

Select Commission Briefing - 3.00 p.m.

SELF REGULATION SELECT COMMISSION

Venue: Town Hall, Moorgate
Street, Rotherham.

Date: Thursday, 31st July, 2014

Time: 3.30 p.m.

A G E N D A

1. Apologies for Absence.
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. Questions from Members of the Public and the Press.
6. Communications.

For Decision:-

7. Minutes of the previous meeting held on 27th June, 2014 (herewith) (Pages 1 - 7)
8. Representation on Panels and Sub-Groups.
To appoint one representative to the Environment and Climate Change Steering Group

For Monitoring:-

9. Workforce Strategy and Planning 2013-14 (report herewith) (Pages 8 - 29)
10. School Deficits/Academy Conversions (report herewith) (Pages 30 - 36)

11. Exclusion of the Press and Public.
The following item is likely to be considered in the absence of the press and public as being exempt under Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended March 2006) (information relating to the financial or business affairs).
12. District Heating Update (documents herewith) (Pages 37 - 53)

Appendix A: Six Month Progress Update to Scrutiny Recommendations (Reported July 2013) (for information)

Appendix B: District Heating Investment Plan – Report presented to the Cabinet Member for Safe Attractive Neighbourhoods (for information)
13. Date and Time of Next Meeting - Thursday, 18th September, 2014 at 3.30 p.m.

Members of the Self-Regulation Select Commission:-

**Councillor Currie (Chairman)
Councillor Watson (Vice-Chairman)**

**Councillors Beaumont, Cutts, Ellis, Godfrey, J. Hamilton, Johnston, Reeder,
Sansome, Sharman and Tweed.**

SELF REGULATION SELECT COMMISSION
Friday, 27th June, 2014

Present:- Councillor Currie (in the Chair); Councillors Cutts, Ellis, J. Hamilton, Johnston, Reeder, Sansome, Sharman and Watson.

Apologies for absence:- Apologies were received from Councillors Beaumont, Godfrey and Tweed.

76. DECLARATIONS OF INTEREST

There were no Declarations of Interest to report.

77. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

There were no questions from members of the public or the press.

78. COMMUNICATIONS

No communications had been received.

79. MINUTES OF THE PREVIOUS MEETING

Resolved:- That the minutes of the previous meeting held on 8th May, 2014 be approved as a correct signature by the Chairman.

80. REPRESENTATIONS ON PANELS AND SUB-GROUPS

Resolved:- That the following Members of the Self Regulation Select Commission be appointed to the Panel and Group shown for the 2014/2015 Municipal Year:-

(1) Health, Welfare and Safety Panel: - Councillor T. R. Sharman
(Substitute - Councillor J. Hamilton).

(2) Recycling Group: - Councillor S. Ellis.

81. CORPORATE PLAN - PERFORMANCE MANAGEMENT ARRANGEMENTS

Consideration was given to a report presented by Anne Hawke, Performance and Improvement Officer, which outlined the proposed arrangements for monitoring, reporting and performance management of the new Corporate Plan priorities to the Self-Regulation Select Commission.

Due to reduced resources across the authority monitoring of the plan should not duplicate effort and should be as efficient and effective as possible. Performance and Quality Officers have been working with

managers and directors to identify relevant performance and outcome measures to monitor and report progress against the priorities.

A streamlined process would, therefore, allow officers to focus on progress and improvement and also to address any performance issues. Directors would be held to account for the delivery of the plan and its measures and should ensure that there was a clear golden thread through service and team planning.

In the revised corporate plan the number of priorities and outcomes had been significantly reduced. This reflected the financial challenges that the Council was currently facing and reduced the level of bureaucracy required to manage, monitor and report progress against the new plan. Officers have also sought to reduce any duplication and were building efficiencies into the way information was collated and report across the various commissions and partnership boards.

There were now four priorities, each with a maximum of three outcomes. A set of key measures underpinned the outcomes and these measure the success of the outcome and overarching priority. Where possible the number of measures were kept to a maximum of three, although for a couple of outcomes there were up to five measures.

All suggested measures have been developed and approved by the appropriate officers and Directors. The list was included with the report for information and approval along with all other templates to be used to report progress against the plan.

It was proposed that an annual review of all indicators should take place in order to confirm continued relevance. At this point indicators could be replaced if deemed appropriate.

A schedule for reporting was proposed by the Select Commission. This would consist of a full Corporate Performance report being presented up to three times per fiscal year. Two of these would include exception reporting against the whole plan with a further option during March for a further report or for the authority to take the opportunity to take pertinent information to the Commission.

A request had also been received for the use of an intranet area to be able to view current progress against corporate plan priorities and outcomes along with any information around performance management of the associated indicators.

The Performance and Quality Team were developing an area that both officers and Members could utilise to collate and monitor performance on a monthly basis. This would need careful planning, but could be an open and transparent way of sharing performance data with Members and provided the ability to challenge.

In the previous framework, it was difficult to make a clear and accurate judgement on the success of the priorities. Therefore, a more simple and easy to apply model was proposed to move forwards. This would help to reduce the amount of subjectivity that officers have when rating the success of the measures and was a simple way of applying the rating to any indicator, outcome and/or priority.

It was intended for performance management of the approved measures to commence in April with the first report going to the Self-Regulation Select Commission in September. In the meantime, work would continue on the intranet area and performance data collated and shared (following an approved protocol) when it became available.

A special thank you was given to all those involved in the work especially Councillors Atkin, Currie, Ellis and Watson.

It was also suggested that a presentation or training session be arranged for all Members of the Select Commission on how to access the intranet site.

A discussion and answer session ensued and the following issues were raised and subsequently clarified:-

- Identification of a priority in "Red", which was not always something the Council could control if it was a national issue.
- Attendance of a responsible Director and/or Elected Member to explain when priorities were not being achieved and identified as "Red" on the RAG rating.
- Development of specific performance indicator measures to monitor data and intervention to support the outcomes and priorities.
- The sharing of best practice and opportunities for external assessment.

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

(2) That the Performance and Quality Team will begin monitoring and reporting against the new Corporate Plan priorities from 1st April, 2014, with the first report due to go to this Committee during September, 2014.

(3) That the responsible Director and/or Cabinet Member be present at meetings when the reports are submitted to give explanations for any priorities in "Red".

(4) That consideration be given to a future training session for the Self Regulation Select Commission in September, 2014, to which all Elected Members would also be invited.

82. REVENUE ACCOUNT OUTTURN 2013/14

Consideration was given to a report presented by Pete Hudson, Chief

Finance Manager, which detailed how in 2013/14 the Council budgeted to spend £221.474m on its General Fund Revenue Account. Actual spending for the year was £220.440m, a saving against budget of -£1.034m (or -0.47%). Of this, £0.747m was accounted for by surpluses on trading accounts, leaving a net underspend of £0.287m. (-0.13%)

Requests to carry-forward £251k of unspent 2013/14 budgets for specific projects/purposes were also included in this report. This was approved by Cabinet leaving the remaining balance available to support the future years' budget at £36k.

In addition, the Delegated Schools' Budget was £154.271m. Actual spend against this was £155.155m, an overspend of £0.884m for the year. This had been drawn down from Schools' Reserves which at 31st March, 2014 stood at £6.456m.

The Housing Revenue Account (HRA) in 2013/14 was budgeted to draw down funding from the HRA General Reserve of £2.599m. However, use of the reserve was not required and there had been a contribution to this Reserve of £1.570m.

This was a very positive outturn, especially given the challenges faced in-year which necessitated the implementation of a moratorium on all but essential spend from October. It was the result of the hard work of both Elected Members and staff in managing reducing levels of funding at a time of increasing service need, and also the generally good and responsible financial management on the part of budget holders.

