

CABINET

**Venue: Town Hall, Moorgate
Street, Rotherham. S60
2TH**

Date: Wednesday, 5 December 2012

Time: 10.30 a.m.

A G E N D A

1. To consider questions from Members of the Public
2. To determine if the following matters are to be considered under the categories suggested in accordance with the Local Government Act 1972.
3. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
4. Declarations of Interest
5. Minutes of the previous meeting held on 21st November, 2012 (copy supplied separately)
6. Rotherham Local Plan Steering Group (Pages 2 - 10)
 - Strategic Director of Environment and Development Services to report.
7. Local Plan Next Steps (Pages 11 - 14)
 - Strategic Director of Environment and Development Services to report.
8. Scrutiny Review of RMBC's District Heating Schemes (Pages 15 - 29)
 - Chief Executive to report.
9. Revenue Budget Monitoring for the period ending 31st October, 2012 (Pages 30 - 39)
 - Director of Finance to report.

(The Chairman authorised consideration of the following item to enable the matter to be processed.)

10. Appropriation of Land - Bellows Road Shopping Centre (Pages 40 - 43)

11. Exclusion of the Press and Public
The following items are likely to be considered in the absence of the press and public as being exempt under Paragraphs 3 and 4 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended March 2006) (information relating to the financial or business affairs of any particular person (including the authority holding that information and to any consultations or negotiations, or contemplated negotiations, in connection with any labour relations matter))
12. Integrated Youth Support Service - Restructure (Pages 44 - 61)
 - Strategic Director of Children and Young People's Services to report.
13. Review of Enabling Service - Update on Consultation (Pages 62 - 68)
 - Strategic Director of Neighbourhoods and Adult Services to report.
14. Disposal of Land at Pithouse West, Rotherham (Pages 69 - 76)
 - Strategic Director of Environment and Development Services to report.

In accordance with Section (7) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 the Chairman of the Overview and Scrutiny Management Board has agreed that those items marked (*) contain decisions which need to be acted upon as a matter of urgency and which cannot be reasonably deferred (see notice attached)

Cabinet Meeting – 5th December, 2012

Take notice, in accordance with Regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, that the following reports are to be considered in the private part of the meeting without having provided the required twenty-eight days' notice:-

- **Integrated Youth Service – Restructure**

The report detailing the matter for determination contains exempt information as described in Paragraph 4 of Part 1 of Schedule 12A to the Local Government Act, 1972 (as amended) and to hear it in public would be in breach of an obligation of confidence.

- **Review of Enabling Service – Update on Consultation**

An exemption under Paragraphs 3 and 4 (Information relating to the financial or business affairs of any particular person (including the authority holding that information and to any consultations or negotiations, or contemplated negotiations, in connection with any labour relations matter)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report provided an update proposing a number of changes to the way in which the Enabling Service is configured.

The report recommends that a decision be made to implement the proposals and a further report outlining the options appraisal for extra care services be received. Accordingly the report needs to be considered as a matter of urgency.

- **Disposal of land at Pithouse West, Rotherham**

The report refers to an urgent decision, taken under delegated powers by the Chief Executive, to dispose of land at Pithouse West and Cabinet Members need to be promptly appraised of this decision. Accordingly the report needs to be considered as a matter of urgency.

The Chair of the Overview and Scrutiny Management Board has agreed that these items are urgent and cannot reasonably be deferred.

Jacqueline Collins
Director of Legal and Democratic Services
27th November, 2012.

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	CABINET
2.	Date:	5th December, 2012
3.	Title:	MINUTES OF A MEETING OF THE ROTHERHAM LOCAL PLAN MEMBERS' STEERING GROUP HELD ON 9TH NOVEMBER, 2012
4.	Programme Area:	ENVIRONMENT AND DEVELOPMENT SERVICES

5. Summary

In accordance with Minute No. B29 of the meeting of the Cabinet held on 11th August, 2004, minutes of the Rotherham Local Plan Members' Steering Group are submitted to the Cabinet.

A copy of the minutes of the Rotherham Local Plan Members' Steering Group held on 9th November, 2012 is therefore attached.

6. Recommendations:-

That progress to date and the emerging issues be noted, and the minutes be received.

7. Proposals and Details

The Council is required to review the Unitary Development Plan and to produce a Local Development Framework (LDF) under the Planning and Compulsory Purchase Act 2004.

The proposed policy change of the new Coalition Government should be noted re: the Localism Bill and implications for the Local Development Plan

8. Finance

The resource and funding implications as the Local Development Plan work progresses should be noted.

9. Risks and Uncertainties

- Failure to comply with the Regulations.
- Consultation and responses to consultation.
- Aspirations of the community.
- Changing Government policy and funding regimes.

10. Policy and Performance Agenda Implications

There are local, sub-region and regional implications. The Local Development Scheme will form the spatial dimension of the Council's Community Strategy.

11. Background Papers and Consultation

Minutes of, and reports to, the Rotherham Local Plan Members' Steering Group.

Attachments:-

- A copy of the minutes of the meeting held on 9th November, 2012.

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ROTHERHAM LOCAL PLAN STEERING GROUP
Friday, 9th November, 2012

Present:- Councillor Smith (in the Chair); Councillors Akhtar, Currie, Dodson, Godfrey, McNeely, Rushforth, R. S. Russell and Whelbourn.

together with:- Andrew Duncan, Helen Sleight and Ryan Shepherd (Planning Service) and Ann Todd (Press and Publications Office);

Apologies for absence were received from The Mayor (Councillor Pickering) and from Councillors Clark, Steele and Whysall.

46. MINUTES OF THE PREVIOUS MEETING HELD ON 28TH SEPTEMBER, 2012

Consideration was given to the minutes of the previous meeting of the Rotherham Local Plan Steering Group, held on 28th September, 2012.

Agreed:- That the minutes of the previous meeting be approved as a correct record for signature by the Chairman.

47. APPOINTMENT OF PROGRAMME OFFICER FOR CORE STRATEGY EXAMINATION IN PUBLIC

Consideration was given to a report presented by the Senior Planning Officer providing details of the appointment of the Programme Officer for the Core Strategy Examination in Public. Members commented on the proposed funding of this post.

Agreed:- That the report be received and its contents noted.

48. LEGAL ADVICE ON THE CORE STRATEGY

Consideration was given to a report presented by the Senior Planning Officer summarising the legal advice (Counsel's opinion) recently received in respect of the Core Strategy and the implications of that advice as the Core Strategy is prepared for submission to HM Government.

Reference was made to:-

- : the costs of the legal advice obtained;
- : the preparation of the Memorandum of Understanding, which is to be agreed with Sheffield City Council;
- : the need for further housing provision in the Rotherham Borough area;
- : the implication of any delay in submitting the Core Strategy to HM Government;
- : the need to ensure that the Core Strategy conforms with the Regional Spatial Strategy;
- : further public consultation on the schedule of proposed minor amendments to the Core Strategy, prior to its submission to HM Government.

Agreed:- That the report be received and its contents noted.

49. PROGRESS TOWARDS SUBMISSION OF THE CORE STRATEGY

Consideration was given to a report presented by the Senior Planning Officer containing an update on progress towards submission of the Core Strategy to HM Government. The report highlighted the following progress:-

(i) consultants have been appointed to update the Sustainability Appraisal report;

(ii) the National Planning Policy Framework (NPPF) requires the Borough Council to demonstrate that the Local Plan is viable; consultants have been appointed to produce a 'whole plan viability assessment' to accompany submission, to demonstrate the way in which the Council has met the requirements set out in NPPF;

(iii) consultants have been commissioned to provide advice on retail objections;

(iv) further legal advice from Counsel on a number of issues has been obtained;

(v) a Memorandum of Understanding with Sheffield City Council on this Council's proposed housing target has been negotiated to enable Sheffield to withdraw their objection to the Core Strategy; Rotherham Borough Council has been advised by Counsel that the Memorandum of Understanding should be renegotiated prior to agreement and signing by the Cabinet Member for Regeneration and Development.

The schedule of proposed minor amendments to the Core Strategy was appended to the submitted report.

The Steering Group deliberated upon the options for the submission of the Core Strategy.

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

(2) That the emerging schedule of proposed minor amendments to the Core Strategy, as now submitted, be noted.

(3) That appropriate public consultation shall take place, during 2013, on the schedule of proposed minor amendments to the Core Strategy, as soon as they have been finalised.

(4) That, having taken account of the Counsel's opinion received, this Steering Group supports the submission of the Core Strategy to HM Government, for examination, after revocation of the Regional Strategy.

50. BASSINGTHORPE FARM CONCEPT FRAMEWORK

The Steering Group considered initial Local Plan Core Strategy proposals for the future development of the area situated to the north of Rotherham, at Greasbrough, known as the Bassingthorpe Farm site.

The Chairman introduced James Hobson and Richard Walshaw (Signet Planning), Helen Flage (the ATLAS development advisory service) and Anthony Barber-Lomax (Fitzwilliam Wentworth Estates), who were all attending today's meeting for discussion about the future of the Bassingthorpe Farm area. Ward Councillor Sims also attended the meeting for consideration of this item.

