4 In order to strengthen the perception and independence of officer leads, the Council should consider appointing two separate senior officers for the posts of Head of Internal Audit (HoIA) and Data Protection officer (DPO) respectively, to reduce any potential conflict of interest.	Improvement	January 2024	A review of the Internal Audit, Anti Fraud and Assurance led to the creation of the Corporate Assurance team. The Head of Corporate Assurance was appointed in January 24 and this post holder has the statutory duty of the Head of Internal Audit. The Data Protection Officer remains the outgoing Head of Internal Audit and Antifraud and Assurance with a replacement to be appointed during the year.	Yes	No

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C:

## Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
5 We recommend the Council presents the Corporate Performance Monitoring Report to the Audit and Governance Committee, at least on an annual basis. This could be done at the July meeting of the Committee where the report could summarise the Council's performance to 31 March.	Improvement	January 2024	Does not yet appear to have been implemented	Yes	Yes
6 We recommend the Council completes the development of a coherent action plan with realistic timescales across key Council operations, in order to deliver net zero for the Council by 2040.	Improvement	January 2024	The Council has had detailed discussion on this matter at its overview and scrutiny committee, where sustainability is a specific workstream with dedicated meetings, and has shown extensive actions to deliver the aim . The work is not yet at the stage where the plan has been produced so the recommendation is left open	Yes	Yes
7 The Council should: • 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 COC • 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.	Improvement	March 2022 and April 2023	We noted that we would maintain a watching brief on this recommendation from our prior year reports. We note that this formal reinspection has yet to take place. We therefore retain this watching brief as a follow up to prior improvement recommendation as a formality for the time being but do not note any further action other than continued monitoring and reporting of preparedness for a future inspection in line with current arrangements.	Yes	No – we will consider any future inspection results in due course

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