Reflecting the above unaudited outturn position, the Council's Revenue Reserves as at 31st March, 2014 were General Fund Reserves available and uncommitted to support the Budget £10.222m and Earmarked Reserves £57.031m of which £43.540m was ringfenced for HRA, Schools and to meet future PFI contractual obligations.

Discussion ensued and the following issues were raised and subsequently clarified:-

- The risks posed by academy conversions and the monitoring of these given that the deficit was borne by the Local Authority.
- The potential for the debts for academy conversions to increase and the impact this would have.
- Requests for carry forward of the underspends on Traded Services and whether this was planned to mitigate changes in the following year.
- Surplus on School Catering and whether the Free School Meals for pupils under seven years of age had been factored in.
- Mitigation of risks for those services that could be squeezed even further for savings.
- Definitions and explanations for services relating to non-essential spend and the analytical assessment tool to be explored by way of a

small working group.

- Housing Revenue Account and the inclusion of this in the Select Commission's work programme to further explore the thirty year business plan.

Resolved:- (1) That the Council's unaudited General Fund, Schools' and the Housing Revenue Account (HRA) Revenue Outturn Position Statements for 2013/2014 be noted.

(2) That the level of the Council's Revenue Reserves as at 31st March, 2014 be noted.

(3) That Cabinets approval of the carry forward of underspends on Trading Services (£747,055) and requests for carrying forward of specific items (£251,467) in accordance with the Council's approved policy be noted.

(4) That the request to Cabinet to waive the Council's policy of carrying forward 20% of Directorate underspends from 2013/14 be noted.

(5) That consideration be given to sharing information on academy conversions at a future meeting of this Select Commission.

(6) That a small working group comprised on Councillors Ellis, Sansome and Watson explore further the criteria and analytical assessment process for non-essential spend.

(7) That the Housing Revenue Account be included for consideration as part of the Work Programme.

83. CAPITAL PROGRAMME OUTTURN 2013/14 AND UPDATED ESTIMATES 2014/15 TO 2016/17

Consideration was given to a report presented by Pete Hudson, Chief Finance Manager, which detailed the unaudited capital outturn position for the 2013/14 financial year and recommend for approval changes to the programme for the financial years 2014/15 to 2016/17. These changes have resulted from the 2013/14 outturn and scheme changes since the overall programme was agreed in March 2014, as part of the budget setting process.

For 2013/14 the Council's capital investment into the regeneration and enhanced infrastructure of the Borough was £71.769m. The profile of this investment and the updated future expenditure plans were reflected in the Directorate summary table within the report. A detailed copy of the programme for each Directorate was also attached as appendices to the report.

The updated programme had been prepared in light of the capital resources known to be available to the Council over these financial years,

and estimated on a prudent basis.

The Council was continuing to undertake a comprehensive review of its assets and buildings portfolio, with the aim to rationalise both its operational and non-operational asset holdings, which may contribute both a future capital receipt and a revenue saving.

The Select Commission welcomed this comprehensive report.

Resolved:- (1) That the unaudited 2013/14 capital outturn position be noted.

(2) That the recommendation to Council to approve the updated 2014/15 to 2016/17 capital programme be noted.

84. 2014/15 WORK PROGRAMME

Caroline Webb, Scrutiny Adviser (Scrutiny and Member Development), presented an update on the progress on the delivery of its work programme, summarising the areas that had been closely monitored, achievements and changes that had taken place. It also proposed future agenda items and potential themes going forward into 2014/15.

The Constitution set out the remit of the Self-Regulation Select Commission which was to carry out overview and scrutiny of issues as directed by the Overview and Scrutiny Management Board.

The Select Commission agreed to focus its work around the theme of budget and performance. This was reflected in the issues identified by the Commission to be scheduled as part of the 2014/15 work programme. These included:-

- Revenue and capital budget monitoring.
- Corporate risk register.
- Complaints and compliments.
- Corporate Plan outcomes.

Additional areas identified included:-

- Workforce planning.
- Equality implications of budget decisions.
- 2015/16 budget setting process.
- Business rates administration, reliefs and support for micro-businesses (request from Cllr Beck) [possible joint work with Improving Places].
- Members should note that arrangements for the timetable to accommodate scrutiny of the budget setting process are yet to be finalised. This will be factored into the scheduled meetings (with additional meetings scheduled as appropriate) on confirmation.

Members' views were sought on whether the areas identified in Appendix A remained a priority for consideration in the work programme for 2014/15 and to determine if there were other areas the Select Commission wished to scrutinise.

The Select Commission wished to give further consideration to school reserves and non-essential spend and suggested that this also be included in the work programme going forward.

Discussion ensued on the budget setting process and whether the work programme could accommodate some flexibility, especially when budget pressures were identified.

Resolved:- (1) That the Select Commission's terms of reference and the role of overview and scrutiny as set out in the report be noted.

(2) That the work programme be approved, subject to the additional areas of school reserves and non-essential spend for inclusion in the 2014/15 work programme in line with the Commission's terms of reference.

85. DATE AND TIME OF NEXT MEETING

Resolved:- That the next meeting of the Self Regulation Select Commission be held at the Town Hall, Rotherham on the revised date of Thursday, 31st July, 2014 at 3.30 p.m.

ROTHERHAM BOROUGH COUNCIL - REPORT TO MEMBERS

1.	Meeting:	Self-Regulation Select Commission
2.	Date:	31 July 2014
3.	Title:	Workforce Strategy and Planning 2013-14
4.	Directorate:	Human Resources

5. Summary

This report provides an overview of workforce planning statistics and demographics, information on workforce planning data available to managers and key workforce activity carried out during 2013.

6. Recommendations

The Self-Regulation Select Commission is asked to note:

- **Continued high level of employee engagement/involvement**
- **£3.8m reduction in workforce costs**
- **Current position in relation to key workforce data**
- **Management information available to managers to support workforce planning**
- **Key workforce activity carried out during 2013/14.**

7. Proposals and Details

7.1 Background

Self-Regulation Select Commission requested information in relation to workforce planning in the Council and how this has been impacted by the changes being managed in the Council and changes in the workforce.

7.2 Workforce Planning/HR Statistical Data

The Council Workforce Strategy has a focus on five key themes:

- Ensuring we have a modern thriving Council
- Developing leadership capacity through change
- Developing our employee skills for the future
- Managing talent and attracting new talent as appropriate
- Ensuring we have a fairly rewarded workforce

Appendix 1 details the current position and trends in relation to the HR data relating to these themes.

The budget challenges facing the Council (and the need to achieve reductions in workforce costs) have required organisational redesign, changes to working practices and changes to Human Resources (HR) policies. Successful management of workforce costs continues to keep the number of compulsory redundancies to a minimum and reduced the impact of budget cuts on the delivery of front line services.

A £3.8m reduction in 2013/14 has taken recurrent savings (since reductions began in 2010) to over £27m a year. Appendix 2 to 4 illustrate breakdown by Management level, Directorate and Front Facing/Support services.

Despite major changes across the Council over the last few years the number of grievances lodged by employees continues to be well below benchmarks whilst employee engagement and involvement remains positive and similar to the high levels of the previous.

Whilst budgets in relation to employee and manager development have been reduced, the Council is still providing training to managers on a prioritised basis and has recently re-tendered manager and employee soft skills training resulting in reduced costs for training.

The Council's employability priority is reflected in the continued focus on supporting placements and apprenticeships.