Members learned that ATLAS is a Company which provides advice on applications for large development. This services is provided free of charge and offers impartial, independent advice on large development proposals (which most often include residential housing development) and assist with the creation of robust evidence base for this type of development.

Reference was made to the Bassingthorpe Farm Concept Framework, with the importance of Bassingthorpe Farm as a??..... site included in the Local Plan Core Strategy. This site comprised six hectares of development land. The initial proposals were being prepared by the Borough Council in collaboration with Fitzwilliam Wentworth estates, as a neighbouring landowner and with urban design consultants Signet Planning. Members were informed of the importance of convincing a Planning Inspector that the area has sufficient viability for future development which might include, for example, green space, appropriate highways and service infrastructure, health facilities and a primary school.

The presentation of the proposals, by Richard Walshaw (Signet Planning) and the Members' subsequent discussion of the various issues, highlighted the following salient matters:-

: the topography is the key characteristic of the whole area, which slopes downwards in a northerly direction;

: a Green Infrastructure Framework is being prepared for the area, comprising such features as connectivity between the different parts of the site (on foot and by vehicle); and the ecology of the area;

: the area is rich in terms of its historic features (eg: old churches; the Hooper Stand);

: there are important watercourses (eg: the Greasbrough Dyke, Clough Stream) which have associated public rights of way;

: there is the opportunity of creating a circular green corridor around the proposed development sites, to enhance the overall landscape quality of

the area;

: the area has Listed Buildings : eg: Bassingthorpe Farm and the Barbot Hall Farm;

: one specific design feature will be to facilitate the movement and access of vehicles, pedestrians and cyclists around the area;

: there are already well-established public transport links to the nearby Rotherham town centre;

: new development may eventually create better pedestrian links with the Rotherham town centre; for example, finding an alternative route to the existing Primrose hill railway bridge link or using a better access route via Rodger Street;

: a decision will need to be made about the future of the Thornhill recreation ground (situated between New Wortley Road and Greasbrough Street);

: the northern area of the whole site includes the gateway to the Wentworth estate;

: there are a number of barriers (around the site) to the overall ease of movement of pedestrians;

: the new development should include improved pedestrian access to the Wingfield Business and Enterprise College;

: the position of roads throughout the site are essential to the new development, especially as they will enhance public transport access to the whole site;

; traffic modelling is already taking place in respect of the whole site, particularly examining all of the principal roads through the area – it will be important to avoid the creation of ‘rat runs’ for motor vehicles through the site (eg from the northern part of the area leading from Rawmarsh); a number of pedestrian and cycling routes will become established;

: the site has several key character areas:- Bassingthorpe Farm; Carr Hill; Cinder Bridge; and the mainly industrial area around Mangham Road;

: in addition, there is the Rotherham urban area (nearer to the Rotherham town centre), which includes the existing Henley Rise residential development and the Thornhill Primary School;

: the area known as Cinder Bridge is capable of being opened up to make good use of the assets of the Greasbrough conservtaion area (perhaps creating an attractive, lower density residential development);

: the Carr Hill area is the location of the two listed buildings (Bassingthorpe Farm and the Barbot Hall Farm);

: future development which will create employment opportunities will be better located near to the Carr Hill road (B6089);

: the area in which Bassingthorpe Farm is situated will accommodate most of the new residential development; and such new development will comprise a variety of different housing densities;

: the overall design will ensure the connection of walking routes to the existing retail centre in Greasborough;

: an important suggestion is the possibility of locating a significant landmark (perhaps a tower) which will be visible at a high point of site (eg: at Bassingthorpe Farm or at Carr Hill);

: a range of different land uses are suggested: the nearby area of Fenton Road is currently considered a sterile environment (in development terms) and it may be possible to create a more vibrant urban environment there, one which may include the benefit of reducing traffic speeds);

: today's presentation is an initial draft of a range of development concepts; the task will be to try and fuse together all the different concepts; importantly, the intention is not simply to build a large housing estate; new development must contain a vibrant urban centre;

: the Thornhill recreation ground is considered to be a key development site;

: it is envisaged that some 2,400 residential dwellings will be constructed; in addition, development which will provide (perhaps minimal) employment opportunities will happen in areas such as Mangham Road and Parkgate;

: the probable timescale for the development of the whole area is some 15 to 20 years;

: reference was made to the cost of roads and other site infrastructure; discussion took place on these facilities would be funded by a developer or funded via, for example, the Local Transport Plan;

: there will be further detailed public consultation about specific development within the site; this process acknowledges the importance of taking into account the views of residents and local people;

: a number of Task and Finish Groups are being established (eg; green infrastructure group; place making group; transport group);

: discussion took place on the timing and phasing of the delivery of the various stages of development;

: the actual starting point of development is currently under discussion – with reference to the different character areas around the whole site; it was possible that a number of different developers could begin construction work simultaneously, in each self-contained area;

: to date, there had been no discussions with the South Yorkshire Forest organisation; however, it was noted that there is a strong green infrastructure policy for the entire site (eg: consideration will be given to the need to retain an area of farm land within the site);

: it is acknowledged that there will be the impact of the loss of green belt in this area of Rotherham;

: the whole area is an appropriate location for development, given the site's proximity to the Rotherham town centre;

: the protection of wildlife is very important (eg: in areas such as Bassingthorpe Spring Wood);

: the area must comprise an attractive development for the future;

: one of the landowners (Fitzwilliam Wentworth Estates) is making some financial contribution;

: reference was made to the duty of co-operation between adjacent planning authorities; it was noted that a development of this scale will be capable of meeting some of Sheffield City Council's housing need);

: new development and increased levels of vehicular traffic will impact upon local roads serving Parkgate and Rawmarsh (eg: Cinder Bridge Road, Greasbrough Lane, Scrooby Street and Scrooby Lane); there will be similar pressures upon the existing local drainage and sewerage infrastructure;

: there are sustainable plans for future drainage – it was noted that parts of both Cinder Bridge Road and Greasbrough Lane are situated in an area prone to severe flooding;

: the suggested tower at the site's highest point might be a suitable place in which to disguise a mobile telecommunications mast; such a facility might be located in the area near to the former Stubbin colliery;

: future development ought to secure the upgrading of existing roads which are not capable of absorbing increased amounts of vehicular traffic;

: there will be liaison with Yorkshire Water about that Company's intentions to adopt drainage and sewerage infrastructure;

: the area should be brought to life as a virtual scheme, using quality visual aids; the production of a design code document will be useful in the process of engaging with the public;

: there has not yet been any discussions with prospective developers (this process will not begin until the site design allocation is complete);

: ground conditions must be taken account of carefully, because of the area's history of mines-working;

: consultation about the various site allocations will probably begin during 2013 (this process has to balance the detail with the Local Plan Core Strategy);

: reference was made to the possible impact of the proposed tram-train development, which will link the Rotherham town centre and Parkgate;

: the visual impact assessments for the whole area have been completed.

Members thanked the officers and consultants for the interesting and informative presentation. The Steering Group will receive progress reports at its future meetings and progress will also be reported to the Rotherham North, Wentworth North and Wentworth South Area Assemblies.

51. DATE AND TIME OF NEXT MEETING

Agreed:- That the next meeting of the Rotherham Local Plan Steering Group take place at the Town Hall, Rotherham on Thursday, 13th December, 2012, commencing at 2.30 p.m.

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	5 Dec 2012
3.	Title:	Local Plan Next Steps
4.	Directorate:	Environment & Development Services

5. Summary

This report provides an update on progress towards submission of the Local Plan Core Strategy to government. The reasons for delay in submission in light of legal advice are outlined, along with a proposed way forward.

6. Recommendations

- 1. That Cabinet support submission of the Core Strategy to government following revocation of the Yorkshire and Humber Regional Strategy.**

7. Proposals and Details

The Council is preparing a Local Plan for Rotherham. This is a statutory requirement under the Planning and Compulsory Purchase Act 2004 and the Localism Act 2011. This was previously called the Local Development Framework; however the title has been altered to bring our plan into line with the National Planning Policy Framework (NPPF). The documents contained within the Local Plan will remain the same – the Core Strategy and a supporting Sites and Policies document.

A report to the Local Plan Steering Group (28 September 2012) provided details of the responses received to the Publication Core Strategy consultation and the main issues arising. Further work to address these issues is underway, namely to:

- update the Sustainability Appraisal of the plan
- produce a “whole plan viability assessment” to satisfy the NPPF
- strengthen our retail evidence to support our “town centre first” approach

Legal advice

Previous legal advice raised concerns about conformity of our proposed lower housing target with the Regional Strategy. Our approach has been to continue working towards submission of the Core Strategy to government based on a local housing target given the government’s stated intention to revoke Regional Strategies. However, as the government has yet to formally revoke the Regional Strategy for Yorkshire and Humber, and we intended to submit the Core Strategy to government before the end of 2012, additional legal advice has been obtained.

