

COMMISSIONERS' MEETING

Venue: Town Hall, The Crofts,
Moorgate Street,
Rotherham.

Date: Friday, 27th February, 2015

Time: 10.30 a.m.

AGENDA

1. Questions from Members of the Public
2. Whilst the requirements of the Local Government Act 1972 do not apply to this meeting it is still proposed to determine if the following matters are to be considered under the categories suggested in accordance with that Act.
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. Prudential Indicators and Treasury Management and Investment Strategy 2015/16 to 2017/18 (Pages 1 - 29)
 - Strategic Director of Resources and Transformation to report
6. Proposed Revenue Budget and Council Tax for 2015/16 (Pages 30 - 53)
 - Strategic Director of Resources and Transformation to report.
7. Capital Monitoring and Capital Programme 2015/16 - 2017/18 (Pages 54 - 78)
 - Strategic Director of Resources and Transformation to report
8. Extension of Business Rates Transitional Relief for 2015/16 (Pages 79 - 82)
 - Strategic Director of Resources and Transformation to report
9. Discretionary Rate Relief Annual Review Applications (Pages 83 - 87)
 - Strategic Director of Resources and Transformation to report.
10. Discretionary Rate Relief Top Up Annual Review Applications (Pages 88 - 96)
 - Strategic Director of Resources and Transformation to report.
11. Discretionary Rate Relief Community Amateur Sports Clubs Top Up - Annual Review Applications (Pages 97 - 99)
 - Strategic Director of Resources and Transformation to report.

12. New Application for Discretionary Rate Relief Top Up (Pages 100 - 102)
 - Strategic Director of Resources and Transformation to report.

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet
2.	Date:	27th February 2015
3.	Title:	Prudential Indicators and Treasury Management and Investment Strategy 2015/16 to 2017/18
4.	Directorate:	Resources

5. Summary

In accordance with the Prudential Code for Capital Finance, the Secretary of State's Guidance on Local Government Investments, CIPFA's Code of Practice for Treasury Management in Local Authorities and with Council policy, the Director of Financial Services is required, prior to the commencement of each financial year to seek the approval of the Council to the following:

- i. The Prudential Indicators and Limits for 2015/16 to 2017/18 (Appendix A)
- ii. A Minimum Revenue Provision (MRP) Statement which sets out the Council's policy on MRP (Appendix A)
- iii. An Annual Treasury Management Strategy in accordance with the CIPFA Code of Practice on Treasury Management including the Authorised Limit (Appendix B)
- iv. An Investment Strategy in accordance with the Department for Communities and Local Government (CLG) investment guidance (Appendix B)

Albeit a technical and complex report the key messages for Audit Committee are:

- a. Investments – the primary governing principle will remain **security** over return and the criteria for selecting counterparties reflect this. Cash available for investment will remain low, resulting in low returns.
- b. Borrowing – overall, this will remain fairly constant over the period covered by this report and the Council will remain under-borrowed against its borrowing requirement due to the higher cost of carrying debt. New borrowing will only be taken up as debt matures.
- c. Governance – strategies are reviewed by the Audit Committee with continuous monitoring which includes Mid-Year and Year End reporting.

6. Recommendations

Cabinet is asked to recommend Council:

1. **Approve the prudential indicators and limits for 2015/16 to 2017/18 contained in Appendix A to the report**
2. **Approve the Minimum Revenue Provision Statement contained in Appendix A which sets out the Council's policy on MRP**
3. **Approve the Treasury Management Strategy for 2015/16 to 2017/18 and the Authorised Limit Prudential Indicator (Appendix B)**
4. **Approve the Investment Strategy for 2015/16 to 2017/18 (Appendix B – Section (e) and Annex B1)**

7. Proposals and Details

7.1 Background

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are prepared in order to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities, the CIPFA Code of Practice for Treasury Management in Local Authorities, and CLG Investment Guidance.

Prior to the commencement of each financial year the Director of Financial Services, who has delegated authority to carry out treasury management activities on behalf of the Council, is required to seek the approval of the Council to the **Prudential and treasury indicators and treasury strategy**. This report, the first, and most important report covers:

- the capital expenditure plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how capital expenditure funded by borrowing is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

The other reports submitted to Members are:

- **A mid year treasury management report** – This will update Members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- **An annual treasury report** – This will provide details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

Reports on Treasury matters are required to be adequately scrutinised before being recommended to the Council and this role is undertaken by Audit Committee.

The Council's 2014/15 Prudential Indicators & Treasury Management and Investment Strategy was approved by Council on 5 March 2014, whilst a Mid-Year report which updated the 2014/15 approved indicators was approved by Council on 28 January 2015. This report provides an update for the period 2014/15 to 2016/17 and introduces new indicators and forecasts for 2017/18.

Sections 7.2 to 7.4 of the report summarise the key elements of the Council's Capital Expenditure Plans & Prudential Indicators and the Treasury Strategy (including the Investment Strategy) which require Council approval. Supporting detail is provided in the Appendices.

Appendix A sets the background to the prudential indicators relating to the Council's capital expenditure plans, the capital financing requirement and affordability generally. In addition the proposed MRP Statement is also included in this Appendix.

Appendix B sets out the Treasury Management Strategy (including the Investment Strategy). Within the overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. Some prudential indicators are therefore shown in the Treasury Management Strategy to aid understanding together with the limits on Treasury activity.

The Strategy has been drawn up in association with the Council's treasury management advisors, Capita Asset Services, part of The Capita Group plc.