7.3 Workforce Demographics

The Council is committed to achieving diversity in its workforce and to support this commitment it monitors its workforce in relation to the protected characteristics outlined in the Equality Act 2010.

Data has been analysed and published on the Council's website for a number of years with regard to age, disability, sex and race. Additional data on the other protected characteristics is published as and when there is enough data to maintain the confidentiality of people who have completed these sections.

The European Union average pay difference between men and women is currently around 16%. Analysis across the Council shows that the pay of full-time women exceeds that of full-time men and when comparing for part-time working the gap is 1.4% with women earning more than men up to the age of 40. Above this age part time men earn more than part-time women which reflects the large numbers of women working in cleaning and catering roles at these ages.

During the year the Council's workforce has continued to reduce to help meet Government public sector funding cuts and as a consequence some employees have left the organisation and with a recruitment freeze on non-essential jobs still in force there have been limited external advertising of vacancies. A number of Schools have also converted to Academy or Trust status and employees transferred to the new organisation.

Although these factors have restricted the scope to change the demographic of the workforce, levels remain similar to previous years.

Positive action continues to be included with statements on job advertisements, attracting a higher proportion of applicants from BAME (8.3)% than the 2011 Census working population (6.3%) and a quarter of applicants continue to come from 16 – 24 year olds. The proportion of employees leaving with less than two years' service is 18.5%, CIPFA average of 35%, demonstrates a very good stability rate.

7.4 Workforce Planning in Directorates

Whilst the workforce data set out in Appendix 1 to 4 is collated and managed on a corporate basis, Directorates are also provided with regularly updated workforce data to enable them to review key issues and trends in their services, both in the form of monthly updated scorecards and also annual Position Statements to inform and assist with service planning. An example of a Directorate position statement is attached at Appendix 5.

7.5 Workforce Strategy: key activity during 2013/14

A continued focus on key workforce activity has helped to maintain an engaged workforce, whilst successfully achieving organisational change. The following is a summary of workforce activity managed and supported by HR in the last year, by the themes of the Workforce Strategy.

7.5.1 Theme: Ensuring we have a modern & thriving Council

A further series of reorganisations took place across the Council in order to achieve targeted budget savings, transfer staff and secure voluntary severances. Reviews included Safeguarding, Customer Services & Libraries, Waste Management, Cleansing, Clifton Park & Museums, Legal Services and Internal Audit & Asset Management. Transfers of staff to various Academies and conversion to trust status have been supported.

The trade union consultative process, involving management and Elected Members, resulted in negotiated changes to terms and conditions as part of the budget process.

Further work promoting Worksmart has taken place in preparation for staff relocation in order to release further assets.

A range of activities have taken place promoting healthy lifestyles to employees in support of the Health & Wellbeing Strategy, e.g. smoking cessation campaigns, ASA swimming and workplace fitness challenge. Employee Assistance support has been promoted via briefings and Westfield visits to Councils buildings.

Workforce planning information available to managers has been refreshed and made available as monthly scorecards to aid with identification of savings and to target development needs.

The Investors in People re-assessment was completed, re-achieving Gold level status and providing useful feedback from employees on their perception of how the Council manages its workforce.

All pensions auto-enrolment, new requirements for real-time payroll data, interfaces with general ledger and strike deduction were achieved through changes to systems and 3 new releases of the HR Portal were made, offering additional functions to managers and employees.

7.5.2 Theme: Developing leadership capacity through change

Senior manager events were supported around resilience and child sexual exploitation and Director Group meetings continued to allow focus on key issues to be shared amongst senior managers.

New Skills Profiles were developed for Elected Members to be used during Personal Development Plans and the training programme for Members included sub-regionally organised events to secure better value for money. Continued 1 to 1 support for Members ICT needs has been provided and the Member Development Strategy and training support principles were agreed with the Member Development Panel.

Employee involvement continued to be encouraged with changes including a shift of worker representative groups to operate as virtual consultation forums and development of a more interactive site for sharing of budget suggestions.

The employee awards were managed, culminating in the annual awards event and also incorporating for the first time the Young Person of the Year Award.

7.5.3 Theme: Developing our employees skills for the future

New training providers were agreed for the core management development programme with continued level 3 and 5 programmes and additional level 6 programmes with a focus on change and innovation. Savings per course of around £80 average have been achieved.

Managers have participated in the Yorkshire & Humber master class series, which was offered by Local Government Yorkshire & Humber and focused on core management issues in the current climate, e.g. commercial skills, leadership, engagement.

The M3 (third tier) manager leadership sessions have continued with key topics around health, budget, sharing of information, channel shift etc.

The Skills Gain programme has continued (functional maths and literacy skills) with provision changed to internal (through the adult learning team) and additional functional ICT skills have recently been added in partnership with the GMB Learning resource.

The Dynamic Purchasing System for training has delivered savings both corporately and for the Neighbourhoods and Adult Services Directorate, through reduced trainer costs and shared commissioning with Doncaster MBC.

Work has commenced on a tendering process for e-learning software and a catalogue of e-learning modules to potentially replace the existing contract. Further modules of e-learning have been added to the existing offer, including resilience, children's care, hoarding and updating of the e-induction, information security and stress awareness modules.

7.5.4 Theme: Managing talent and attracting new talent as appropriate

A new process for criminal records checking of new starters with access to the Public Services Network has commenced.

Monitoring of agency usage/spend has continued and been considered by Scrutiny. Difficulties with the agency provider have also been proactively managed and the contract is currently being re-let. Whilst agency spend had reduced considerably over the last few years, there has been an increase in the last year (Appendix 1).

Further apprenticeships have been supported, with the highest number so far (79). In addition, over 40 work placements have been arranged for disabled/long-term unemployed through the access all areas scheme and 9 work placement were offered for looked after children. Careers events, mock interviews and application advice have been provided in a number of schools, particularly in deprived communities.

Employees leaving through voluntary severance have continued to be provided with rapid response information and support and 3 pre-retirement sessions have been offered.

7.5.5 Theme: Ensuring we have a fairly rewarded workforce

The pay protection policy has been revised, as part of the negotiated changes to terms and conditions.

The integrity of the Councils single status grading structure continued to be managed through the corporate pay and grading panel.

Further salary sacrifice schemes for bikes, laptops, mobile phones have been added to the existing schemes for cars, car parking and childcare vouchers, generating further Council savings (Appendix 1).

Employees have been kept up to date with pension changes via briefings and sessions, including options for additional voluntary contributions. The NHS pension scheme has been managed for Doncaster and Rotherham Councils, for those employees with protected NHS pensions and all auto-enrolment requirements have been implemented.

The payroll function has supported Go Live for Chart of Accounts and the E5 system upgrade.

8. Finance

Workforce costs fell by a further £3.8m (3% of pay bill) in the year due to redundancy. Workforce development activity continued, but with reduced budget.

9. Risks and Uncertainties

Government continues to target Public Sector spending for reduction limiting the scope to retain, recruit and motivate employees.

10. Policy and Performance Agenda Implications

The way we do business: Right people, right skills, right place, right time, reducing bureaucracy and getting better value for money.