Counsel’s opinion is that the lower housing target is sufficiently below the Regional Strategy target that it is unlikely it would be found to conform with the Regional Strategy, even taking a balanced approach. Effectively the inspector at examination would be left with a potential showstopper objection. The only means by which it could be addressed is by the inspector changing the Core Strategy to increase the extent of housing provision and therefore increase the amount of Green Belt release. That would require substantial re-writing of the Core Strategy and there is a serious risk that the inspector may recommend withdrawal of the Core strategy entirely.

Counsel’s advice is that the prudent course for us to adopt is to delay submission until the Regional Strategy is revoked. This will remove the obligation to meet the regional housing target; allow us to demonstrate that our locally derived target is sufficient to meet our objectively assessed needs; and show that the current circumstances in the housing market area do not support the ambitious growth targets of the Regional Strategy.

Counsel also advised that the Memorandum of Understanding drafted with Sheffield City Council regarding the local housing target should be re-negotiated prior to endorsement by Cabinet Member.

The way forward

In light of Counsel's advice we propose to delay submission of the Core Strategy until after the Regional Strategy is revoked. This removes the requirement for conformity with the Regional Strategy housing target, as an issue. The issue of meeting the wider housing market requirements will still need to be addressed and further joint working with Sheffield will be required to demonstrate that we have met the Duty to Co-operate. This approach poses fewer risks with regard to the lower housing target. However, it is uncertain when the government will revoke the Regional Strategy and therefore when submission of the Core Strategy could take place. This may result in a longer period until an up to date plan is in place.

Given concerns regarding the level of housing growth and Green Belt release expressed both by Members and by communities through previous consultation, and the very real risk of the inspector increasing the housing target as part of the examination, on balance it is recommended that Cabinet support submission of the Core Strategy following revocation of the Regional Strategy.

This approach would allow time to:

- consult on "focused changes" to the Core Strategy prior to submission (a further report would be brought to Cabinet regarding this)
- re-negotiate the Memorandum of Understanding with Sheffield
- complete the draft Bassingthorpe Farm Concept Framework to demonstrate the Core Strategy's deliverability
- progress public consultation on the Sites and Policies document

This approach has been endorsed by the Local Plan Steering Group at their 9 Nov meeting.

Next steps

The effect on the overall Local Plan timetable would be minimised by completing work on the Core Strategy now so that it is ready to submit to government as soon as the Regional Strategy is revoked. Work would then shift focus to the Sites and Policies document to prepare for public consultation on a draft document in spring 2013. There is no reason why we cannot consult on proposed development sites pending submission of the Core Strategy.

Anticipated stages would be:

Jan/Feb 2013	Public consultation on "focused changes" to the Core Strategy
Spring 2013	Public consultation on a draft Sites and Policies document and map showing detailed proposed development sites
Spring/summer 2013	Submission of the Core Strategy to government (assuming Regional Strategy has been revoked)

We have recently submitted a consultation response to government on the strategic environmental assessment of the revocation of the Yorkshire and Humber Regional Strategy. Our response supported the assessment's finding that revocation would have no significant environmental effects in the long term and strongly urges the government to swiftly revoke the Regional Strategy.

8. Finance

The cost of additional evidence requirements has been funded from the Planning Policy budget with the exception of legal advice which has been funded by Legal Services. Costs associated with submission of the Core Strategy or consultation on the schedule of proposed minor amendments would be funded from the existing Planning Policy budget.

9. Risks and Uncertainties

As set out in section 7 above.

10. Policy and Performance Agenda Implications

The implementation of the Local Plan will make a positive contribution to all of Rotherham's Regeneration priorities. When adopted, the Core Strategy and supporting documents will further the objectives of the Corporate Plan and support the delivery of the Rotherham Sustainable Community Strategy by:

- providing sufficient good quality homes
- ensuring well designed, decent affordable housing
- providing employment land to meet the needs of the modern economy and support sustainable communities through access to employment opportunities
- promoting the "town centre first" policy approach to help the regeneration and renaissance of Rotherham Town Centre

It will contribute towards achieving the Corporate Plan priorities: Providing quality education; ensuring people have opportunities to improve skills, learn and get a job; Helping to create safe and healthy communities; Improving the environment.

11. Background Papers and Consultation

Local Plan Publication Core Strategy 2012

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ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1. Meeting:	Cabinet
2. Date:	5 December 2012
3. Title:	Scrutiny review of RMBC's District Heating Schemes
4. Directorate:	Resources

5. Summary

The report sets out the findings and recommendations of the scrutiny review of District Heating, undertaken by the Self-Regulation Select Commission (attached). The review was endorsed by the Commission and OSMB at their respective meetings of 22 November 2012 and 30 November 2012.

6. Recommendations

- a. That Cabinet receives the report and recommendations;**
- b. That the response of Cabinet to the recommendations be fed back to OSMB and to the Self-Regulation Select Commission within two months of its submission.**

7. Proposals and Details

- 7.1 The Self-Regulation Select Commission received a report to its January meeting outlining proposals for Housing Rent Increase 2012/13, which includes charges for heating in those areas covered by district heating. The report outlined that the scheme did not secure full recovery of its costs and despite action to address this, it had not proved possible to do this due to significant increases in fuel charges and other factors.
- 7.2 In light of report, the Commission agreed to undertake a review, chaired by Cllr Dominic Beck, to explore how cost effective and fuel efficient provision of District Heating (DH) can be achieved.
- 7.3 It is important that residents receive reliable, competitive and value for money heating. However, the current basis for charges does not reflect actual costs. The review sets out some practical steps to remedy this, ensuring that charges are fair and affordable to tenants. The review also explores how we communicate changes, service improvements or disruptions with our tenants.

In order for DH to be efficient and effective, the members concluded that management continuity and oversight needed to be improved and sets out how this can be achieved in relation to financial management, DH stock condition and future investment plans into existing schemes or in new technologies. Building on the recent scrutiny review of Fuel Poverty, the review group explored how new and more efficient technologies can minimise reliance on fossil fuels and if other sources of funding could support such developments.

- 7.4 There are sixteen recommendations, detailed in Section 4 of the report. These address the following areas:
- Consolidation of management arrangements and procedures;
 - A review of charges and creation of a mechanism for annual review to ensure that the DH fuel cost can be fully recovered from residents;
 - That a full Stock Condition Survey of all schemes is carried out, taking into account the boiler house, plant, infrastructure (distribution system) and presence of controls;
 - On the basis of information gathered by the Stock Condition Survey, that revenue spend profiles and capital investment plans are created, supported by the Housing Revenue Account 30 Year Business Plan to:
 - Improve existing viable schemes
 - Remove non-viable schemes and replace with the most effective alternative.
 - That all future investment in DH should incorporate where possible funding opportunities presented through ECO-obligations and Greendeal.
 - Ensuring that communication with service users is improved and that awareness is raised about energy efficiency and usage.

8. Finance

The financial implications of any recommendations emerging from the review will require further exploration by Cabinet and the Strategic Leadership Team on the cost, risks and benefits of their implementation.

9. Risks and Uncertainties

Failure to ensure the full recovery of district heating costs in the long term may have an impact on the Housing Revenue Account.

10. Policy and Performance Agenda Implication,

The review links to the following Corporate Plan priorities:

- Making sure no community is left behind:
 - less people struggle to pay for heating and lighting costs
- Helping to create safe and healthy communities:
 - people are able to live in decent affordable homes of their choice
- Improving the environment:
 - reduced CO2 emissions and lower levels of air pollution

11. Background Papers and Consultation

See Section 5 of the review report

Self-Regulation Select Commission: 22 November 2012

OSMB: 30 November 2012

Contact:

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Scrutiny review: RMBC's District Heating Scheme

Review of the Self-Regulation Select Commission

November 2012

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Executive Summary

The Commission received a report to its January meeting outlining proposals for Housing Rent Increase 2012/13, which includes charges for heating in those areas covered by district heating. The report outlined that the scheme did not secure full recovery of its costs and despite action to address this, it had not proved possible due to significant increases in fuel charges and other factors.

The aim of the review:

In light of this, the Self-Regulation Select Commission agreed to undertake a review to explore how cost effective and fuel efficient provision of District Heating (DH) can be achieved.

The review group was made up of the following members:

- Cllr Alan Atkin,
- Cllr Dominic Beck (Chair),
- Cllr Simon Currie
- Cllr Jane Hamilton
- Cllr Simon Tweed

In gathering its evidence the DH Review Group Members reviewed previous Cabinet reports; received a series of briefings from key officers; examined practice in other local authorities and available technologies; and spoke to the Cabinet Member for Safe and Attractive Neighbourhoods.

The help and co-operation of all who participated in this review is gratefully acknowledged.

Summary of findings and recommendations

With pressure on all household budgets, it is important that residents receive reliable, competitive and value for money heating. However, the current basis for charges does not reflect actual costs. The review sets out some practical steps to remedy this, ensuring that charges are fair and affordable to tenants. The review also explores how we communicate changes, service improvements or disruptions with our tenants.

In order for DH to be efficient and effective, the members concluded that management continuity and oversight needed to be improved and sets out how this can be achieved in relation to financial management, DH stock condition and future investment plans into existing schemes or in new technologies. Building on the recent scrutiny review of Fuel Poverty, the review group explored how new and more efficient technologies can minimise reliance on fossil fuels and if other sources of funding could support such developments.

