

**THE CABINET**  
**18th July, 2012**

Present:- Councillor Stone (in the Chair); Councillors Akhtar, Doyle, Hussain, Lakin, McNeely, Rushforth, R. S. Russell, Smith and Wyatt.

Also in attendance Councillor Whelbourn (Chairman of the Overview and Scrutiny Management Board)

**C38            QUESTIONS FROM MEMBERS OF THE PUBLIC**

There were no questions from members of the public.

**C39            MEMBERS' TRAINING AND DEVELOPMENT PANEL**

Councillor Akhtar, Deputy Leader, introduced the minutes of the Members' Training and Development Panel held on 21<sup>st</sup> June, 2012.

Resolved:- That the minutes be received and the contents noted.

**C40            THE LOCALISATION OF BUSINESS RATES - STATEMENT OF INTENT MAY 2012**

Councillor Akhtar, Deputy Leader, introduced a report by the Strategic Director of Resources, which summarised five papers relating to the proposed Business Rates Retention Scheme published by the Department for Communities and Local Government (DCLG) on 17<sup>th</sup> May, 2012.

The report set out in detail:-

Central and Local Shares of Business Rates

- It had always been intended that the Scheme would operate within the spending control totals set out in the 2010 Spending Review to support the Government's policy of deficit reduction. As business rates receipts were forecast to be higher than planned local authority spending, this was to have been achieved by the Government taking back the extra business rates receipts; as this was a fixed sum all the risk of lower rates receipts fell on authorities. It was now proposed that a percentage of receipts would be retained centrally.
- The Statement of Intent indicated that the Government's central share would be set at 50%, fixed until the system was reset – DCLG had indicated resets would occur every 10 years
- Setting the central share at 50% would be below the level of local government spending set out for 2013/14 and 2014/15 in the 2010 Spending Review
- Such an approach would allow the DCLG greater flexibility with respect to the resources it provided to local government
- Consideration was still to be given and further consultation planned on the treatment of factors such as reliefs, costs of collection, losses on collection, payments to major precepting authorities

- A number of specific grants would be rolled into Revenue Support Grants including the 2011/12 Council Tax Freeze Grant and funding for Council Tax Support as well as environmental and health grants
- Revenue Support Grant allocations for 2013/14 and 2014/15 would be published in the 2013/14 Local Government Finance Report released in late November/early December, 2012

#### Safety Net and Levy

- Safety Net would be triggered if an authority saw its income drop below its baseline funding by more than a set percentage
- The levy would be proportional for every 1% increase in business rates an authority's income would increase by 1%. For top up authorities, like Rotherham, this meant no levy was payable

#### Renewable Energy

- All business rates revenue from new (post 1st April, 2013) renewable energy projects would be retained in full by authorities

#### Pooling Prospectus

- This was where local authorities across a geographical area shared the benefits of economic growth investment across the wider area and managing volatility in business rates income levels
- Pooling was voluntary
- Authorities could belong to 1 pool only with 1 pool member acting as lead authority
- There would be no additional financial incentive for pooling and the Government may refuse to authorities pools if it was considered that their operation would affect the funding for the safety net
- Expressions of interest in pooling had to be submitted by 27<sup>th</sup> July, 2012, consultation in September and designations announced in November

#### The Economic Benefits of Local Business Rates Retention

- In order to gauge the likely economic impact of business rates retention, simulation exercises had been undertaken that showed over a 7 year reset period, a 50% localisation scheme would create an increase in Gross Domestic Product of between £1.7bn and £19.9bn with a middle case scenario of £10.1bn
- The analysis indicated that the incentive for Councils would be larger if there were no central share

The current proposals with respect to the central share of the rates pool were significantly different from the initial assumptions with some major elements still to be consulted upon. The detailed implications of the new scheme for Rotherham and other local authorities would not be able to be fully assessed until the 2013/14 and 2014/15 settlements were announced later in the year.

At present, authorities in Yorkshire and Humberside had in general not expressed an interest in pooling. In light of this, the tight timescales for rates, localisation, the other changes to local authority funding being brought in from April, 2013, and the additional complexity that pooling would introduce to the proposals, it would proposed that Rotherham did not seek to participate in a Business Rates Pool at this moment in time.

Resolved:- (1) That the report be noted.

(2) That the Council does not, at the present time, seek to participate in a Business Rates Pool.

#### C41

#### DISCHARGE OF HOMELESSNESS STATUTORY DUTY

Councillor McNeely, Cabinet Member for Safe and Attractive Neighbourhoods, introduced a report by the Strategic Director of Neighbourhoods and Adult Services proposing to discharge Homelessness Duty through a suitable offer of private rented accommodation.