11. Background Papers and Consultation

- a) Corporate Workforce Strategy
- b) HR & Payroll statistical reports
- c) CIFPA HR Benchmarking Club

Contact Name: Phil Howe
Director of Human Resources
Ext. 23716

HR Statistical Information**Ensuring We Have a Modern Thriving Council**

- 179 Voluntary Severances (workforce reduced 1042, 17% since 2010)
- Grievances 3.2 per 1,000 FTE (CIPFA 7.3) and declining year on year, i.e.141 in 10/11 down to 27 in 13/14.
- Disciplinary 13.6 per 1,000 FTE (CIPFA 22.7)
- Dismissals 52 in 2012/13, 43 in 2013/14
- Positive employee perception of work-life balance at 70% (CIPD 58%)
- Sickness: a slight increase from 12/13 (7.96) to 8.30 days 2013/14 (CIPD 5,000+ staff =8.1 days),
- Sickness absence attributable to mental health conditions 26% of absences (HSE nationally 40%)

Developing Leadership Capacity through change

- Employee perception of senior management and management of change good against benchmarks
- City Region Leadership Programme numbers: 3 in 2011, 3 in 2012. Ceased 2013
- Top 5% earners BAME 2.56% (target 2.5%)
- Top 5% women 56.05% (target 50%)
- Top 5% with disability 6.56% (target 5%)
- Employee engagement 67%, new joiners 87% , leavers 63% (all 2013)
- Employee suggestions: 39 in 2013/14 and 132 to Chief Executive on budget savings.

Developing our Employees skills for the future

- Positive employee perception of line managers across all areas (employee survey 2012)
- Manager training attendance:
Level 2 subsidised awards in key topics: 53 (12/13) Ceased 2013/14
Level 3 CMI certificate: 85 (11/12), 53 (12/13), 36 (13/14)
New level 5 CMI (13/14): Change manager 8, Innovations manager 11
- Buddies scheme sign-ups: 20 (11/12), 9 (12/13), 7 (13/14)
- Employee perception of getting the learning & development to do their job well reduced- 2012 61% from 67% in 2008 (Civil Service 46%)
- 80% of the workforce have a qualification above level 2 (March 2013) up 4% since 2011
- 69% of managers hold a management qualification (March 2013)
- 78% of employees indicate having a PDR (employee survey 2012)
- 28% employees feel there are opportunities for career development (NHS 30%)
- Mandatory e-learning training completions: 1236 (11/12), 1629 (12/13), 2353 (2013/14)
- Numbers booked on Directions (generic employee skills) training: 78 (12/13), 121 (2013/14)
- Numbers booked on ICT training: 7(12/13), 77 (13/14) and 11 on new accredited ICT training and 9 on GMB taster sessions
- Distance learning sign-ups (level 2 and 3): 34 (12/13), 78 (13/14)
- Skills Gain achievers 2012: 36, 2013:27 (English 8, Maths 19)

Managing talent and attracting new talent as appropriate

- New joiner engagement 87% (2013)
- Recruitment & Selection training attendance: 44 on 1 day course & 101 on e-learning
- Following a 60% reduction in agency spend in 2012/13 there has been an increase in spend of 23.3% in 13/14
- Apprenticeship numbers: 26 (10/11), 41 (11/12), 54 (12/13), 79 (13/14)
- Disabled people in the workforce 4.46% (target of 4%)
- Looked after children placements: 10 (11/12), 7 (12/13), 9 (13/14)
- Access all Areas Placements: 71 (11/12), 91 (12/13), 40 (13/14)

Ensuring we have a Fairly Rewarded Workforce

- 208 cars ordered through the salary sacrifice scheme, saving £100k per year. Car parking salary sacrifice saved the Council £8k and Childcare salary sacrifice scheme achieved savings to the Council £50/60k per year
- Reduction in workforce recurrent annual saving £27m i.e. 20% of the total non-School wage bill
- Satisfaction with the total Pay & Benefits package 52%, up 5% 2012 survey (NHS 39%)

Severance by Tax Year and Management Level Sept 2010-31st March 2014

Tax Year	M4	M3	M2	M1	Non-Management	Total	Annual Salary Saving
2010/11	2	14	106	45	174	341	£9,346,323
2011/12	1	16	88	49	120	274	£7,640,666
2012/13	0	6	56	29	157	248	£5,997,716
2013/14	0	3	26	34	116	179	£3,804,008
Total	3	39	276	157	567	1042	£26,788,713

Category	Number Approvals	Number of group in workforce	% of group in workforce	% reduction of group	Annual Salary Saving
M4	3	24	0.3%	12.5% (39%)	£263,313
M3	39	98	1.4%	40% (45%)	£2,422,480
M2	276	1242	17%	22%	£10,863,633
M1	157	925	13%	17%	£4,316,958
All Management	475	2284	33%	21%	£17,866,384
Non- Management	567	4743	67%	12%	£8,922,329
Total	1042	7027			£26,788,713

Notes

Percentage reduction of group in brackets includes disestablished vacancies

Figures include: 72 compulsory redundancies made 2010-2012 in initial service reviews
 In addition: 44 applications for flexible retirement have been approved generating recurrent annual salary savings of £580k
 12 Senior Management Posts becoming vacant deleted generating recurrent annual salary saving of £910k
 Vacant posts disestablished, 65 identified by HR deleted generated recurrent annual salary saving of £1.4m

Cost of release to date (including full pension strain) £20,798,755

Severance by Directorate and Management Level Sept 10 – 31st March 2014

Directorate	M4	M3	M2	M1	Non-Management	Total	Annual Salary Saving
Children & Young People's	2	11	80	42	94	229	£6,730,073
Environment & Development	-	6	65	36	109	216	£6,279,440
Neighbourhoods & Adults	1	5	48	40	234	328	£7,135,653
Resources	-	17	83	39	130	269	£6,643,547
Total	3	39	276	157	567	1042	£26,788,713

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M2	276	1242	17%	22%	£10,863,633
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All Management	475	2284	33%	21%	£17,866,384
Non Management	567	4743	67%	12%	£8,922,329
Total	1042	7027			£26,788,713

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Voluntary Severance by Service Sept 2010-31st March 2014

Directorate	Service	Support	Front Facing	Reduction
CYPS	Safeguarding Children & Families	8	17	4.6%
	Schools & Lifelong Learning	91	113	14.5%
EDS	Planning Regeneration & Culture	54	84	23.3%
	Internal Audit & Asset Management	46	31	6.2%
	Streetpride	7	71	12.8%
NAS	Health & Wellbeing	16	261	20%
	Housing & Neighbourhoods	19	32	12.7%
	CPP	102	0	46%
RES	Finance	54	3	17%
	Human Resources	10	0	8.2%
	Legal & Democratic Services	23	0	21%
Total		430 (28% Group reduction)	612 (12% Group reduction)	17%*

*Percentage reduction in workforce increases to 22% if exclude transfers to the Council from Grounds Maintenance, 2010 Rotherham Ltd, Rother Valley Country Park, Connexions, Doncaster HR & Payroll and Public Health

Workforce Planning Position Statement CYPS

2014/15

What is workforce planning?

It is a process to enable management teams to consider the current and future needs of their workforce when undertaking service planning on an annual basis i.e. it supports the *Where are we now? Where do we want to be? and How do we get there?* aspects of service planning.

Importance of workforce planning

Effective workforce planning enables managers to measure and respond to skills gaps, predict future workforce and skills needs, succession plan, promote a culture of organisational development, plan efficiency savings and address recruitment and capacity problems.

Information to support workforce planning

This document details key corporate workforce issues that need to be considered as part of the service planning process. It provides some, not all, of the directorate/service specific workforce information and data from a range of areas e.g. workforce demographics, temporary agency worker spend, employee consultation and involvement outcomes which also need addressing as part of service planning. **Please note: the data provided is for various periods which are indicated at the start of the section.**

There will be other workforce issues relating to service objectives requiring consideration. Bullet point prompts have been included to help focus thinking. The information has been split into two sections:

- Current workforce issues within the service
- Future workforce needs to support the direction the service will be taking over the next three year period.