There are sixteen recommendations, detailed in Section 4 of the report. These address the following areas:

- Consolidation of management arrangements and procedures;
- A review of charges and creation of a mechanism for annual review to ensure that the DH fuel cost can be fully recovered from residents;
- That a full Stock Condition Survey of all schemes is carried out, taking into account the boiler house, plant, infrastructure (distribution system) and presence of controls;
- On the basis of the Stock Condition Survey, that revenue spend profiles and capital investment plans are created, supported by the Housing Revenue Account 30 Year Business Plan to:
 - Improve existing viable schemes
 - Remove non-viable schemes and replace with the most effective alternative.
- That all future investment in DH should incorporate where possible funding opportunities presented through ECO-obligations and Greendeal.
- Ensuring that communication with service users is improved and that awareness is raised about energy efficiency and usage.

1. Why members wanted to undertake this review?

The Commission received a report to its January meeting outlining proposals for Housing Rent Increase 2012/13, which includes charges for heating in those areas covered by a district heating scheme. The report outlined that the scheme did not secure full recovery of district heating costs. Despite a three year strategy to address this (agreed by the Cabinet Member for Neighbourhoods in 2007), due to ongoing and significant increases in the prices of gas and utility charges in general, this has yet to be fully realised. Under its remit, the Self-Regulation Select Commission agreed to undertake a review to ascertain whether value for money is being secured.

It is important that residents receive reliable, competitive and value for money heating. The review group was mindful of the links between this review and the wider Affordable Warmth and Anti-Poverty Agendas; not least because of a parallel review conducted by the Overview and Scrutiny Management Board to examine how ECO/Greendeal could be used to minimise fuel poverty. In addition, to these agendas, there is also evidence to demonstrate that efficient communal heating systems can contribute to the limitation of emissions of harmful gases. This may have positive implications for the Council's environmental policies.

These priorities are articulated in the Council's corporate plan as the following:

- Making sure no community is left behind:
 - less people struggle to pay for heating and lighting costs
- Helping to create safe and healthy communities:
 - people are able to live in decent affordable homes of their choice
- Improving the environment:
 - reduced CO2 emissions and lower levels of air pollution

2. Terms of reference

At the meeting of the Self-Regulation Select Commission on 19th April (Minute No.76) and 31st May 2012 (Item 7), Members agreed to undertake a scrutiny review "to explore how cost effective and fuel efficient provision of District Heating (DH) can be achieved". The review group comprised of Councillors Atkin, Beck (Chair), Currie, J. Hamilton and Tweed

The Review Group refined the key questions to focus on:

- Is the current management of the scheme effective?
- Is the billing system transparent and fair and how can full recovery costs be secured?
- What are the cost and frequency of repairs?
- Can alternative technology be used to provide more efficient and effective provision, (including consideration of what other local authority and providers are doing)?
- How communications with district heating users can be improved?

The review was also asked to consider the review timescales to ensure that savings and efficiencies can be maximised.

The review has been provided with technical support by Tracie Seals, Programme Delivery Manager, Neighbourhood and Adult Services. Her help and expertise is gratefully acknowledged.

A number of other key officers provided information; namely Dan Colley (Contract and Development Services), Megan Booth (Housing Income) Kath Oakes (Finance) and David Rhodes (Energy).

DH Review Group Members also received a series of briefings, including an overview of practice in other local authorities, spoke to the Cabinet Member for Safe and Attractive Neighbourhoods and attended a training session from a DH specialist contractor in order to inform their understanding of DH system and available technologies.

3. Background

The council currently operates 3 distinct schemes, each with a separate charging format:

- A pooled metered scheme; charging at 6.55p per kWh. Pre-payment charges range from £12.80 - £19.78 depending on the size of the property
- An unmetered scheme at Beeversleigh; with charges from £14.90 for a one-bedroom flat and £17.10 for a two-bedroom flat; and
- Switch 2 card meter scheme at Swinton; charging at 4.5p per kWh

In order to have a comprehensive overview of the current state of Rotherham's DH scheme, technical and financial information was consolidated into a 'matrix' (see Appendix A).

The matrix was considered and a broad red, amber and green status was applied to the following elements:

- Income per scheme compared to expenditure (cost per household)
- Scheme surplus or deficit per household
- Level of works required (considering potential to fail)
- Condition of the infrastructure (pipework, power supplies, boiler house)
- Remaining potential life of the boiler
- Presence of gas network (considering alternatives to DH) or if the scheme could be adapted to more carbon efficient alternatives

On the basis of this information, the review group could make informed recommendations of the viability of some of the schemes, the potential impact on the residents and if value for money could be secured.

4. District Heating – Review Focus

4.1 Is the current management of the scheme effective?

Management of DH has passed through a number of services, notably from the Council to Rotherham 2010 Ltd and then back again; coupled with restructures and staff losses over recent years it appears that continuity has been disrupted and no single officer has the oversight of DH in the round.

In Housing & Neighbourhood Services (HNS), repair and maintenance is managed by Contract & Development Services (C&DS); whilst billing and metering is managed by Housing Income Team; and asbestos management is undertaken by Programme Delivery Service. Boiler house management was historically undertaken by EDS.

During the review, boiler house management budget provision has been moved to C&DS bringing all budgets with Housing & Neighbourhood Services (HNS). This should lead to a more coherent approach and the review group was supportive of this early management action.

Officers reported that capital investment is largely reactive as a consequence of system failure rather than investment being part of a wider planned programme of improvement. With a better understanding of stock, expenditure and DH systems, coupled with more robust monitoring of budgets, it is anticipated that a shift can be made from the reactive to more strategic investment decisions.

Members established that financial monitoring of budgets is a challenge and it is recommended that monthly monitoring of revenue and capital budgets is undertaken between the key budget holders from the relevant sections, along with the NAS Finance Manager. It is important to ensure that this monitoring includes billing and metering matters (when necessary) as it appears difficult to reconcile.

A recent Internal Audit report “District Heating Schemes Audit 2012/2013” highlighted that there were no fundamental concerns but made recommendations to enhance the control environment and provide an increased level of assurance to management. These recommendations focused on the effective administration of the scheme and the need to update procedures. The findings of the Internal Audit reinforced the conclusions drawn by the review group, that greater oversight of the scheme should be addressed.

Recommendation 1.

Lead revenue and capital expenditure officers are identified from within Contract and Development Services (C&DS) and Strategic Housing Investment Team (SHIS) and monthly monitoring is undertaken with a representative from Neighbourhood and Adult Service’s (NAS) Finance support to ensure prudent budget control.

4.2 Is the billing system transparent and how can full recovery costs be secured?

There are three rates charged to DH scheme users which are dependent on a

number of factors. The basis for increasing charges is historic and in order to ensure that heating is affordable for Rotherham tenants, charges were increased by an agreed percentage point plus the rate of inflation (RPI) rather than reflecting actual costs. The charges are reviewed annually as part of the rent and service charges setting process as these are used to feed into annual budget setting.

It is important to charge fairly, but accurately, on the basis of predicted total operating costs of the heating system. This should take into account many factors, including the types of technologies deployed to generate heat.

The review group were mindful that there is a risk in drawing comparisons with 'competitor' heat and water providers. This is unhelpful because whilst unit cost for DH fuel may seem disproportionately high, domestic unit costs do not include standing charges, boiler servicing or other maintenance costs. Furthermore, within a DH context, fuel cost may not bear any resemblance to the actual cost of producing and delivering the heat to the point of use, as it does not take into consideration critical factors such as operational inefficiencies such as heat loss through pipes or boiler plant.

An accurate review of charging based on the actual cost of fuel and other direct costs of heat production and service provision should be undertaken. However, the charges should take account of efficiency of the boiler plant and heating operating system and cost of distributing the energy to dwellings. As strategic decisions are made about investment and repair; infrastructure inefficiencies will be minimised in the future.

Due to the way in which gas use is forecast, some DH users choose either to overpay or to under-use gas which can result in an overpayment at year end. This over payment must then be administered i.e. paid back (after checking whether the rent account is in balance). Conversely, if the forecast is underestimated, then accounts can be in arrears and debt recovery has to be arranged. The final issue in relation to billing is that for the Swinton schemes, the tariff for gas through the Switch 2 payment scheme has been under-estimated and so the cost of gas consumed is not fully recovered.

From visits to some complexes and feedback from officers, it is clear that energy consumption in communal areas and community centres must be monitored and controlled to ensure that residents do not elect to bypass their own consumption of fuel by opening doors to communal areas. By doing this, residents will only pay for the heating and energy they use.

The Internal Audit Report of DH schemes 2012/13 made a number of recommendations in relation to financial management arrangements and these are re-confirmed by this review.

Recommendation 2.

Metering and tamper-proof temperature control of common areas and community centres will ensure fairer arrangements are made for individual energy use.

Recommendation 3.

A review of charges and creation of a mechanism for annual review will ensure that the fuel cost in providing DH can be fully recovered from residents and those

responsible for communal areas

Recommendation 4.