This is a technical and complex report however the key messages are:

- a. Investments – the primary governing principle will remain **security** over return and the criteria for selecting counterparties reflect this. Cash available for investment will remain low, resulting in low returns.
- b. Borrowing – overall, this will remain fairly constant over the period covered by this report and the Council will remain under-borrowed against the borrowing requirement due to the higher cost of carrying debt. New borrowing will only be taken up as debt matures.
- c. Governance – strategies are reviewed by the Audit Committee with continuous monitoring which includes the Mid-Year and Year End reporting.

7.2 Prudential Indicators

7.2.1 Indicators for Capital Expenditure, the Capital Financing Requirement & Affordability

The Prudential Indicators included in the Prudential Code and submitted for approval are summarised as:

RMBC	2014/15 Revised	2015/16 Estimated	2016/17 Estimated	2017/18 Estimated
Capital Expenditure	£78.894m	£70.024m	£46.410m	£37.453m
Capital financing requirement	£747.671m	£769.543m	£762.782m	£752.041m
Authorised limit for external debt (RMBC)	£774.798m	£787.924m	£776.462m	£764.208m
Operational boundary for external debt (RMBC)	£601.489m	£620.923m	£619.258m	£629.892m
Ratio of financing costs to net revenue stream – Non HRA	8.67%	8.24%	8.54%	8.14%
Ratio of financing costs to net revenue stream – HRA	17.28%	16.07%	15.74%	15.51%
Incremental impact of capital expenditure plans on the Band D Council Tax	£7.10	£7.55	£12.54	£0.64
Incremental impact of capital expenditure plans on housing rents levels	£0.06	£0.04	£0.00	£0.00

It should be noted that only schemes in the Council's approved capital programme are included in the indicators as listed and that there may be further schemes pending approval. Any additional approvals will normally have to be funded from unsupported borrowing as all identified available resources have been allocated. This would impact on the prudential indicators above.

It should further be noted that the impact on Band D Council Tax, as shown in the table above, indicates the impact of the Council's capital expenditure plans as already budgeted for within the proposed Revenue Budget for 2015/16 and the Council's Medium Term Financial Strategy, **and does not indicate additional requirements of Rotherham council tax payers.**

For the Former South Yorkshire County Council the Prudential Indicators included in the Prudential Code and submitted for approval are summarised as:

Former SYCC	2014/15 Revised	2015/16 Estimated	2016/17 Estimated	2017/18 Estimated
Authorised limit for external debt (Former SYCC)	£96.121m	£96.121m	£86.709m	£76.709m
Operational boundary for external debt (Former SYCC)	£96.121m	£96.121m	£86.709m	£76.709m

7.2.2 Treasury Management Prudential Indicators and Limits on Activity

There are four treasury prudential indicators, the purpose of which is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. The indicators submitted for approval are shown below.

The limits for interest rate exposures are consistent with those approved within the Mid-Year report on the 2014/15 Strategy; in line with the requirements of the new Code the maturity profile has been updated and extended; and the investment limits beyond 364 days have been maintained to reflect the continued investment strategy.

RMBC	2015/16	2016/17	2017/18
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rate debt based on fixed net debt	100%	100%	100%
Limits on variable interest rate debt based on variable net debt	30%	30%	30%

RMBC Maturity Structure of fixed interest rate borrowing 2015/16		
	Lower	Upper
Under 12 months	0%	35%
12 months to 2 years	0%	35%
2 years to 5 years	0%	40%
5 years to 10 years	0%	40%
10 years to 20 years	0%	45%
20 years to 30 years	0%	50%
30 years to 40 years	0%	50%
40 years to 50 years	0%	55%
50 years and above	0%	60%

RMBC Maximum Funds invested > 364 days			
	1 to 2 years	2 to 3 years	3 to 5 years
Funds invested > 364 days	£m 10	£m 8	£m 6

Former SYCC	2015/16	2016/17	2017/18
Interest Rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%

Maturity Structure of fixed interest rate borrowing 2015/16		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years	0%	70%
2 years to 5 years	0%	100%
5 years to 6 years	0%	100%

7.3 Minimum Revenue Provision Policy

Communities & Local Government Regulations require Full Council to approve a Minimum Revenue Provision Statement in advance of each financial year. The policy put forward for approval is as follows:-

- (a) The MRP charge in relation to borrowing for capital expenditure incurred prior to 2007/08 will be unaffected by the regulations;
- (b) The MRP charge in relation to capital expenditure incurred since 2007/08 where the expenditure is funded by either supported or unsupported borrowing will be calculated using the expected useful life of the asset at the point the asset is brought into use. The calculation of the provision will be either the annuity method or the equal instalments method depending on which is most appropriate; and

- (c) The MRP charge in relation to capital expenditure incurred since 2007/08 where the expenditure is funded by a 'capitalisation directive' (e.g. equal pay) will be calculated on the basis of the specified period(s) set down within the regulations. The calculation of the provision will be either the annuity method or the equal instalments method depending on which is most appropriate.

7.4 Review of the Currently Approved Investment Strategy

The Council's investment policy's continuing primary governing principle is the **security** of its investments, although yield or return on investments is also a consideration.

Current operational guidelines have enhanced the weighting towards 'security' at the expense of yield or return. Although seeking to minimise investment default risk, it does not eliminate it. Eliminating risk altogether is only possible if the Council only invested any surplus funds with the Bank of England's Debt Management Office (DMO).

The above was also reinforced within the currently approved strategy by tightening the criteria for choosing counterparties. We continue to operate the treasury management guidelines well within the boundaries set by the approved selection criteria so as to minimise the risks inherent in operating a treasury management function during challenging global economic and financial conditions. To this end, the Council has continued to invest any surplus funds primarily with the Bank of England's Debt Management Office.