It is not advisable to try and deliver solutions to all development areas but to focus on those of key priority, working through the remaining areas over the next two year period.

The information in this document is mainly broken down to directorate or service level. If you wish to drill down further this information is available on the HR Portal under Your Reports, HR Score Cards.

Key: SCF = Safeguarding, Children and Families, SLL = Schools and Lifelong Learning

Section 1 – Current Workforce Issues

This section focuses on the **current** workforce issues that need to be considered and addressed as part of the service planning process. The information has been split into several areas:

- a) Skills
- b) Workforce demographics and data
- c) Employee perceptions
- d) Other workforce related corporate activity or directorate/service issues
- e) Further analysis of current data/information

Remember - It is not advisable to try and deliver solutions to all development areas but to focus on those of key priority, working through the remaining areas over the next two year period.

Area A - Skills

Using the prompting questions below decide if you have any current skills gaps requiring action which need to be included in your service/team plan/PDR process. Where available, current data has been included to assist you in the process.

Prompting questions	Directorate data			Corporate activity	
<p>Manager skills</p> <ul style="list-style-type: none"> **Are there any gaps in your managers' leadership skills? (corporate awareness, communication of key messages etc.)? **Are there gaps in your managers' current management skills (managing change, budget management, people management etc.)? <p><small>**We have analysed some of the figures in this document and made suggestions for targeted learning and development which will help to improve manager's skills in certain areas of concern. (see Area E – Further analysis of current data/information).</small></p> <p>Employee skills</p> <ul style="list-style-type: none"> Do you have any groups of employees who need to either brush up or develop their numeracy, literacy or IT skills? Do you have any employees in your service who do not hold (or have an outdated) qualification at level 2? Do you have any employees who are ready to study for a level 3 qualification? 	<p>Mandatory training (M = managers only) * Figures for 2013 only as data prior to this is unreliable</p>	<p>No. of employees completed</p>		<p>Mandatory learning & development The Strategic Leadership Team has deemed a number of learning and development activities as mandatory for all employees to complete.</p>	
		SC&F	SLL	No service	<p>Performance and Development Reviews All employees should have, as a minimum, an annual PDR and a six monthly review. It is also recommended that managers undertake regular one to one/ supervision sessions with employees. Once the PDR has been completed the date must be entered onto the HR Portal.</p>
	PDR for reviewers (annual completion) (Jan – Dec 13)	1	3	-	<p>Skills Gain This corporate initiative is to ensure all our employees have the necessary numeracy and literacy skills (and some element of IT skill) to be able to function effectively in both the changing workplace and in their personal life. Further information is available on the intranet.</p>
	Data Protection (annual completion) (Jan – Dec 13)	42	34	24	<p>Manager induction It is a mandatory requirement that all new managers undertake the manager induction process which can be found on the intranet. This includes those who are undertaking their first management role and also managers who are new to the Council.</p>
	Information Security (annual completion) (Jan – Dec 13)	35	28	17	<p>Management training All managers should hold a management qualification (minimum level three), unless their manager has verified they have reached the required standard/level through experience and competency/skills assessment</p>
	Equality & Diversity (to be refreshed every 3 years)	17	2	0	<p>Buddies (Mentoring Scheme) The scheme is a free and effective method to support a variety of learning and development needs. The scheme</p>
	Risk Management (to be refreshed every 3 years) M*	10	2	4	
	Emergency Planning (to be refreshed every 3 years) M*	33	14	6	
	<p>PDRs completion (as at Dec 13) (as entered onto the HR Portal). Figures do not include Catering.</p>	<p>SC&F</p>		<p>SLL</p>	
	Completed	216		220	
Not completed	103		223		
<p>Employees (including managers) with qualifications below level 2</p>	<p>SC&F</p>		<p>SLL</p>		
Below level 2	18	2	89		
Level 2 and above	319		642		
<p>*Management qualifications for managers bands G-L</p>	<p>SC&F</p>		<p>SLL</p>		
With management qualification	31		30		

<ul style="list-style-type: none"> • Have any skills shortages been identified from PDRs: <ul style="list-style-type: none"> - Job specific skills - Technical skills - Manager/Employee competencies - Key skills from skills profile. 	Without management qualification	13	42	now offers opportunities with South Yorkshire Police and Sheffield Council.
	Buddies scheme	Mentors	Mentees	
		0	0	
<i>*Figures are based on line management responsibility not by grade</i>				

Area B – Workforce demographics

Prompting questions	Directorate data
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Using the prompting questions and the information set out in the adjacent data tables decide if you have any areas requiring action which need to be included in your service/team plan.

• **How closely does your department management profile (top 5%) reflect the community*?**

- Women
- BME
- Disabled

• **How closely does your department workforce profile reflect the community*?**

- Women
- BME
- Disabled
- Young People (16-24 year olds)

* It is recognised that due to the current recruitment freeze and reduction of employee numbers via voluntary redundancies etc, it is difficult for management teams to redress any current imbalances in these areas.

• **What is the current rate of sickness absence in your service?**

- Are there any problem areas?
- What are the reasons of the absence and are there any common factors?

The figures in the table below **do not** include schools and are for December 2013 only. Figures for preceding months are available on the HR portal in the Your Reports section.

Key Performance Indicators (Dec 13)	Council target	Whole Council	Directorate	SC&F	SLL
Overall FTE	-	4226.8 (without schools)	1104.48	419.62	683.86
Top 5% of earners: Female	50.0	56.0	77.6	77.2	77.6
Top 5% of earners: Ethnic minorities	2.5	2.1	1.8	2.2	1.5
Top 5% of earners: with a disability	5.0	6.4	5.5	9.0	3.1
% of employees with a disability	4.5	4.7	3.9	5.4	3.3
% of employees from an ethnic minority	3.5	3.5	4.6	4.8	4.5

Age profile (Dec 13)	Council target	Whole Council	Directorate	SC&F	SLL
16-24	-	5.4	4.0	4.2	3.9
25-39	-	28.4	25.4	31.7	22.7
40-49	-	31.7	35.4	31.9	36.9
Over 50	34.0	34.4	35.1	32.1	36.4

Sickness	Council target	Whole Council	Directorate	SC&F	SLL
Annual FTE sick days (Dec 13)	8.10	8.11	9.5	11.5	8.3
Working days lost to sickness (Dec 13)	-	5944.24	987.92	389.59	598.33
Number of occasions (Apr – Dec 13)	-	6203	1683	559	1124
Total FTE work sick days (Apr – Dec 13)	-	31,131	7711	3597	4114
Total cost of sickness (Apr – Dec 13)	-	£2,785,102	£746,375	£361,501	£384,873

Prompting questions

- **Is your current voluntary turnover a cause for concern?**
 - Are there any specific areas of high turnover?
 - Where are these areas?
 - What reasons do people give when they leave your dept.
- **What is your current overtime spend?**
 - Can this be reduced?
 - Why is the overtime required?
- **Are there any other service costs which need reviewing e.g. mileage?**
- **What is your current spend on temporary agency workers?**
 - Is this being managed efficiently?
 - Can internal resources be utilised instead?
 - Have all your temporary agency workers come from the master vendor agency?
- **What is your current use of casuals?**
 - Is this being managed efficiently?
 - Do we need to create additional posts if casual usage is consistently used in any area?
- **Do you have a large proportion of employees who may be due to retire in the next 10 years?**
 - Will this leave you with gaps in skills/experience?
 - What are you doing to ensure you have these skills/experience in the future?
 - Have you anyone retiring in the next 12 months? If so have you arranged a process for knowledge transfer?
- **If you have recruited how efficient was the process etc?**
 - What was the overall cost of the process?
 - Are there any areas of recruitment difficulty?
 - What is the image/reputation of your department to possible applicants?