That the review of charges accurately reflects the actual cost of fuel and other direct costs of heat production and service provision

Recommendation 5.

Complete the initial and subsequent annual review of DH separately from the annual rent review. Convergence of DH costs for the 1,400 DH users should not be associated with rent review for 21,000 users but overall consideration of financial impact should still be made to ensure that charges are affordable and accommodate provision for bad debt.

Recommendation 6.

That the recommendations in the Internal Audit Report of DH Schemes 2012/13 be implemented.

4.3 What are the cost and frequency of repairs?

Assimilating information about the number of schemes, location, service users and presence of leaseholders, extent of repairs, condition of boiler houses, plant, infrastructure and cost of provision proved challenging. It emerged during member's investigation that similar to the financial management concerns, no single officer or even service has a clear understanding of current condition and future investment plans into existing schemes or in new technologies.

Broadly speaking, revenue and capital investment is reactive, in response to system failure or just in time management where infrastructure is deteriorating. An absence of a planned approach to capital investment in overall maintenance means that it is difficult to consider the efficacy of any scheme as most major components were installed or replaced at different points in time with some major elements now nearing the end of useful life and some elements in good condition but for which obtaining parts is a challenge.

In communal areas and 17 community centres, lack of control over heating and hot water provision means that energy is often wasted. Some service users maximise the use of heat from communal areas which leads to repair call-outs due to air-locks.

Recommendation 7.

That a full Stock Condition Survey of all schemes is carried out forthwith, taking into account the boiler house, plant, infrastructure (distribution system), presence of controls both in communal areas and dwellings and the configuration of meters.

Recommendation 8.

That a database is created that captures the Stock Condition Survey outcomes as well as asbestos, health and safety data and servicing schedules.

Recommendation 9.

That revenue spend profile and capital investment plan is created for each scheme and resourcing of that plan is supported by the Housing Revenue Account 30 Year Business Plan.

4.4 Can alternative technology be used to provide more efficient and effective provision?

Extensive consideration has been given to new technologies, including receiving advice on best practice from other local authorities and DH Service providers; attendance at a training session from a commercial DH manufacturer as well as instructing a tailored in-house focus group led by officers. The Review Group Chair and Lead Officers have also attended the recent Scrutiny Spotlight Meeting on Fuel Poverty and ECO/Greendeal opportunities.

The review group attended a presentation that outlined that the benefits of district heating are increased dramatically by using a combined heat & power plant (CHP), which produces not only heat, but also electricity. CHP plants can be powered by fossil fuels but are increasingly being fuelled by biomass or anaerobic digestion systems. There are a number of advantages to CHP plants. These include:

- reduce carbon usage
- more efficient to produce energy locally can use renewable energy sources – (eg biomass, ground source) rather than reliant on fossil fuels
- community based heat source
- future proof - minimise maintenance costs if fewer plants are used
- some scope to develop schemes across Local Authority boundaries
- sell excess power to grid

The review group are very keen to pursue new and more efficient technologies, which minimise reliance on fossil fuels. However, nationally, energy funding opportunities are in transition and it will be early in 2013 before there is certainty about how local authorities will access funding to reduce carbon.

This transition, coupled with lack of comprehensive stock condition information in relation to DH means that rather than direct recommendations as to which schemes should be invested in, there are some broad suggestions for consideration.

For example:

- Beeverleigh (48 dwellings) whilst in reasonable working order is not metered and residents pay a set fee. Satisfaction with the scheme is low as there is no control over how much is paid and the building is uncomfortably warm, in all weather. The building can not be converted to traditional gas boilers. In order to harness innovation and the opportunities ECO funding may bring, heating system providers could be invited to enter a competition to provide creative and sustainable solutions, to the challenges our current infrastructure faces. Consideration should be given to the competition outcomes and whether the work can be accommodated by the HRA 30 Year Business Plan.
- Fitzwilliam at Swinton is comprised of 20 mini-DH schemes, each servicing 12 dwellings. The boilers are nearing the end of their useful life (estimated two/three years remaining) and it is recommended that an appraisal is carried

out to convert one scheme to individual boilers. This exercise is enable comparison between schemes in terms of costs and user satisfaction

In all other instances that once the stock condition surveys are complete that a hierarchical approach is given to investment such that, if a scheme is not viable then the Council should seek a more energy efficient solution and where schemes are viable then consideration be given to enhancing the technology to improve energy efficiency and use.

Recommendation 10.

All future investment in DH should incorporate where possible funding opportunities presented through ECO-obligations and Greendeal.

Recommendation 11.

On the outcome of the Stock Condition Survey implement a hierarchical approach to investment in DH schemes to:

- Improve existing viable schemes
- Remove non-viable schemes and replace with the most effective alternative

Recommendation 12.

Enable a mini-competition for heating and hot water providers to explore solutions for Beeversleigh and which maximizes potential to draw in ECO funding.

Recommendation 13.

Support a pilot to replace one scheme at Fitzwilliam, Swinton with individual boilers (subject to gas network) to enable cost in use comparison between schemes and take into account service user satisfaction

4.5 How communications with district heating users can be improved?

DH remains popular with most scheme users however dissatisfaction can occur when the system fails due to breakdown or interruption in power or fuel supply. DH schemes are complex and it is important that scheme residents, which include leaseholders, are kept informed of changes to charges or service provision.

The review identifies that on larger schemes that it is unreasonable to expect that the contractor door-knock each property; instead DH scheme users will be written to, to obtain current communication preferences of telephone, e.mail or text alert and that these methods be used to inform of problems or service changes.

Where a resident identifies themselves as 'vulnerable', it is suggested that the details could be added to the council's database so that provision can be made for face to face communication or contact via the Warden Control system (Rothercare). In addition, a suitable common information point be identified at each scheme, in order to position 'alert' notices.

It is clear from the evidence gathered that a minority of tenants are not using the heat in communal areas efficiently. Alongside, information sharing about the changes to metering or temperature control in communal areas, there needs to be awareness raising about energy efficiency and usage. This should complement projects such as "Keeping Warm in Later Life" which seeks to find out what helps

and prevents older people in Rotherham from keeping warm in winter and other initiatives about minimising the impact of fuel poverty.

Recommendation 14.

That service users are contacted to seek their contact details and preference for failure notifications and that this information is securely communicated to contractors associated with DH repair and maintenance.

Recommendation 15.

Enable a series of information sharing sessions for DH Scheme users to raise awareness about energy usage and efficiency.

4.6 Future monitoring

It is apparent that the DH scheme has not delivered the efficiencies to make full cost recovery outlined in the 2007 three year strategy and subsequent action plans have not been fully implemented. Should the recommendations outlined in the report be approved, it is suggested that members of Self-Regulation Select Commission (or any successor body) assumes a monitoring role to ensure that the progress is maintained.

Recommendation 16.

That Members of Self-Regulation Select Commission (or any successor body) assumes a monitoring role to ensure that the progress on the implementation of agreed recommendations is maintained.

5. Background Papers

- Housing Rent Increase 2012/13 – Report to Cabinet, 18 January 2012
- Self-Regulation Select Commission – Minute 43 - 12.01.12 and Minute 76 - 19.04.12
- Appendix A – overview of the current state of Rotherham's DH scheme, technical and financial information

6. Thanks

- Cllr Rose McNeely – Cabinet Member for Safe and Attractive Neighbourhoods
- Dave Richmond – Director for Housing and Neighbourhoods
- Tracie Seals - Programme Delivery Manager
- Kath Oakes - Principal Finance Officer (Neighbourhoods)
- David Rhodes – Corporate Environmental Officer
- Paul Maplethorpe - Affordable Warmth and Sustainable Energy Co-ordinator
- Dan Colley (Contract and Development Services)
- Megan Booth (Housing Income)