In addition, investment levels over the last 12 months have remained low as market conditions still dictate that it continues to be prudent to defer borrowing plans and to fund on-going capital expenditure commitments through the use of the Council's internal cash-backed resources.

Actual returns on investment opportunities remain subdued when compared to the years prior to 2008 but the revenue impact has been effectively and prudently managed by also significantly reducing expected capital financing costs by delaying borrowing plans. This has enabled the Council to stay within its capital financing budget cash limit and for budget savings to be put forward in support of both the Council's 2014/15 and 2015/16 revenue budget. This is a significant achievement given the prevailing economic and financial conditions.

Counterparty List – At the present time the Council’s counterparty list for investments uses the following criteria:

	Fitch	Moody’s	Standard & Poor’s	Money Limit	Time Limit
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£20m	5 years
Middle Limit Category	F1/A-	P-1/A3	A-1/A-	£10m	364 days
Lower Limit Category *	All Building Soc’s ranked 1 to 10 All Building Soc’s ranked 11 to 20			£5m £1m	6 months 3 months
Debt Management Office	-	-	-	Unlimited **	6 months
Money Market Funds ***	-	-	-	£20m	n/a
UK Single Tier & County Councils	-	-	-	£20m	5 years
The Council’s Bankers	-	-	-	£10m	364 days

The above money limits are exclusive of bank balances held by schools

* Based on maximum of 20% of the investment portfolio

** Provides maximum flexibility

*** Based on maximum of 20% of the investment portfolio

Taking into account the current market conditions and future economic and financial outlook, whilst retaining sufficient flexibility to react to changing market conditions, it is proposed to retain the currently approved criteria.

In essence, the counterparty list provides the Council with the opportunity to maximise security of any invested funds by allowing all funds to be placed with the DMO and UK Single Tier and County Councils and reducing the maximum level and time of investments that can be placed with financial institutions that do not meet all the upper limit credit rating criteria.

8. Finance

Treasury Management forms an integral part of the Council’s overall financial arrangements.

The assumptions supporting the capital financing budget for 2015/16 and for the future years covered by the MTFS of the Council have been reviewed in light of the current economic and financial conditions and the revised future years’ capital programme.

The proposed Treasury Management and Investment Strategy is not forecasted to have any further revenue consequences other than those identified and planned for in both the Council’s 2015/16 Revenue Budget and approved MTFS.

9. Risks and Uncertainties

The proposed Treasury Management and Investment Strategy seeks to minimise the risks inherent in operating a Treasury Management function during these difficult economic and financial conditions.

Operational Treasury Management guidelines will continue to be kept in place and reviewed to ensure they are appropriate given the circumstances faced, supported by regular monitoring to ensure that any risks and uncertainties are addressed at an early stage and hence kept to a minimum.

10. Policy and Performance Agenda Implications

Effective Treasury Management will assist in delivering the Councils' policy and performance agenda.

11. Background Papers and Consultation

Audit Committee – 5 February & 19 November 2014, 18 February 2015

Cabinet – 26 February & 17 December 2014

Council – 5 March 2013 & 28 January 2015

CIPFA – The Prudential Code for Capital Finance in Local Authorities

CIPFA – Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes

CIPFA – Treasury Management in the Public Services – Guidance Notes for Local Authorities including Police Authorities and Fire Authorities

CLG Investment Guidance – March 2010

The Local Government Act 2003

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CAPITAL EXPENDITURE PLANS & PRUDENTIAL INDICATORS 2015/16 TO 2017/18

Introduction

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and prepare and publish prudential indicators. Each indicator either summarises the expected activity or introduces limits upon the activity, and reflects the underlying capital programme. This report updates currently approved indicators and introduces new indicators for 2017/18.
2. Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence the Treasury Management Strategy for 2015/16 to 2017/18 is included as Appendix B to complement these indicators. Some of the prudential indicators are shown in the Treasury Management Strategy to aid understanding.

The Capital Expenditure Plans

3. The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. A certain level of capital expenditure is grant supported by the Government; any decisions by the Council to spend above this level will be considered unsupported capital expenditure. This unsupported capital expenditure needs to have regard to:
 - Service objectives (e.g. strategic planning);
 - Stewardship of assets (e.g. asset management planning);
 - Value for money (e.g. option appraisal)
 - Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
 - Affordability (e.g. implications for the council tax and rents)
 - Practicality (e.g. the achievability of the forward plan).
4. The revenue consequences of capital expenditure, particularly the unsupported expenditure, will need to be paid for from the Council's own revenue resources.
5. This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual expenditure will add to the Council's borrowing need.

6. The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly some of estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. For example, anticipated asset sales resulting from the Council's on-going asset rationalisation programme may be deferred due to the on-going impact of the current economic & financial conditions on the property market.
7. The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
Children & Young People's Services	11.419	9.736	2.694	0.000
Env & Dev Services	27.484	21.863	5.929	0.000
Neighbourhoods & Adult Services – Non HRA	5.230	4.908	3.650	2.820
Resources	2.753	0.671	1.283	0.706
Total Non-HRA	46.886	37.178	13.556	3.526
HRA	32.008	32.846	32.854	33.927
Total HRA	32.008	32.846	32.854	33.927
Total expenditure	78.894	70.024	46.410	37.453
Capital receipts	6.236	1.649	1.100	1.100
Capital grants, capital contributions & sources other capital funding	62.396	48.559	39.817	34.927
Total financing	68.632	50.208	40.917	36.027
Net financing need for the year	10.262	19.816	5.493	1.426

8. Other long term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The Capital Financing Requirement (the Council's Borrowing Need)

9. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The capital expenditure above which has not immediately been paid for will increase the CFR.