The Localism Act gave Councils “the power” to fulfil their duty by an offer of rented accommodation from a private landlord. The private tenancy must be for a minimum term of 12 months and would need to meet the other requirements of suitability currently applied to offers of social housing such as standards and number of bedrooms. If the applicant became unintentionally homeless again within 2 years of accepting a private rented sector offer, the main Homelessness Duty would recur regardless of priority need.

The Government had also published consultation on the draft Homelessness (Suitability of Accommodation) (England) Order 2012. The consultation ran from 31<sup>st</sup> May to 26<sup>th</sup> July, 2012. The Suitability Order would set out the circumstances in which accommodation used for the purposes of a private rented sector offer to end the main homelessness duty was not to be regarded as suitable:-

- Physical condition of the property
- Health and safety matters (e.g. gas, electrical and fire safety)
- Licensing for Houses in Multiple Occupation
- Landlord behaviour
- Elements of good management

The Localism Act would be brought into force in stages by Commencement Orders. The Government had indicated that the Homelessness part would come into force late summer.

By not adopting the power to discharge the authority’s duty by use of a 12 month private rented sector offer, there was a risk that the use of temporary accommodation would increase and the number of homeless acceptances would continue to rise. Any change to the Policy must ensure that the needs of vulnerable and hard to reach groups were addressed and that the Council’s statutory obligations were met.

It was noted that a review of roles and responsibilities within the Housing Options Team had been implemented in order to respond to changes to the Homelessness Legislation.

Cabinet Members were informed about the rigorous assessments that were undertaken for each person who presented as homeless before they were provided with any form of accommodation, to prevent any fraudulent activity taking place.

Resolved:- That the powers to discharge Statutory Homelessness duty through a suitable offer in the private rented sector be approved.

**C42****YORKSHIRE HIGHWAY ALLIANCE FRAMEWORK AGREEMENT**

Councillor Smith, Cabinet Member for Regeneration and Development, introduced a report by the Strategic Director of Environment and Development Services, proposing that the Council join the Yorkshire Highway Alliance.

The Yorkshire Highway Alliance (YHA) would be introduced by local authorities in the Yorkshire and Humberside region with the common interests of improving performance and making efficiency savings in the delivery of highway services, working in collaboration through a series of Framework Agreements. The Alliance would have 13 founding members including Sheffield City Council, Barnsley and Doncaster Metropolitan Borough Councils.

Highway authorities in the YHA would work together to improve highway services in Yorkshire and deliver efficiency savings and improved value for money from them.

The annual subscription to be part of the Alliance was payable, currently £5,000 per annum. The Yorkshire Highway Alliance Board would be at liberty to waive any annual subscription due if, in the reasonable opinion of the Board, a member provided a significant amount of staff time equivalent to or in excess of the relevant annual contribution and such staff time was specifically directed towards the achievement of the Alliance's aims and objectives.

Reference was made as to who the accounting body was for this organisation and the need for the value of joining being reviewed after twelve months.

Resolved:- [1] That the Council join the Yorkshire Highway Alliance.

[2] That appropriate officers be appointed to represent the Borough on its Boards and Working Groups.

[3] That value of joining this Alliance be reviewed after twelve months time.

**C43****ROTHERHAM DEVELOPMENT DEMONSTRATOR SITE FOR EARLY AND FOUNDATION YEARS**

Councillor Lakin, Cabinet Member for Children, Young People and Families Services, introduced a report by the Strategic Director of Children and Young Peoples' Services, detailing that an Expression of Interest had been submitted to the National Children's Improvement Board (CIB) and the Local Government Association for Rotherham to act as Development Demonstrator site for the

Early and Foundation Years.

If successful, the programme would start in October, 2012, and capture learning from Early Years Provision with a focus on narrowing the gap in outcomes, for children in poverty, between 0-5 years of age. Rotherham's commitment would be to host 10 site visits for peer councils and attend at least 2 national meetings.

If approved, the local authority would receive £20,000 in cash to facilitate its commitments as well as training to develop action research and action learning capacity. There would also be national CIB commissioned support for the observatory network together with access to learning from previous relevant pilots, best practice and sector expertise, expertise in commissioning and productivity and expertise in integrated working.

Successful applicants would be informed by 27<sup>th</sup> July, 2012.

Cabinet Members welcomed this opportunity, which highlighted the good work taking place in Rotherham.

Resolved:- (1) That the report be received and the contents noted.

(2) That the relevant Cabinet Member be informed on progress of the programme should it be successful.

#### **C44 LOCAL DEVELOPMENT FRAMEWORK SPOTLIGHT REVIEW**

Councillor Smith, Cabinet Member for Regeneration and Development, introduced a report by the Strategic Director for Environment and Development Services, setting out the proposed response to the Overview and Scrutiny Management Board.