For further information about this report, please contact

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Scheme Street	No. of Props (Finance)	Income per scheme 2011/12 £	Refunds per Scheme 2011/12 £	Net Income per Scheme 2011/12	Expenditure per Scheme 2011/12	Surplus / Deficit per Property 2011/12	Fuel Type	Works Required - Priority (High Med Low)	Number of repairs 2011/12	Cost of repairs 2011/12 (£)	Age of System / installation	Infrastructure condition	Potential life of boiler	Gas network on site? Or potential to install?
Beeversleigh	48	-33,440.70	0.00	-33,440.70	31,047.20	-49.86	GAS	Green	20	1510	2008	Amber - Average	Green - 7+ years	Red - No gas network
St. Anns, Shaftesbury Square	75	-42,463.56	7,888.72	-34,574.84	38,075.46	46.67	GAS + BIOMASS	Green	21	849	2008	Average but bad control's	Green - 7+ years	Red - No gas network
Mansfield Road, Swallownest	152	-124,245.51	36,797.86	-87,447.66	99,957.46	82.30	GAS	Green	33	2846	2005	Amber - Average	Amber - 5+ years	Red - No gas network
Vale Road,Warrners Dr, Thrybergh	129	-92,481.99	29,982.39	-62,499.60	80,075.93	136.25	GAS	Red - HIGH (Renew Boiler No.1. Renew doors & 1 set of pumps & fit Earth bar)	25	7047	2005	Amber - Average	Amber - 5+ years	Yes full network
Mason Avenue, Aston	114	-73,677.54	20,647.06	-53,030.48	68,089.82	156.87	GAS + BIOMASS	LOW (PIPE LAGGING)	39	2653	2008	Green - Good	Green - 7+ years	Yes full network
Hurley Croft, Brampton	59	-40,352.84	10,149.41	-30,203.42	39,738.52	161.61	GAS	Amber - MEDIUM (Old Boilers & Renew 1 Pump)	27	6981	2000	Amber - Average	Red - 2/3 + years	Yes full network
Hampstead Green, Kimberworth Park	58	-40,690.36	17,256.76	-23,433.61	33,749.64	177.86	GAS	Green	42	6150	2007	Amber - Average	Amber - 5+ years	Amber - Partial supply
Arbor Drive, Thurcroft	31	-20,768.75	5,452.00	-15,316.76	21,760.70	207.87	GAS	Green	18	1834	2002 - 2005	Green - Good	Amber - 5+ years	Yes full network
Longfield Drive, Ravenfield	32	-21,219.42	2,993.29	-18,226.13	25,253.05	219.59	GAS	Amber - MEDIUM (Renew 1 Pump)	17	407	2002 - 2005	Green - Good	Amber - 5+ years	Yes full network
Ascension Close, Model Village, Maltby	43	-30,779.95	6,535.34	-24,244.61	33,696.44	219.81	GAS	Green	22	976	2005	Green - Good	7+ years	Yes full network
Manor Lodge, Brinsworth	31	-21,333.51	5,695.30	-15,638.21	23,144.21	242.13	GAS	Amber - MEDIUM (Boilerhouse pipework requires replacement)	22	2519	2002 - 2005	Red - Poor	Red - 3+ years	Yes full network
Elizabeth Way, Masbrough	103	-74,076.39	34,214.15	-39,862.24	65,906.16	252.85	GAS + BIOMASS	Red - HIGH Pumps £7700 revised down to £5,500	62	9776	2012 + 2008	Amber - Average	Green - 10+ years	Yes full network
Woodland Drive, Dinnington	37	-23,640.10	6,762.15	-16,877.94	26,398.10	257.30	GAS	Green	17	806	2002 - 2005	Green - Good	Green - 7+ years	Yes full network
Tickhill Road, Glencairn Cl, Maltby	24	-16,182.68	2,823.59	-13,359.09	19,641.73	261.78	GAS	Green	13	2489	2005	Amber - Average	Green - 7+ years	Yes full network
The Grange, Rotherham Rd, Maltby	49	-31,307.15	17,570.18	-13,736.97	27,268.84	276.16	GAS	Red - HIGH (Underground mains)	13	2489	2005	Red - Very Poor	Green - 7+ years	Red - No gas network
Mark Grove, Flanderwell Bramley	31	-20,015.74	5,553.59	-14,462.14	23,509.89	291.86	GAS	Green	14	487	2002 - 2005	Green - Good	Green - 7+ years	Yes full network
Munsbrough Rise, Munsbrough	81	-54,597.36	21,915.86	-32,681.50	61,688.16	358.11	GAS	Green	23	1515		Amber - Average	Green - 7+ years	Yes full network
A - T Block Fitzwilliam, Swinton	20 blocks x 12 flats	-50,038.20	0.00	-50,038.20	146,214.72	404.10	GAS	Green	25	2152	2007	Amber - Average	Red - 2+ years	AmberTo boiler block end only
Blocks: A, B, C, E, F, G, H, J, K, L, M, N, P, Q, R, S & T Blocks at Fitzwilliam, Swinton are all in similar condition							GAS	Green				Amber - Average	Red - 2+ years	AmberTo boiler block end only
D Block Fitzwilliam, Swinton	12						GAS	Amber - MEDIUM (Install Condensate Drains)	15	284	2007	Amber - Average	Red - 2+ years	AmberTo boiler block end only
I Block Fitzwilliam, Swinton	12						GAS	Green	18	5858	2007	Amber - Average	Green - 7+ years	AmberTo boiler block end only
O Block Fitzwilliam, Swinton	12						GAS	Amber - MEDIUM (Install Condensate Drains)	15	511	2007	Amber - Average	Red - 2+ years	AmberTo boiler block end only
	1,317	-811,311.76	232,237.66	-579,074.10	865,216.03	286,141.93								

1	Meeting:	CABINET
2	Date:	5th December 2012
3	Title:	Revenue Budget Monitoring for the period ending 31st October 2012
4	Directorate:	Resources (for all)

5 Summary

This report provides details of progress on the delivery of the Revenue Budget for 2012/13 based on performance for the first 7 months of the financial year. It is currently forecast that the Council will overspend against its Budget by £4.165m (+1.9%); an improvement of £550k on the September report which showed a forecast outturn of £4.715m (+2.2%). The main reasons for the forecast overspend are:

- The continuing service demand and cost pressures in looking after vulnerable children across the Borough and
- Additional, one-off property costs relating to the continued rationalisation of the Council's asset portfolio as part of the efficiency drive to reduce operational costs

It is expected that this forecast overspend will reduce further over the remaining months following Cabinet's instruction that future spend should be on essential items only. This instruction has been further reinforced by written instruction from the Chief Executive that unless contractually committed, spend for the remainder of the year must only be in respect of ensuring that vulnerable children and adults are safeguarded and to comply with health and safety requirements.

Continued, concerted management action will be also be required over the remaining months of this financial year to ensure that the Council is able to preserve its successful track record in managing both its in year financial performance and its overall financial resilience.

Recommendations

Cabinet is asked to:

- **Note the progress made to date in delivering the significant financial challenges presented in the Council's 2012/13 Revenue Budget;**
- **Note the instruction given for spend on essential services only - to bring projected spend into line with Budget limits;**
- **Receive further progress reports during the remainder of the financial year.**

7.1 Proposals and Details

This report presents details of spending against budget by Directorate covering the first 7 months of the 2012/13 financial year – April to October – and forecast costs and income to 31st March 2013.

7.2 The Overall Position

Directorate/Service	Annual Budget 2012/13	Projected Outturn 2012/13	Variance after Actions (over(+)/under(-) spend)	
	£'000	£'000	£'000	%
Children & Young People Services	36,372	37,849	+1,477	+4.1
Environment and Development Services	37,599	37,908	+309	+0.8
Neighbourhoods & Adult Services	76,934	76,804	-130	-0.2
Resources	37,441	37,729	+288	+0.8
Central Services	24,944	27,165	+2,221	+8.9
TOTAL	213,290	217,455	+4,165	+1.9
Housing Revenue Account (HRA)	73,352	72,374	-978	-1.3

Appendix 1 to this report provides a detailed explanation of the key areas of forecast over / underspend by Directorate. The summarised position for each Directorate is described below.

Children & Young People's Directorate (£1.477m forecast overspend)

The £1.477m forecast overspend position is largely due to pressures within Safeguarding and Corporate Parenting Service. The number of looked after children requiring placements reduced by 8 from 391 at the end of March 2011 to 383 at the end of March 2012. As at the end of October this number has risen to 398. Within this the number of children in residential out of authority placements is 23 (an increase of 6 since 31 March 2012).

Pressures on budgets for provision of Out of Authority Residential care (£972k) and the provision of independent Foster Care placements (£447k) are the main service pressures.

Children's Social Care services remain under pressure despite the services' proactive approach to drive down costs including:

- The Multi-Agency Support Panel introduced by the Director of Safeguarding & Corporate Parenting in April 2011 has in the current year (2012/13) delivered **cost avoidance in the region of £608k - this represents costs avoided through effective multi agency management actions and decision making.**

- Successful work undertaken by the Commissioning Team has resulted in the commissioning and re-commissioning service provider contracts with significant cost reductions/cost avoidance (£290k) to date.

Children's Services continue to look for ways to reduce spend.

Environment & Development Services (£309k forecast overspend)

The Directorate is currently forecasting an overspend of £309k largely due to pressures in Streetpride (£314k). The forecast overspend in Streetpride includes a potential pressure of £200k for Winter Maintenance based on spend for an 'average' winter. Details of the forecast overspend are included in Appendix 1.

Neighbourhoods and Adult Services (£130k forecast underspend)

Overall the Directorate is forecasting an underspend of £130k. Within this, Adult Services are forecasting a slight underspend (-£24k) and Neighbourhood services a £106k underspend. The forecast position for Neighbourhoods and Adult Services is made up of a number of under and overspends, detailed in Appendix 1.

Resources Directorate - (£288k forecast overspend)

Overall the Directorate is currently forecasting an overspend of £288k. The main pressure (£100k) is within the Commissioning, Policy and Performance service where staff have left the service during the year and consequently full-year savings have not been delivered. This is a non-recurrent pressure for 2012/13 only. The other key pressure is within Asset Management largely due to Office accommodation costs and the cost of selling properties.