Directorate data

	Whole Council	Directorate	SC&F	SLL
Turnover	11.00	10.1	7.8	11.1

Employee Costs	Council target	Whole Council	Directorate	SC&F	SLL
from April 2014 overtime payments will be pensionable and therefore will attract an extra cost					
Non contractual overtime (Apr – Dec 13)	-	£910,509	£95,932	£90,864	£5,068
Additional hours (Apr – Dec 13)	-	£1,742,258	£315,497	£125,522	£189,975
Mileage (Apr – Dec 13)	-	£624,141	£287,003	£193,419	£93,174

Temporary workforce data	Whole Council	Directorate 2013/14	Directorate 2012/13	Difference
Spend on agency workers (Apr – Dec 13)	£1,492,941	£602,778	£320,688	£282,090

Temporary workforce data	Whole Council	Directorate	SC&F	SLL
Spend on casuals (Apr – Dec 13)	£1,095,271	£401,870	£12,242	£389,628

Apprenticeships	Council	Directorate	SC&F	SLL
Number of apprenticeships (Apr – Dec13)	77	37	26	11

Work placements	Council (including partners)	Directorate
Number of work placements (Apr – Dec 13)	63	2

Area C – Employee Perceptions

This section provides details of areas for actions resulting from employee consultation and involvement activities undertaken as part of the Exchange programme.

Below is a reminder of the areas for development resulting from the Employee Opinion Survey and Investors in People assessment. The resulting actions to address these required developments have already been captured in an Action Plan which is attached as Appendix A.

Employee Opinion Survey - The latest employee opinion survey took place in November 2012.

Key			Council	Directorate
Red	10+% points below Corporate total	Overall response rate	44%	47%
Yellow	10+% points below whole Directorate total	Engagement Score:	67%	69%

* Question not asked in paper version

	Corporate	Directorate	SLL	SC&F
I am able to strike a balance between my work & home life	70	73	80	62
I am satisfied with my total benefits package (pay, annual/flexi leave, pension etc.)	52	52	41	57
*If I want to raise ideas/suggestions for senior management to consider I know I can	49	41	38	44
*Overall, I feel the Council manages change effectively	42	34	31	36
*Generally I feel Council communications are timely	57	52	47	56

Investors in People – Detailed below are the development areas from the 2013 re-accreditation. It is important that these points are addressed as failure to do so could affect retention of the liP standard in the future

- Some concern was raised by managers that with all agencies seeing budget cuts there is a risk that partners retreat into silos.
- Partner arrangements and various Board structures causing some confusion and duplication of governance/reporting. A feeling that clearer pathways for reporting and decisions could improve this.
- The Way We Do Business Values not widely known about, although behavioural values required of managers and employees and the values of the Service are clear (corporate)
- Some employees feeling that the service could do more to celebrate children in care's achievements.
- Some employees feeling there could be more celebration of employees' learning achievements (corporate).
- Perception that there is too much e-learning, or it is used in inappropriate circumstances (corporate).
- Lack of clarity whether there is still a route internally to develop as a social worker, supported by the Council.

- Some negativity about social worker pay, particularly if newly qualified.
- Communications are widely acknowledged as being much improved but some people still felt there could be further improvements (general manager group).
- Concern that as the pressure to make more savings continues there could be issues around work levels and stress, which needs careful consideration by managers.
- Some teams that have recently changed still feeling fragmented, although there is confidence that this will settle in coming months (IYSS).
- Example of a manager being absent at the time of new starter commencing so that the person felt they had to make immediate decisions without sufficient induction.
- Some frontline managers feel that IT systems (HR and Finance systems) should be better focused to support managers who now have less administrative support.

New Joiners' Survey - This survey is sent out to all new employees after three months of employment. Due to the current recruitment freeze the numbers of new starters are too low to report on this year.

Leavers' Survey - This survey is sent to all employees who leave the Council's employment voluntarily (except through voluntary redundancy). The number of leavers for reasons other than voluntary redundancy is too low to report on this year.

Employee Suggestion Scheme & Chief Executives Budget Saving Suggestion Scheme

There are no current outstanding employee suggestions requiring implementation for the directorate. However from several of the suggestions received through the Chief Executives Budget Saving Suggestion Scheme it was apparent that not all employees are aware of existing policies and processes that are already in place to save money. It is important that managers ensure employees are reminded of these. They are:

1. The provision of career breaks which are part of the Special Leave arrangements
2. Managers to return lap tops and other relevant equipment to ICT as soon as an employee leaves the Council's employment to ensure the support costs are stopped, equipment can be re-used etc. This was detailed in a Team Briefing issued in April 13
3. The Bring Your Own Device scheme (for ICT equipment)
4. To only purchase goods and services from those companies who have been contracted by Procurement
5. Discourage the printing of documents for meetings etc. and encourage the use of laptops etc.
6. To use the free conference call facility (PowWowNow) which is an efficient and effective alternative to holding a meeting
7. To ensure purchased hospitality facilities are only accessed when deemed an absolute necessity
8. Ensure monitors are turned off when vacating workstations

Area D – Other workforce related issues

Prompting questions	Corporate activity
<ul style="list-style-type: none"> • <i>Are there any specific areas/groups indicating health, welfare or safety issues?</i> • <i>Have your stress risk assessments identified any issues?</i> • <i>Is work-life balance embedded?</i> <ul style="list-style-type: none"> - <i>Are there any gaps?</i> - <i>Are all managers on board with work-life balance activities and actively promoting them?</i> 	<p>The following corporate activities focussing on employee health and welfare also need to be addressed as part of your service/team plans</p> <p>Stress risk assessments Ensure individual stress risk assessments are taking place paying particular attention to hot spot areas</p> <p>Near miss reporting Ensure systems are in place for recording of near misses</p> <p>Welfare activities There are a range of welfare activities available within the Council e.g. 24 hour counselling helpline, stop smoking support etc. Ensure all managers are aware of the activities available and are actively promoting them to employees.</p>

Area E - Further analysis of current data/information

This section contains further analysis of some key areas where managers may require additional learning and development to enable them to understand and address the issues.

Area	Service data						
<p>Age profile - Some services within the directorate have been identified as having a high percentage of employees in the top age category (over 50) which may result in operational difficulties for the services when key personnel exit or retire. Suggested support - Managers within these services may benefit from some training in succession planning. New guidance and a supporting toolkit for succession planning are available on the intranet. Also, if required, HR will be available to run short sessions (maximum 2 hours duration) on talent management and succession planning.</p> <p>Sickness - In some instances problem with sickness may be a result of a 'culture' which has developed relating to sickness, in other cases it requires greater emphasis on management of the process. Suggested support - HR to work with managers of these services to define the culture relating to sickness/absence and what can be done to turn this around. Also, if required, to provide further development and support of the sickness management process.</p> <p>New managers - Several new managers have been appointed over the last few months. If they are new to a management role or new to the Council they need to complete the Manager Induction to ensure they are totally up to speed on their new responsibility. Suggested support - Provision of a short session on the role of managers in the Council and provision of an overview of key HR processes.</p> <p>Pending reviews - Several areas within CYPS are due to undertake further reviews. Suggested support - HR can run tailored sessions for those managers who are either leading or are involved in managing the process. The session would cover engagement through change and updates on the internal recruitment process.</p>	Age profile	Safeguarding	Strategy Standards & Development	School Catering	Education Psychology	School Admission & SEN	Schools Advisory
	Services where the over 50 age group is high	56%	40.4%	43%	40.8%	45%	58.3%
	Sickness	Provider services	LAAC	South Locality	Children's Disability team	Schools Catering	
	Services with the highest sickness levels	All residential units range from 9-36 days	11 days (only four staff)	14.5 days, particularly Out of Hours team with 39.66 days of which 86% long term.	17.3 days (all short term)	10.26 days	
New managers (appointed in last 3+ months)	Safeguarding	Boroughwide Duty and Early help	North Locality	South Locality	Provider Services		
SC & F	1	5	14	4	3		
New managers (appointed in last 3+ months)	Integrated Youth Service	School Effectiveness	Strategy Standards & Development				
SLL	36	3	1				
Areas due for reviews							
<ul style="list-style-type: none"> Children's Centres Special Educational Needs & Disability Services 							