The majority of the review recommendations were accepted, as detailed in the table apart from proposals to amend the membership of the group, attendance by officers at public meetings and planning officers attending Parish Council meetings to brief members.

Cabinet Members welcomed the review and were in complete agreement with the areas that had been rejected and suggested that meetings take place regarding proposals to do some joint working in the future.

Resolved:- That the proposed response to the LDF Spotlight Review recommendations be approved.

#### **C45 LOCAL GOVERNMENT PENSION SCHEME CHANGES**

Councillor Akhtar, Deputy Leader, introduced a report by the Strategic Director of Resources, setting out the recently published proposals to change the Local Government Pension Scheme from April, 2014.

The proposals, set out in Appendix 1 of the report submitted, were being circulated for consultation. They had been the subject of extensive work including representatives of the recognised Trade Unions. It was proposed

that they would come into effect from April, 2014, with various protections for employees within 10 years of their normal retirement date as at April, 2012.

In addition, the Government was introducing measures to ensure that as many employees as possible were covered by an occupational pension scheme. As a result, it was proposed that eligible Council employees who were currently not members of the scheme be automatically enrolled from a determined 'Staging Date' based on employee numbers. In the case of Rotherham this would be 1<sup>st</sup> March, 2013. Affected employees could then still elect to 'opt out' but every 3 years Councils would be required to re-enrol them.

Based on current opt-out numbers, there would be a requirement to auto-enrol 2,693 employees in the Scheme at the 1<sup>st</sup> March, 2013 staging date. Given current earnings of those employees and an employer contribution rate of 12% (excluding the usual additional 5.9% for historical shortfalls) the potential cost of the auto-enrolment was estimated at over £1.5m per annum.

It was expected that many of the employees would immediately opt-out again but the numbers were unknown. Overall there was the potential that the Council could face an increased liability for Local Government Pension Scheme pension employer contributions within the current or future financial years.

The Legislation currently allowed for a deferment for current optants-out until the end of the transition period. Presently this was October, 2016 but the Department for Work and Pensions was consulting on whether to allow a further opportunity to extend the period potentially until October, 2017.

The deferral process did not require Pensions Regulator approval but an employer was required to notify the affected employees of the transition delay within 1 month of the staging date.

The Teachers Pension Scheme was not initially providing an opportunity to defer but later notifications were suggesting a short term deferment of 1 year might yet be possible.

The South Yorkshire Pensions Authority was recommending employers take the transitional delay option but confirmed that it remained an employer decision. Discussions with SYPA suggested that a deferred date of 1<sup>st</sup> March, 2016, could be the most advantageous date for employers based on impact on Actuary calculations for the next valuation whilst still reducing the immediate potential cost. This was being considered from a pensions perspective and advice would be taken into account to enable Councils to make the most advantageous choice.

Resolved:- (1) That the proposals in respect of the new Local Government Pension Scheme from April, 2014, be supported.

(2) That the ability to apply to defer the automatic enrolment for eligible employees beyond the staffing date originally outlined for councils of Rotherham's size, be approved.

(3) That it be noted that the auto-enrolment compliance affected the Teachers' Pension Scheme although it was not yet clear if some short term deferment may be possible in respect of this Scheme.

**C46 EXCLUSION OF THE PRESS AND PUBLIC.**

Resolved:- That under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act (as amended March, 2006 (information relates to finance and business affairs)).

**C47 NEW DISCRETIONARY RATE RELIEF TOP UP APPLICATIONS**

Councillor Akhtar, Deputy Leader, introduced a report by the Strategic Director of Resources which listed organisations currently in receipt of Section 43 Mandatory Relief which have applied for 20% Discretionary Relief top up.

The financial information and risks and uncertainties associated with this relief were set out in detail as part of the report.

Cabinet Members asked a range of questions and sought some clarification on these applications.

Resolved:- That the applications for grant relief be refused.

**[THE CHAIRMAN AUTHORISED CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO PROGRESS THE MATTERS REFERRED TO]****C48 REVIEW OF ENABLING SERVICE**

Councillor Doyle, Cabinet Member for Adult Social Care, introduced a report by the Strategic Director of Neighbourhoods and Adult Services, setting out a review of the Enabling Service which was established following a review of the budget, operational management and direction of the in-house domiciliary care service in 2009. Since then despite bars on recruitment and a number of staff leaving on a voluntary basis, there remained some inefficiencies in the way the current service was staffed.

Resolved:- [1] That consultation be commenced on the basis of staffing proposals set out at Section Four of the attached Business Plan.

[2] That the budget proposals set out at section 8.2 of this report be approved.