Central Services – (£2.221m forecast overspend)

In setting the 2012/13 Budget, the Council put forward council-wide savings targets in respect of Commissioning and Staff savings. Delivery of the recurrent £2.2m staff savings target is ongoing. Savings realised from recent Voluntary Severance and Voluntary Early Retirement approvals are now reflected within the Directorate's reported monitoring positions, consequently the **£2.209m** recurrent target is now showing as a central pressure.

The Commissioning Team have delivered £900k savings towards the recurrent savings target. Work to deliver further commissioning savings is ongoing. The Commissioning Team have also delivered savings in excess of £290k which have mitigated the level of cost pressures within Children's services. A further update on the delivery of the Commissioning savings target will be included in the next Budget Monitoring Report to Cabinet.

Forecast Land Bank pressures of **£758k** exist due to the need to keep secure properties which have been vacated until they are sold or demolished.

To partially mitigate these central pressures the Council has one-off grant funding (**-£495k**) in respect of adjustments to Housing Benefit claims from 2011/12 and it is now considered prudent to declare the Council's contingency budget (**-£251k**) as available to offset reported pressures.

7.3 Housing Revenue Account (HRA) (£978k forecast underspend)

At this stage of the financial year the Housing Revenue Account is forecasting a £978k underspend. Any underspend at the end of the year will transfer to HRA reserves (ringfenced funding).

7.4 Agency, Consultancy and Non-Contractual Overtime Costs

The forecast outturn position includes costs in respect of Agency staff, Consultancy and non-contractual overtime. Detailed below is the analysis by Directorate:

Agency

Directorate	Outturn 2011/12	Cumulative to Oct 2011	Cumulative to Oct 2012
	£'000	£'000	£'000
Children & Young People's Services	1,855	1,316	195
Neighbourhoods & Adult Services	379	216	161
Environment & Development Services	265	234	119
Resources	11	9	126
TOTAL	2,510	1,775	601

Agency spend in Children's Services has significantly reduced in 2012/13 due to the successful campaign to recruit Social Work staff and hence avoid the need to engage more costly Agency staff.

The use of agency staff in both Neighbourhoods and Adult Services and Environment and Development Services has reduced compared to 2011/12 levels of expenditure.

All of the Agency spend in the Resources Directorate relates to former RBT services which transferred back to the Council. In 2011/12 RBT incurred Agency costs of £621k.

Consultancy

Directorate	Outturn 2011/12	Cumulative to Oct 2011	Cumulative to Oct 2012
	£'000	£'000	£'000
Children & Young People's Services	304	38	173
Neighbourhoods & Adult Services	0	0	0
Environment & Development Services	78	62	22
Resources	24	24	18
TOTAL	406	124	213

The majority of Consultancy spend within Children's Services relates to the School Improvement Service. This is funded from a combination of revenue budget (25%) and Dedicated Schools Grant (DSG) and earned income from Schools.

Non-Contractual Overtime

Directorate	Outturn 2011/12	Cumulative to Oct 2011	Cumulative to Oct 2012
	£'000	£'000	£'000
Children & Young People's Services	107	40	73
Neighbourhoods & Adult Services	314	190	219
Environment & Development Services	471	299	260
Resources	79	43	110
TOTAL	971	572	662

Children's Services overtime is largely in respect of safeguarding in residential care homes.

Overtime spend within Adult Services is mainly due to the need to maintain statutory staffing levels in residential, home care, day care services and social work posts and represents cover for sickness and slippage in recruiting to vacant posts.

Environment and Development Services overtime spend is predominantly in respect of Streetpride Services - Highways (£81k), Network Maintenance (£14k), Street Lighting (£22k), Street Cleansing and Grounds Maintenance (£53k) where work is often undertaken at times to avoid inconvenience and danger to the public and in Waste Management Services (£53k) for sickness and holiday cover.

The Resources Directorate's overtime spend to October 2012 includes £67k which relates to former RBT services which transferred back to the Council. The equivalent overtime spend for these services for the period April to October 2011 was £58k. The overtime spend is predominantly in respect of maintaining ICT and Customer Support Services.

8. Finance

The financial issues are discussed in section 7 above.

Management actions to bring projected spend in line with Budget limits have already been put in place, including a freeze on all but essential spend as instructed by Cabinet when the September Budget Monitoring Report was considered. Additionally the Chief Executive has given written instruction that unless contractually committed, spend for the remainder of the year must only be for ensuring the safeguarding of vulnerable children and adults, to meet health and safety requirements, avoid false economy and/or be highly sensitive to local members or local communities. Work is being undertaken to identify further actions, and these will be put to elected Members for consideration as and when appropriate. As these take effect they will be monitored to enable the impact of the actions to be assessed.

9 Risks and Uncertainties

At a time of economic difficulty and tight financial constraints, managing spend in line with the Council's Budget is essential. Careful scrutiny of expenditure and

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income across all services and case budget monitoring therefore remain a top priority.

The forecast outturn currently provides for an 'average winter' with a pressure of £200k. If the weather is better or worse than this 'average' it is likely to result in lower or higher expenditure than is currently forecast.

10. Policy and Performance Agenda Implications

The delivery of the Council's Revenue Budget within the parameters agreed at the start of the current financial year is essential if the objectives of the Council's Policy agenda are to be achieved. Financial performance is a key element within the assessment of the Council's overall performance framework.

11. Background Papers and Consultation

- Revenue Budget and Council Tax for 2012/13 Report to Council 7th March 2012.
- Strategic Directors and Service Directors of the Council

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Key reasons for forecast over / underspends**Children & Young People's Services (£1.477m forecast overspend)**

The key factors contributing to the forecast overspend are:

Social Work Teams – Forecast overspend of **£23K**. This consists mainly of agency costs (£287K) being offset by staffing slippage (-£264K).

Children Looked After – Forecast overspend of **£1.225m**. The forecast overspend on Residential out of authority placements is £972k. The number of children in residential out of authority placements as at 31st October is 23 (an increase of 6 since 31 March 2012).

The forecast overspend on Independent Fostering placements is £447K. The number of children in Independent foster care as at 31st October is 127 (a reduction of 6 since the end of March 2012).

The number of looked after children requiring placements reduced by 8 from 391 at the end of March 2011 to 383 at the end of March 2012. As at the end of October this number is 398.

These overspends are offset by underspends on in house Fostering services (-£74K), in house Residential (-£95K) & LAC transport (-£25K).

Other Children & Families Services – Forecast overspend of **£125k** as a result of Special Guardianship allowances (£58K) & Inter Agency Adoption Fees (£80K), Adoption Allowances (£3K) offset by staffing slippage (-£12K) & an underspend on premises costs (-£4K).

Special Education Provision – Forecast overspend of **£180k** due to an increase in Complex Needs placements (£245K) offset by additional income generation (-£65K).

Youth & Community – Forecast Overspend of **£45k** due to a projected under recovery of income within the outdoor education service (£44K) & unachievable vacancy factors within the Youth Service (£1k).

Pension/Miscellaneous – Forecast Overspend of **£9k** due to additional pension costs.

Delegated Services – Forecast Overspend of **£30k** due to a projected under recovery of income at Rockingham Professional Development Centre.

The above over spends are being offset by under spends of **£160k** from staffing slippage (-£111k) & additional income generation (-£49K).

The Directorate has developed and is maintaining a Budget Savings Action Plan to track progress on delivery of the savings. Progress against the Action Plan is considered at fortnightly Directorate's Leadership Team (DLT) meetings. The Chief Executive and Strategic Director of Resources also attend these meetings on a monthly basis.

Delivery of the savings will require change in the way services are configured, and work is already well in hand to effect that change, led by staff in CYPS Directorate. Furthermore, significant Council-wide resource is being marshalled to support CYPS staff in the

Environment & Development Services (+£309k forecast overspend)**Streetpride (+£314k)**

Community and Leisure Services are forecasting overall pressures of **+£47k** largely due to a pressure on allotments due to an income shortfall of £46k. Pressures in Grounds Maintenance (£31k) are being mitigated by savings in other service areas.

Network Management Services are forecasting an overspend of **+£233k**. Material reason for this are forecast income shortfalls within Parking (+£71k), whereas the winter maintenance budget is forecasting a potential pressure (+£200k) assuming spend for an 'average' winter. Forecast savings within Streetlighting and Streetworks enforcement (-£25k) are helping to mitigate the forecast overspend.

Waste Services are forecasting an overall pressure of **+£38k** primarily due to:- income loss because of the decline for commercial waste services, often as a result of failing businesses (£160k), and income loss in respect of replacement bins (+£102k). This has been partially offset by waste disposal contract savings (-£120k), savings across the service (-£48k) and savings within Waste Collection services (-£64k).

Miscellaneous savings of **-£4k** are also helping to mitigate the overall Streetpride services pressures.

Regeneration and Planning (+£1k)

Markets budgets are forecasting a pressure (+£33k) due to:- fewer traders renting stalls(+15k) , an estimated requirement for repairs (+£25k), with both pressures mitigated by savings on overheads (-£7k). **The Local Development Framework** is also forecasting a pressure in respect of consultancy spend (+£58k).

Development Control estimate a pressure of +£25k due to under recovery of income.