10. Following accounting changes the CFR includes any other long term liabilities (e.g. PFI schemes) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a "borrowing facility" and so the Council is not required to separately borrow for this scheme. It is estimated the Council will have £137.602m within the CFR at 1 April 2015 in respect of such schemes.

11. The Council is asked to approve the CFR projections below:

	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
CFR – General Fund	442.088	463.098	456.337	445.596
CFR – HRA	305.583	306.445	306.445	306.445
Total CFR	747.671	769.543	762.782	752.041
Movement in CFR	-1.779	21.872	-6.761	-10.741
Movement in CFR represented by:				
Net financing need for the year (above)	10.262	19.816	5.493	1.426
Net financing need for the year (OLTL - Waste PFI)	0.000	13.518	0.000	0.000
Less General Fund MRP/VRP and other financing movements	-12.041	-11.462	-12.254	-12.167
Movement in CFR	-1.779	21.872	-6.761	-10.741

MRP Policy Statement

12. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP). In addition, it is also allowed to make additional voluntary payments (VRP) where it is prudent to do so.

13. CLG Regulations require Full Council to approve an MRP Statement in advance of each year. Detailed rules have been replaced by a single duty to charge an amount of MRP which the Council considers 'prudent'. The Director of Financial Services will, where it is prudent to do so, use discretion to review the overall financing of the capital programme and the opportunities afforded by the regulations to maximise the benefit to the Council whilst ensuring it meets its duty to charge a 'prudent' provision. To provide maximum flexibility into the future the recommended MRP policy has been amended to include the use of the annuity method in addition to the equal instalments method.

The Council is recommended to approve the following MRP policy in relation to the charge for the 2015/16 financial year:

- (a) The MRP charge in relation to borrowing for capital expenditure incurred prior to 2007/08 will be unaffected by the regulations;
- (b) The MRP charge in relation to capital expenditure incurred since 2007/08 where the expenditure is funded by either supported or unsupported borrowing will be calculated using the expected useful life of the asset at the point the asset is brought into use. The calculation of the provision will be either the annuity method or the equal instalments method depending on which is most appropriate; and
- (c) The MRP charge in relation to capital expenditure incurred since 2007/08 where the expenditure is funded by a 'capitalisation directive' (e.g. equal pay) will be calculated on the basis of the specified period(s) set down within the regulations. The calculation of the provision will be either the annuity method or the equal instalments method depending on which is most appropriate.

14. No MRP charge is currently required for the HRA. The HRA charges depreciation on its assets, which is a revenue charge. To alleviate the impact of this charge falling on the tenants, HRA regulations allow the Major Repairs Allowance to be used as a proxy for depreciation for the first five years under self-financing (up until 2017/18).

15. Repayments included in annual PFI or finance leases are applied as MRP.

Affordability Prudential Indicators

16. The previous sections cover those prudential indicators that are used to monitor the impact the capital expenditure plans has on the Council's borrowing position.

17. Within this framework prudential indicators are used to assess the affordability of the capital expenditure plans. Further indicators are used to provide an indication of the impact the capital expenditure plans has on the overall Council's finances. The Council is asked to approve the following indicators.

18. **Actual and Estimates of the ratio of financing costs to net revenue stream** – This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream of the Council.

19. The estimates of financing costs include all current commitments, the proposals contained in the proposed 2015/16 Revenue Budget and updated future years' capital expenditure plans.

Ratio of financing costs to Net Revenue Stream				
	2014/15 Revised %	2015/16 Estimated %	2016/17 Estimated %	2017/18 Estimated %
Non-HRA	8.67	8.24	8.54	8.14
HRA	17.28	16.07	15.74	15.51

20. **Estimates of the incremental impact of capital expenditure plans on the Council Tax** – This indicator identifies the revenue costs associated with proposed changes to the capital programme compared to the Council's existing commitments and current plans.

Only schemes in the Council's approved capital programme are included in the indicators and there may be further schemes pending approval. Any additional approvals will normally have to be funded from unsupported borrowing as all identified available resources have been allocated. This would impact on the prudential indicators above.

The impact on Band D Council Tax, as shown in the table below, indicates the impact of the Council's capital expenditure plans as already budgeted for within the proposed Revenue Budget for 2015/16 and the Council's Medium Term Financial Strategy, **and does not indicate additional requirements of Rotherham council tax payers.**

Incremental impact of capital expenditure plans on the Band D Council Tax				
	Revised 2014/15 £	Proposed Budget 2015/16 £	Projection 2016/17 £	Projection 2017/18 £
Council Tax – Band D	7.10	7.55	12.54	0.64

21. **Estimates of the incremental impact of capital expenditure plans on Housing Rent levels** – Similar to the Council tax calculation, this indicator identifies the revenue cost of proposed changes in the housing capital programme compared to the Council's existing approved commitments and current plans expressed in terms of the impact on weekly rent levels.