Investors in People and survey outcomes - There are no real development issues identified from these areas other than use of the HR Portal and Finance IT systems.
Suggested support – Short session for all managers on using the HR Portal and Collaborative Planning systems

- IYSS
- Leaving Care Services

Section 2 – Future Workforce Needs

This section focuses on the **future** workforce needs given the direction the service will be taking over the next three years. It has been split into two areas:

- a) Skills
- b) Other workforce issues

Use the data from Section 1 and the prompt questions and bullet points to help focus your thinking.

Remember - It is not advisable to try and deliver solutions to all development areas but to focus on those of key priority, working through the remaining areas over the next two year period.

Area A – Skills

Prompting questions

Things to think about

<ul style="list-style-type: none"> • <i>Do you have sufficient managers with the potential to be future leaders?</i> • <i>Will changes in working practices have an impact on the management skill requirements?</i> • <i>With the continuation of budget reductions and the requirement for constant change are your managers and employees equipped with the right skills to deal with a decreasing workforce?</i> • <i>Will changes in legislation/ government policy require any employees to have different development, skills or knowledge?</i> • <i>Will changes in working practices impact on the skills/knowledge your employees require?</i> 	<ul style="list-style-type: none"> • Are there any skills gaps currently? (check the manager skills and competency assessments from PDRs) • What is the age profile at your senior management level – are there any retirement implications? • Do you need to think about succession planning? • With the new work style arrangements and changes in working patterns and locations of employees, do your managers have the required skills and knowledge to successfully manage a remote workforce • Do your managers have the transformational skills to ensure the service is always efficient and effective? • Are your managers equipped with the necessary skills/knowledge to manage a change programme effectively? • Do they have the capacity to step up to the next level if required? • Will your employees be required to develop additional skills/knowledge to pick up work from departing colleagues? • Are there opportunities to offer development activity to employees as a result of leavers and reorganisation in support of their career development? • Are there any legislative changes on the horizon which will result in new services or changes to existing services? • Will legislative changes result in new skill requirements within a service/department/ /team? • Are there any specified levels of training required? • Are there any changes planned for the service itself or the way it is delivered? • Do your employees have the skills required or will they need developing? • Is any new technology being introduced or changes in current processes? For example implementing channel shift to reduce phone calls/face to face contact. If so, will there be additional skill requirements? • Are any specific mandatory levels of qualification required? (e.g. NVQ, ECDL) • Are there any national targets for skills, e.g. minimum NVQ levels
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Area B – Other workforce issues

Prompting questions	Things to think about
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<ul style="list-style-type: none"> • <i>Where is your budget allocated in terms of the workforce?</i> • <i>Will the structure of your service/department need to change as a result of budget cuts?</i> • <i>Will your service/department experience changes in levels of workload, demand or customer requirements?</i> • <i>Are all key stakeholders/partners being consulted on service changes?</i> • <i>Do you consult with key partners on the shape of the future workforce?</i> • <i>Does your age profile indicate any future areas with high retirement rates?</i> 	<ul style="list-style-type: none"> • Are there any areas of service targeted for efficiency savings (or on going efficiency savings) which will impact on the workforce? • Have you reduced spend on agency staff? • Will you need to look at alternative provision e.g. commissioning, social enterprise, shared service? • Review which parts of the department are affected and the impact on the skills requirements • Review the impact on job roles • Will new methods of working be required? • From service plans – is there a need for increased workload? • How will this be managed with reduced staffing levels? • Will this impact on the skills required e.g. I.T, new methods of working • What is the breadth of the consultation? • Will this reach all sections of the community? • Do you have access to up to date workforce profiles for all relevant partners? • Do you have an informed, overarching future workforce profile, based on the predicted service models for both your services and those of partners? • Review age profile – are there any specific grades, skills (technical, managerial, generic etc.) which will be impacted by retirements
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ROTHERHAM BOROUGH COUNCIL Self – Regulation Select Commission
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1.	Meeting:	Self-Regulation Select Commission
2.	Date:	31st July, 2014
3.	Title:	Academy Conversions – Financial Deficits
4.	Directorate:	Children and Young People’s Services

5. Summary:

At the Self-Regulation Select Commission on the 27th June, Members considered the revenue budget outturn for 2013/14. They noted the deficit of £339k attached to the conversion of Rawmarsh School: A Sports College and Swinton Brookfield Primary school, to Academies. They wanted to explore the reasons behind the deficit and what steps are being taken by the Council to minimise the risks for future conversions.

It is important to note that only ‘Sponsored’ Academy conversions (where a school is in deficit) result in the deficit falling on the Local Authority. Where the school is a ‘Converter’ (not sponsored) any deficit is funded by the Department for Education (DfE).

6. Recommendation:

That Self-Regulation notes the work that is undertaken to mitigate the revenue impact on the Local Authority of deficit budgets in schools that are likely to become a sponsored Academy.

7. Proposals and Details:

The current main policy for schools' deficits is contained in Rotherham's Scheme for Financing Schools as below:

“4.6 Planning for Deficit Budgets

The expectation is that schools which identify a financial deficit can clear those deficit balances and that the budget plan will demonstrate how this can be achieved. If this cannot be achieved, then a school must seek approval for a licensed deficit.

4.10 Licensed Deficits – applicable to Secondary Schools only

The scheduling of repayments of deficits, which exist at schools maintained by the Council, will be the subject of a three-year spending plan, which incorporates a maximum repayment term of three years (i.e having reached at least a zero balance). The deficit will represent no more than 5% of the schools delegated budget – although in exceptional circumstances the Council may relax this requirement and extend the three year maximum period to five years.

Any such arrangement can only be entered into with the authorisation of the Strategic Director of Children and Young People's Services and the representative of the Director of Finance.

*In order to secure this authorisation the school **must submit a recovery plan** which provides the Council with robust evidence of the size of the financial problem and how it will be addressed. The recovery plan needs to be submitted in a format stipulated by the Council and unless otherwise agreed, needs to be submitted within three months of the shortfall being agreed.*

Once authorised, it is important that progress against the recovery plan is monitored. Monitoring information will need to be provided to a frequency stipulated by the Council, which may be either monthly or quarterly. The plan will be reviewed on a six-monthly basis by the Strategic Director, Children and Young People's Service. Both the non-provision of monitoring information and/or poor performance against the recovery plan could constitute grounds for the removal of financial delegation.

It is the intention of the Council not to charge interest on any spending plan during the term of its repayment, however, charges will be incurred on the initial or maximum deficit balance (whichever is the greater) if the submission is not addressed within the timespan.”

Example of a previous agreed licensed deficit

Swinton Community School

At 31st March 2010 Swinton had a deficit balance of £644,025. In September 2010 the Authority agreed a licensed deficit on the basis that the school worked to achieve a balanced budget by 2013.

By 2013 the school had a small deficit of £3,879 and by 2014 a surplus balance of £302,236.