Service-wide pressures of £34k across Planning and Regeneration services also exist

Savings of -£149k in respect of the Business Centres and Cultural Services have been Identified which mitigate the pressures previously identified.

Business Unit (-£6k)

The Business Unit is forecasting a small saving of -£6k

Neighbourhoods & Adult Services (-£130k forecast underspend)

Adult Services are forecasting a slight underspend of -£24k, however, a number of pressures are being offset by a number of areas of forecast underspend and management actions.

The key underlying budget pressures include:

Learning Disabilities Independent Residential Care – loss of continuing health income plus transfer of former health funded clients (+£336k).

Older People in-house residential care - additional agency costs to cover vacancies

and long term sickness (+£168k) plus income shortfall in respect of client charges (+£92k).

Direct Payments – forecast overspend of (+£1.689m) across all client groups due to increase in demand, a net increase of 143 clients since April.

Transport - recurrent budget pressure on transport (+£280k) including income from charges.

These pressures are being offset by the following forecast underspends:-

Older People's service – forecasting a net underspend on independent sector residential and nursing care due to 45 clients less than forecast, an increase in the average client contribution and income from property charges (-£561k).

Older Peoples Domiciliary Care – overall forecast underspend (-£224k) due to an increase in client take up of Direct Payments.

Older People Assessment & Care Management – slippage on recruitment to vacant posts plus additional income from health (-£395k).

Learning Disabilities – forecasting an underspend within supported living due to additional income from health plus one-off grant funding (-£241k).

Physical and Sensory Disabilities – planned slippage on developing alternatives to residential provision (-£459k) to offset pressures on Direct Payments budgets. Forecast underspend on independent sector day care due to value for money review of current contracts (-£45k).

Mental Health Community Support – delayed start up of supported living scheme to offset pressures in Direct Payments (-£158k).

Assistive Technology – forecast slippage in the further development of schemes against budget (-£150k).

Intermediate Care – slight forecast underspend within pooled budget (-£91k).

Carers – underspend due to vacant posts and slippage in take up of carers breaks (-£82k).

Safeguarding – underspend (-£51k) due to slippage on recruitment to vacant post plus additional income from court of protection fees.

Other forecast underspends include general premises and supplies and services costs (-£47k), voluntary sector provider contracts (-£18k) and savings in respect of Occupational Therapy (-£43k).

Neighbourhood Services: - £106k forecast underspend comprises:

Public Health – restructure of service resulted in delays to filling vacant posts earlier in the year (-£63k).

Housing and Communities – savings on vacant posts (-£13k) and forecast underspend on Community Leadership Fund (-£20k).

Strategic Housing & Investment Service - forecast underspend on Lighting of

Staircases budgets based on expenditure to date (-£16k).

Environmental Health – efficiency savings on transport and premises costs (-£9k).

Housing Options – slight overspend due to unmet vacancy factor (+£3k)

Central – ending of Asylum Seeker funding and vacancy factor pressure is resulting in a forecast overspend of £12k.

Resources Directorate (+£288k forecast overspend)

Asset Management – Overall forecast is currently a **+£188k** overspend largely due to Office accommodation costs and the cost of selling properties.

Commissioning, Policy and Performance services – **+£100k** forecast overspend due to staff leaving the service through severance or early retirement during the course of the year, consequently delivering only part year savings in 2012/13. This is a non-recurrent pressure.

<p style="text-align: center;">ROTHERHAM BOROUGH COUNCIL REPORT TO CABINET</p>

1.	Meeting:	Cabinet
2.	Date:	5 th December 2012
3.	Title:	Appropriation of Council Land in connection with development of land at Bellows Road Shopping Centre. Rawmarsh Ward
4.	Directorate:	Environment and Development Services

5. Summary

The purpose of this report is for the Council to formally and expressly appropriate its land for planning purposes pursuant to section 122 Local Government Act 1972 to facilitate the disposal of and subsequent development of land and property at the Bellows Road Shopping Centre.

6. Recommendations

Approve the appropriation for planning purposes for the purposes of implementing the scheme permitted by the current planning permission (and any variation of it that may be made in the future – naturally with Council's approval) (Pursuant to section 122 Local Government Act 1972) of the land shown in the two title plans annexed to this Report.

7. Proposals and Details

Our last report to Cabinet (15 December 2010) on the Bellows Road Shopping Centre Redevelopment scheme authorised the Council to enter into a conditional development agreement with Caddick Developments Limited ("Caddick") for the development of the southern part of the Bellows Road Shopping Centre site as a retail parade of shops.

Since that date the Council has exchanged that conditional agreement which was dated 28 July 2011 (the "Agreement"). In accordance with the Agreement, the Council and Caddick have been working towards satisfaction of the various conditions precedent set out in the Agreement. Once these have been satisfied, the headlease will be granted and Caddick will commence construction of their development.

One of the conditions precedent of the Agreement is that the Council demonstrates to Caddick clean title to the site, most of which has been or is in the process of being acquired pursuant to a Compulsory Purchase Order. One area of the site, however, has been owned by the Council since 1972 and is shown edged red on the plan annexed to this Report (the "Council Land").

The Council Land is subject to a restrictive covenant contained in a conveyance dated 22 November 1972 and made between (1) North Eastern Developments Limited and (2) Suburban and Mercantile Limited (the "Conveyance"). The restrictive covenant provides that the Council Land shall not be used for anything other than as part of the car park and/or market stalls or shall otherwise remain undeveloped.

Clearly, unless this restrictive covenant is cleared off title to the Council Land, the Council would not be able to satisfy the title condition precedent contained in the Agreement and Caddick will not take the headlease or proceed with the proposed development.

It is therefore proposed that the Council Land be appropriated for planning purposes to permit the redevelopment of the land. Once appropriated, the Council has the power, pursuant to section 237 Town and Country Planning Act 1990 to override easements and other rights (including restrictive covenants of this nature), notwithstanding that this constitutes an interference with a third party's interest in land. The owner of such overridden right then has a right to compensation only rather than the ability to enforce (by injunctive relief if necessary) the right in question.

Caddick has indicated that it accepts that the effect of section 237 TCPA 1990 would be to provide clean title provided that the Council Land is appropriated for planning purposes as is required.

8. Finance

The proposed appropriation does not involve any expenditure. If the proposed appropriation does not proceed this will have financial ramifications to the Council as set out in section 9 below.

9. Risks and Uncertainties

It is not known whether the party having the benefit of the restrictive covenant under the Conveyance will surface and seek compensation under the Compulsory Purchase Act 1965.

This risk is considered to be quite low as that unknown party has not been in contact at any time throughout the compulsory purchase procedure (which was advertised extensively) or

as a result of the public planning consultation. Furthermore, the company is listed at Companies House as having been dissolved in 2008.

However, the company will have disposed of the land having the benefit of the restrictive covenant prior to dissolution and there is no way of knowing to whom and therefore who presently has the benefit of the restrictive covenant (it may even be the Council).

If this risk is considered to be too great, it would be open to the Council to obtain restrictive covenant indemnity insurance by way of mitigation.

In the event that the appropriation is NOT made, the ONLY option available to the Council to satisfy the title condition would be to obtain restrictive covenant indemnity insurance. It would, however, cost more without an appropriation than with as the risk is higher as injunctive relief will still be available to the beneficiary of the restrictive covenant.

10. Policy and Performance Agenda Implications

The successful redevelopment of the existing shopping centre will serve RMBC corporate priorities by improving the environment, enhancing customer satisfaction quality of life for the local residents. It will help kick start much needed investment in the local area.

The proposed development contributes towards RMBC key corporate strategic themes of:

- Rotherham Achieving – the provision of a new Rawmarsh retail centre and extending quality of local offer.
- Rotherham Alive – creating a feel good factor in Rawmarsh thereby contributing to the well being of the area and providing urban investment and sense of place for the next generation
- Rotherham Safe – the removal of decay with the provision of attractive buildings designed with people movement and safety at the forefront
- Rotherham Proud - promoting pride in the area and contributing to the development of a more sustainable community who have been involved throughout the formation of the scheme.

These key themes are reflected within the Individual Well-being and Healthy Communities outcome framework, as follows:

Improved Quality of Life – by creating quality commercial accommodation within a much improved environment at the Bellows Road.

Personal Dignity and Respect – through the removal of a facility that is detrimental to the Rawmarsh area and replacing it with a good quality, safe environment that engenders community pride.

Economic Wellbeing

It will provide an upgraded commercial area and will act as a catalyst for wider regeneration.

11. Background Papers and Consultation

1. Minutes of Cabinet 21st February 2007 (Minute B201)
2. Minutes of Regeneration and Asset Management Board, 22nd October 2008 (Minute 28)
3. Capital Strategy and Asset Review Team, 6th January 2009

4. Minutes of Regeneration and Development Services Meeting, 16th February 2009 (Minute 196)
- 5 Capital Strategy and Asset Review Team, 24th August 2009
- 6 Minutes Cabinet, 23rd September 2009 (Minute C110)
- 7 Minutes Cabinet 15 December 2010 (Minute 1210)

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