Incremental impact of capital expenditure plans on the Housing Rent levels				
	Revised 2014/15 £	Proposed Budget 2015/16 £	Projection 2016/17 £	Projection 2017/18 £
Weekly Housing Rent levels	£0.06	£0.04	£0.00	£0.00

TREASURY MANAGEMENT STRATEGY 2015/16 – 2017/18

1. Treasury Management is an important part of the overall financial management of the Council's affairs. The prudential indicators in Appendix A consider the affordability and impact of capital expenditure plans, and set out the Council's overall capital framework. The Treasury Management Strategy considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets balanced budget requirement under the Local Government Finance Act 1992. There are specific treasury prudential indicators included in this Strategy which require Member approval.
2. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management – revised November 2009). The Council adopted the Code of Practice on Treasury Management (Cabinet, March 2004) and adopted the revisions to the Code in March 2010.
3. The Council's constitution (via Financial Regulations) requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. As a minimum a mid-year monitoring report is produced with a further report produced after the year-end to report on actual activity for the year.
4. This Strategy covers:
 - (a) The Council's debt and investment projections;
 - (b) The Council's estimates and limits to borrowing activity;
 - (c) The expected movement in interest rates;
 - (d) The Council's borrowing and debt strategy;
 - (e) The Council's investment strategy;
 - (f) Treasury Management prudential indicators and limits on activity;
 - (g) Treasury performance indicators; and
 - (h) Policy on the use of external service advisers.

(a) Debt and Investment Projections 2015/16 – 2017/18

5. The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be re-financed. The table below shows this effect on the treasury position over the next three years for both the Council and the ex-SYCC debt that the Council administers on behalf of the other South Yorkshire local authorities. The table also highlights the expected level of investment balances.

RMBC	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
External Debt				
Borrowing at 1 April	476.164	473.922	481.656	474.761
Expected change in debt	-2.242	7.734	-6.895	19.688
Borrowing at 31 March	473.922	481.656	474.761	494.449
Other long-term liabilities (OLTL) at 1 April	127.567	125.749	137.602	135.443
Expected change in OLTL	-1.818	11.853	-2.159	-2.727
Other long-term liabilities (OLTL) at 31 March	125.749	137.602	135.443	132.716
Total Borrowing & OLTL at 31 March	599.671	619.258	610.204	627.165
CFR – the borrowing need	747.671	769.543	762.782	752.041
Under/(over) borrowing	148.000	150.285	152.578	124.876
Investments				
Total Investments at 1 April	19.749	25.000	25.000	25.000
Investment change	5.251	0.000	0.000	0.000
Total Investments at 31 March	25.000	25.000	25.000	25.000
Net borrowing at 31 March	123.000	125.285	127.578	99.876

Ex SYCC	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
External Debt				
Borrowing at 1 April	96.121	96.121	86.709	76.709
Expected change in debt	0.000	9.412	-10.000	-39,709
Borrowing at 31 March	96.121	86.709	76.709	37.000
Investments				
Total Investments at 1 April	0.000	0.000	0.000	0.000
Investment change	0.000	0.000	0.000	0.000
Total Investments 31 March	0.000	0.000	0.000	0.000
Net borrowing at 31 March	96.121	86.709	76.709	37.000

(b) Limits to Borrowing Activity

6. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well-defined limits.
7. For the first of these, the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and the following two financial years. This allows some flexibility for limited early borrowing for future years.

RMBC	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
Borrowing	599.671	619.258	610.204	627.165
Investments	25.000	25.000	25.000	25.000
Net Borrowing	574.671	594.258	585.204	602.165
CFR	747.671	769.543	762.782	752.041
CFR less Net Borrowing	173.000	175.285	177.578	149.876

8. The Director of Financial Services reports that the Council has complied with this indicator in the current year and does not envisage difficulties for the future. This view takes into account approved commitments and existing plans.
9. A further two prudential indicators control or anticipate the overall level of borrowing. These are:
10. **The Authorised Limit for External Debt** – This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all council's plans, or those of a specific council, although no control has yet been exercised.

The Council is asked to approve the following Authorised Limit for RMBC:

Authorised Limit for External Debt (RMBC)	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
Borrowing	647.231	648.657	638.860	628.765
Other long term liabilities	127.567	139.267	137.602	135.443
Total	774.798	787.924	776.462	764.208

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit remains unchanged until there is any change in Government legislation. Interest calculated with reference to the HRA CFR is charged on a fair & equitable basis.

HRA Debt Limit	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
HRA Debt Cap	336.623	336.623	336.623	336.623
HRA CFR	305.583	306.445	306.445	306.445
HRA Headroom	31.040	30.178	30.178	30.178

The Council is also asked to approve the following Authorised Limit for the former SYCC:

Authorised Limit for External Debt (Former SYCC)	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
Borrowing	96.121	96.121	86.709	76.709
Other long term liabilities	0.000	0.000	0.000	0.000
Total	96.121	96.121	86.709	76.709

11. **The Operational Boundary for External Debt** – This is the limit beyond which external borrowing is not normally expected to exceed. In most cases this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

The Council is asked to approve the following Operational Boundary for RMBC:

Operational Boundary for External Debt (RMBC)	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
Borrowing	473.922	481.656	481.656	494.449
Other long term liabilities	127.567	139.267	137.602	135.443
Total	601.489	620.923	619.258	629.892

The Council is also asked to approve the following Operational Boundary for the former SYCC:

Operational Boundary for External Debt (Former SYCC)	2014/15 Revised £m	2015/16 Estimated £m	2016/17 Estimated £m	2017/18 Estimated £m
Borrowing	96.121	96.121	86.709	76.709
Other long term liabilities	0.000	0.000	0.000	0.000
Total	96.121	96.121	86.709	76.709

12. **Policy on Borrowing in Advance of Need** – The Council has some flexibility to borrow funds in advance for use in future years. The Director of Financial Services may do this under delegated powers where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or help meet budgetary constraints. Whilst the Director of Financial Services will adopt a prudent approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund debt maturities.

13. Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year and annual reporting mechanism.
14. **Debt Rescheduling** - As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. These savings will need to be considered in the light of the current treasury position and the value of the cost of debt repayment (premiums incurred).
15. The reasons for any rescheduling to take place will include:
 - The generation of cash savings and/or discounted cash flow savings;
 - Helping to fulfill the treasury strategy; and,
 - Enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).

(c) **Expected Movement in Interest Rates**

16. The Bank Rate, currently 0.50%, underpins investment returns and is not expected to start increasing until the fourth quarter of 2015. This is despite inflation being below the Monetary Policy Committee inflation target of 2% and unemployment falling below the 7% at which point the Bank of England had indicated it may consider increasing the rate. Due to on-going issues in areas of the world economy, most notably the Eurozone, there is continuing uncertainty in the financial markets. As a result, the outlook for borrowing rates also continues to be uncertain and difficult to predict. Short-term rates to one-year are expected to remain at current levels. The outlook for long-term interest rates continues to be favourable in the near future, but is expected to become less so towards the end of the next financial year.
17. This challenging outlook has several key treasury management implications:
 - Investment returns are likely to remain relatively low during 2015/16;
 - Borrowing interest rates are currently attractive but are less likely to remain so going forward. The Council has adopted a policy of delaying new borrowing by utilising spare cash balances over the last few years. This approach needs to be carefully reviewed to avoid incurring higher borrowing costs in future, when the Council will not be able to delay new borrowing to finance new capital expenditure and/or to refinance maturing debt. The timing of any borrowing will therefore be monitored carefully; and
 - There will remain a cost of carrying capital – any borrowing undertaken that results in an increase in investments will incur an incremental cost as the cost of borrowing is greater than the likely investment return.

(d) Borrowing and Debt Strategy 2015/16 – 2017/18

18. The Council is currently maintaining an under-borrowed position. This means that the CFR has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk remains relatively high.
19. The uncertainty over future interest rates increases the inherent risks associated with treasury activity. As a result the Council will continue to take a prudent approach to its treasury strategy.
20. The Director of Financial Services, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely shorter term fixed rates may provide lower cost opportunities in the short to medium term.

(e) Investment Strategy 2015/16 – 2017/18

21. The primary objectives of the Council's investment strategy are:
 - Firstly to safeguard the timely repayment of principal and interest (security);
 - Secondly to ensure adequate liquidity; and
 - Thirdly to produce an investment return (yield).
22. As part of this Strategy, Members need to consider and approve security and liquidity benchmarks in addition to yield benchmarks which are currently widely used to assess investment performance and have previously been reported to Members. The proposed benchmarks are set down in Annex B2.
23. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:
 - It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections of Annex B1.
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested as set out in Annex B1.

24. The Director of Financial Services will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are different to those which are used to select Specified and Non-Specified investments.
25. The rating criteria use the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.
26. Credit rating information is supplied by our treasury advisors on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change) and rating outlooks (notification of a possible long term change) are provided to officers almost immediately after they occur and this information is considered before any investment decision is taken.

27. Changes to Credit Rating Methodology

The main rating agencies have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts" but the actual timing of the changes is still subject to discussion.

Immediate changes to the credit methodology are being introduced by our advisors and as a result, the credit element of their future methodology will focus solely on the Short and Long Term ratings of an institution.

28. The criteria for providing a portfolio of high quality investment counterparties (both Specified and Non-Specified investments) is:

- **Banks** – The Council will use banks which are rated by at least two rating agencies and have at least the following Fitch, Moody's and Standard and Poors' ratings (where rated):

	Fitch	Moody's	Standards & Poor's
Short-term	F1	P-1	A-1
Long-term	A-	A3	A-

To allow for the day to day management of the Council's cash flow the Council's bankers will also be retained on the list of counterparties if ratings fall below the above minimum criteria.

- **Building Societies** – the Council will use the top 20 Building Societies ranked by asset size but restricted to a maximum of 20% of the investment portfolio
- **Money Market Funds** – AAA – restricted to a maximum of 20% of the investment portfolio
- **UK Government** – Debt Management Office
- **UK Single Tier & County Councils** – (i.e. Metropolitan Districts, London Boroughs, County Councils, Unitary Authorities)

A limit of 35% will be applied to the use of Non-Specified investments within the investment portfolio, excluding day to day cash management through the Council's own bank.

29. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market and sovereign information will continue to be applied before making any specific investment decision from the agreed portfolio of counterparties.

30. The time and monetary limits for institutions on the Council's Counterparty List are as follows and represent no change from those currently approved (these will cover both Specified and Non-Specified Investments):

	Fitch	Moody's	Standard & Poor's	Money Limit	Time Limit
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£20m	5 years
Middle Limit Category	F1/A-	P-1/A3	A-1/A-	£10m	364 days
Lower Limit Category *	All Building Soc's ranked 1 to 10 All Building Soc's ranked 11 to 20			£5m £1m	6 mths 3 mths
Debt Management Office	-	-	-	Unlimited **	6 months
Money Market Funds ***	-	-	-	£20m	n/a
UK Single Tier & County Councils	-	-	-	£20m	5 years
Council's Bankers	-	-	-	£10m	364 days

The above money limits are exclusive of bank balances held by schools

* Based on maximum of 20% of the investment portfolio

** Provides maximum flexibility

*** Based on maximum of 20% of the investment portfolio

31. The proposed criteria for Specified and Non-Specified investments and monitoring of counterparties are shown in Annex B1 for Member approval.