Clearly this is applicable to schools that are remaining as maintained schools and as Members can see from the guidance we can enter into an agreement for a licenced deficit for up to 5 years in exceptional circumstances. The Local Authority operates 'Schools of Concern' meetings which cover not just performance but governance, finance etc. Schools (that are not Academies) have to submit termly finance returns and if there are concerns about the budget going into deficit these are raised with School Effectiveness Colleagues and a decision is taken whether or not to invite them to attend a school of concern meeting. In addition to this, if a school buys back the Finance service from the LA, the Finance Officer can pick up any concerns at an earlier stage and bring this to the attention of the School Effectiveness service.

Imminent Sponsored Conversions

The two schools with the largest deficits below are both Schools of Concern. Rawmarsh School: A Sports College should have converted to an Academy on 1st June but for a range of reasons this was not possible to achieve. It will now convert to a sponsored Academy on 1st August.

It has been agreed with the Strategic Director of Children's Services with the Executive Head Teacher that Clifton Community School will not be converting to a sponsored Academy until it becomes financially sustainable. A recovery plan has been submitted by Clifton that is currently being agreed by colleagues in Resources. Issues that should be considered are levels of staffing; numbers of pupil on roll – are they likely to decrease or increase; does the school need to drive up standards and what additional costs might be needed to achieve this; assessment of cost of administrative supplies etc.

The DfE guidance on Schools converting to Academies with deficit balances states:

Where a school with a deficit is to join the Academy Trust (AT) of an external sponsor and open as a sponsored academy, the deficit remains with the LA, to be funded from its core budget. School deficits are not an allowable charge on the LA's schools budget (funded by its allocation of Dedicated Schools Grant); however, if the Schools Forum has agreed to de-delegate a contingency provision, then the deficit may be funded from that contingency (this has not been agreed in Rotherham), depending on the criteria agreed for its use. LA's will wish to work closely with converting schools to ensure that they manage the risk of an increasing deficit before conversion, and if a school is not managing its expenditure in a satisfactory manner, the LA may withdraw delegation of the converting school's budget share in order to limit the potential cost to the LA's budget.

Should Clifton decide to become a sponsored academy within the next five years it is proposed (subject to the outcome of the consultation (see below)) that the School will comply with the (proposed) changes to the Fair Funding Scheme.

In addition to the above planned sponsored academy conversions the only other school currently confirmed as a sponsored academy conversion in 2014/15 is Rawmarsh Monkwood Primary. This school had a credit balance of £28,681 as at 31st March 2014. The latest forecast for the planned date of conversion shows a small surplus balance.

A number of additional schools have expressed potential interest in converting to academies:

Anston Hillcrest
Anston Park Infant
Anston Park junior
Aston Hall
Greasbrough Primary
Harthill Primary
Herringthorpe Junior
Kiveton Park Infant
Kiveton Park Meadows Junior
Maltby Craggs
Thornhill Primary
Thurcroft Infant
Wales Primary
Hilltop School
Kelford School

Currently only one of the above schools, should it convert, would be a sponsored conversion. This school is Greasbrough Primary and the sponsor, should it proceed, would be Herringthorpe Junior. Greasbrough Primary had a small surplus balance of £4,191 as at 31st March 2014 and the latest forecast shows a balanced position.

In addition to closely monitoring the financial position of planned academy conversions, where the school is already forecasting a deficit the following options to help address or mitigate this are shown below.

Consultation on Proposed Changes to Rotherham's Fair Funding Scheme for proposed Academy Conversions where Schools are in deficit

On 27th June 2014 a report was considered at Schools Forum which sought agreement to consult (in accordance with DfE requirements) with maintained schools on proposed changes to the Rotherham Schools Fair Funding Scheme in respect of formalising the arrangements around dealing with forecast deficits for proposed sponsored academy conversions. These are summarised as:

- Where schools are requesting a bank account prior to converting to Academy or where they already operate with their own bank account:
 - Provide a 3 year plan which demonstrates a balanced position will be maintained
 - Demonstrates a planned surplus balance at the point of conversion

The Governing Body or Head teacher of any school forecasting an estimated in-year deficit is required to notify the Strategic Director of Children and Young People's Services Directorate within 7 days of estimating the forecast.

The Governing Body or Head teacher of the school must then take appropriate action to recover the forecast deficit as soon as possible. A plan must be prepared and submitted to the Strategic Director of Children and Young People's Services Directorate within 14 days which sets out the following:

- A written plan outlining the measures to be taken in order to reduce the deficit
- The planned time period for recovery of the deficit
- A financial plan giving details of the financial impact of the actions to be taken.

Where the school is proposing conversion and is not forecasting a surplus balance the Local Authority will require the Head teacher and Governing body to agree to the following actions:

- *a moratorium on non-essential spend during the period up to conversion, the details of which must be agreed with the Strategic Director of Children And Young People's Services;*
- *submit monthly updates to the budget plan, and provide timely explanations for any variations from original plan;*
- *meet on a monthly basis with the Strategic Director Children and Young People's Service to discuss the forecast outturn position.*

If a Head teacher or Governing body fail to agree to the above actions or fail to adhere to a reasonable agreed plan to contain or reduce any forecast deficit the Local Authority may take the following actions:

- *require the school bank account to be closed and the budget operated through the Local Authority General Ledger and*
- *remove the delegated budget and operate the budget via the Local Authority.*

The proposed Consultation was agreed by Schools Forum and the deadline for responses is 10th September 2014. Feedback will be considered at Schools Forum on 3rd October. It should however be noted that Schools may not be supportive of these proposed Scheme changes. The consultation also applies to Pupil Referral Units (PRU's) as these too can seek to become academies since 1st April 2013 when they acquired 'Delegated Budget' responsibilities.

8. Finance:

As at the end of June 2014 the estimated impact of known forecast deficits of schools likely to become Sponsored Academies in 2014/15 is shown below:

School	13/14 (provision already made)	14/15 (expected increase in/new deficit)	Total
	£'000	£'000	£'000
Rawmarsh School : A Sports College	300	236	536
Swinton Brookfield	39	47	86
Rawmarsh Monkwood	-	20	20
Total	339	303	642

The table below shows the 2012/13 outturn, the in-year 2013/14 monitoring forecasts provided by the above Schools, and the final 2013/14 outturn balances.

School	Outturn 12/13 Balance	Summer 2013 Forecast Balance	Autumn 2013 Forecast Balance	Spring 2014 Forecast Balance	Outturn 13/14 Balance
	£'000	£'000	£'000	£'000	£'000
Rawmarsh School: A Sports College	+600	-313	-282	-296	-274
Swinton Brookfield	+1	-39	-30	-58	-86
Rawmarsh Monkwood	+135	+24	+69	+49	+29

NB: + = surplus, - = deficit

9. Risks and Uncertainties:

- That the school converts to a sponsored Academy and the LA is left with the deficit budget.
- That the Executive Head Teacher arrangements are not sustainable and we have to enter new arrangements.
- The LA has to maintain effective relationships with all schools and the DfE to ensure improved outcomes for children and young people.

10. Policy and Performance Agenda Implications:

- The LA has a duty to ensure all schools are good or better in their area.
- The LA has to ensure all children attend a good or better school.
- The LA could be subject to a School Improvement Inspection and the support of schools that are inadequate or requiring improvement will come under particular scrutiny.

11. Background Papers and Consultation:

2013/2014 Council Budget Outturn report
Rotherham Schools Fair Funding Scheme
DfE: Schemes for Financing Schools
DfE Academy Conversion: Surplus and deficit balance transfer process

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