32. In the normal course of the Council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

33. The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. This will also be limited by the long term investment limits.

(f) Treasury Management Prudential Indicators and Limits on Activity

34. There are four further treasury activity limits the purpose of which are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs. The limits are:

- Upper limits on fixed interest rate exposure – This identifies a maximum limit for fixed interest rates based upon the fixed debt position net of fixed interest rate investments.
- Upper limits on variable interest rate exposure – as above this limit covers a maximum limit on variable interest rates based upon the variable debt position net of variable interest rate investments.
- Maturity structures of borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- Total funds invested for greater than 364 days – These limits are set to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

For the purposes of these indicators the Council's market debt is treated as fixed. Whilst a percentage of the debt may be subject to variation on specific call dates each year, over this Strategy period any such variations are thought unlikely and the debt can be regarded as fixed.

35. The activity limits (prudential indicators) for Member approval are as follows:

RMBC	2015/16	2016/17	2017/18
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rate debt based on fixed net debt	100%	100%	100%
Limits on variable interest rate debt based on variable net debt	30%	30%	30%

RMBC Maturity Structure of fixed interest rate borrowing 2015/16		
	Lower	Upper
Under 12 months	0%	35%
12 months to 2 years	0%	35%
2 years to 5 years	0%	40%
5 years to 10 years	0%	40%
10 years to 20 years	0%	45%
20 years to 30 years	0%	50%
30 years to 40 years	0%	50%
40 years to 50 years	0%	55%
50 years and above	0%	60%

RMBC Maximum Funds invested > 364 days			
	1 to 2 years	2 to 3 years	3 to 5 years
Funds invested > 364 days	£m 10	£m 8	£m 6

Former SYCC	2015/16	2016/17	2017/18
Interest Rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on total debt	100%	100%	100%
Limits on variable interest rates based on total debt	30%	30%	30%

Former SYCC Maturity Structure of fixed interest rate borrowing 2015/16		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years	0%	70%
2 years to 5 years	0%	100%
5 years to 6 years	0%	100%

(g) Treasury Performance Indicators

36. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The results of the following two indicators will be reported in the Treasury Annual Report for 2015/16:

- Debt – Borrowing - Average rate of borrowing for the year compared to average available
- Investments – Internal returns above the 7 day London Interbank Bid rate (LIBID) which is the rate at which a bank is willing to borrow from other banks

(h) Training

37. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training has recently been undertaken by Members of the Audit Committee and further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

(i) Policy on the use of external service advisors

38. The Council uses Capita Asset Services a subsidiary of The Capita Group plc as its treasury management advisors.

39. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments; and,
- Credit rating/market information service comprising the three main credit rating agencies.

40. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the Council recognises that responsibility for treasury management decisions remains with the Council at all times. The service is provided to the Council under a contractual agreement which is subject to regular review.

Treasury Management Practice (TMP) 1 (5) – Credit and Counterparty Risk Management

1. Overview

The Office of the Deputy Prime Minister (now CLG) issued Revised Investment Guidance in March 2010, and this forms the structure of the Council's policy below.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield.

In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code will apply its principles to all investment activity.

In accordance with the Code, the Director of Financial Services has reviewed and prepared its treasury management practices. This part, TMP 1(5), covering investment counterparty policy requires approval each year.

2. Annual Investment Strategy

The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the following:

- The guidelines for investment decision making, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which investments can be made.
- The specified investments the Council may use.
- The non-specified investments the Council may use.

This strategy is to be approved by full Council.

The investment policy proposed for the Council is detailed in the paragraphs below.

2.1 Strategy Guidelines

The main strategy guidelines are contained in the body of the treasury strategy statement.

2.2 Specified Investments

These investments are sterling investments of not more than one-year maturity. If they are for a longer period then the Council must have the right to be repaid within 12 months if it wishes.

These are low risk assets where the possibility of loss of principal or investment income is small.

These would include the following investment categories:

1. The UK Government Debt Management Office.
2. UK Single Tier & County Councils – (i.e. Metropolitans District, London Boroughs, County Councils, Unitary Authorities)
3. Money Market Funds that have been awarded AAA credit ratings by Standard and Poor's, Moody's or Fitch rating agencies and restricted to 20% of the overall investment portfolio
4. A bank or a building society that has been awarded a minimum short-term rating of F1 by Fitch, P-1 by Moody's and A-1 by Standard and Poor's rating agencies. For Building Societies investments will be restricted to 20% of the overall investment portfolio and:
 - a maximum of £5m for a period not exceeding 6 months if the society is ranked in the top 10 by asset size; or
 - a maximum of £1m and a period not exceeding 3 months if the society is ranked 11 to 20 by asset size.

2.3 Non-Specified Investments

Non-specified investments are any other type of investment not defined as specified above.

The criteria supporting the selection of these investments and the maximum limits to be applied are set out below.

Non specified investments would include any sterling investments with:

1. A bank that has been awarded a minimum long term credit rating of AA- by Fitch, Aa3 by Moody's and AA- by Standard & Poor's for deposits with a maturity of greater than 1 year.
2. The Council's own bank if ratings fall below the above minimum criteria.

3. A Building Society which is ranked in the top 20 by asset size. Investments will be restricted to 20% of the overall investment portfolio and:
 - a maximum of £5m for a period not exceeding 6 months if the Society is ranked in the top 10 by asset size; or
 - a maximum of £1m and a period not exceeding 3 months if the Society is ranked 11 to 20 by asset size.

3 The Monitoring of Investment Counterparties

The credit rating of counterparties will be monitored regularly. The Council receives credit rating information from the Council Treasury Management advisors on a daily basis, as and when ratings change, and counterparties are checked promptly.

On occasions ratings may be downgraded after the date on which an investment has been made. It would be expected that a minor downgrading would not affect the full receipt of the principal and interest.

Any counterparty failing to meet the minimum criteria will be removed from the list immediately by the Director of Financial Services, and new counterparties will be added to the list if and when they meet the minimum criteria.

Security, Liquidity and Yield Benchmarking

These benchmarks are targets and so may be exceeded from time to time with any variation reported, with supporting reasons in Mid-Year & Annual Treasury Reports.

1. **Security and liquidity** – these benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators, e.g. the maximum funds which may be invested for more than 364 days, the limit on the use of Non-specified investments, etc.
 - 1.1 Security – Security is currently evidenced by the application of minimum criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies. Whilst this approach embodies security considerations, benchmarking the levels of risk is more subjective and therefore problematic.

One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy.

Credit Rating	1 year	2 years	3 years	4 years	5 years
AAA	0.00%	0.02%	0.06%	0.09%	0.13%
AA	0.02%	0.04%	0.14%	0.27%	0.38%
A	0.09%	0.24%	0.43%	0.61%	0.86%
BBB	0.20%	0.59%	1.02%	1.52%	2.00%

The Council's minimum long term rating criteria (over one year) is "AAA" meaning the average expectation of default for a three year investment in a counterparty with a "AAA" long term rating would be 0.06% of the total investment (e.g. for a £1m investment the average potential loss would be £600).

The Council's minimum long term rating criteria (up to one year) is "BBB" and the average expectation of default for such an investment would be 0.20% (e.g. for a £1m investment the average loss would be £2,000).

These are only averages but do act as a benchmark for risk across the investment portfolio.

The Council's maximum security risk benchmark for the estimated maximum portfolio during 2015/16 is 0.09% which means that for every £1m invested the average potential loss would be £900. This position remains unchanged from 2014/15.

The Council's Treasury advisers maintain a continuous review of the risk position by the inclusion the Council's daily investment position within their online model.

1.2 Liquidity – This is defined as “having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable the Council at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives” (CIPFA Treasury Management Code of Practice). The Council seeks to maintain:

- Bank overdraft – on a day-to-day basis the Council works to an agreed overdraft limit of £100,000 with the Council's bankers. Whilst a short-term increase could be negotiated less expensive short-term borrowing is accessed through the financial markets to remain within the agreed overdraft.
- Liquid, short term deposits of at least £3m available with a week's notice.

The availability of liquidity and the inherent risks arising from the investment periods within the portfolio is monitored using the Weighted Average Life (WAL) of the portfolio. This measures the time period over which half the investment portfolio would have matured and become liquid

A shorter WAL generally represents less risk and in this respect the benchmark to be used for 2015/16 is:

- 0.08 years which means that at any point in time half the investment portfolio would be available within 28 days.

2. **Yield** – These benchmarks are currently widely used to assess investment performance and the Council's local measure of yield is:

- Internal returns above the 7 day London Interbank Bid rate (LIBID) which is the rate at which a bank is willing to borrow from other banks

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1)	Meeting:	Cabinet
2)	Date:	27th February 2015
3)	Title:	Proposed Revenue Budget and Council Tax for 2015/16
4)	Directorate:	Resources (for ALL)

5. Summary

This report proposes a Revenue Budget for 2015/16 based on the outcome of the Council's Financial Settlement. It provides details of:

- The Local Government Financial Settlement
- The new Corporate Priorities reflected in the Budget and spending plans
- The Council's recommended Revenue Budget for 2015/16
- Savings proposals from Directorates and Central Services
- Precepts and levies made on the Council by other authorities
- Proposed Council Tax levels for the coming financial year, and
- Proposed future developments in the 3 year Medium Term Financial Strategy (MTFS) 2015/16 to 2017/18.

The report includes the recommended re-designation of the Commutation Adjustment Earmarked Reserve to the Council's 'Transformation Reserve' (see paragraph 9.2) as a result of this Reserve no longer being required for its original intended purpose.

The 'Transformation Reserve' will initially (in 2015/16) be utilised to meet the likely significant additional costs and potential liabilities facing the Council to enable it to positively and effectively address the improvements required in the Professor Jay, Ofsted and Louise Casey Reports in order to bring about a 'fit for purpose' Council, at the earliest opportunity. At this stage, it is not possible to fully quantify the scale and / or timing of these likely costs and potential liabilities. When reasonably known, the intention is to build a prudent estimate of these ongoing additional costs and potential liabilities into the Council's next budget setting cycle, which will cover 2016/17 to 2018/19. The extent of these additional costs will be routinely reported to the Commissioners and Members as appropriate, as part of the in-year financial reporting framework.

As required by legislation, the report also contains the Interim Strategic Director of Resources and Transformation's (the Council's Responsible Financial Officer) assessment of the robustness of the estimates included within the Budget and the adequacy of the reserves for which the Budget provides.

6. Recommendations:-

1. That Cabinet recommends that Council on the 4th March 2015:

(a) Approves:-

- (i) a General Fund Revenue Budget for 2015/16 of £203.554m to be allocated to services as set out in this report.
 - (ii) the re-designation of the Commutation Adjustment Earmarked Reserve to the 'Transformation Reserve' earmarking these funds to meet the likely significant costs and potential liabilities facing the Council to enable it to positively respond and address the improvements required as stated in the Professor Jay, Ofsted and Louise Casey Reports in order to bring about a 'fit for purpose' Council, at the earliest opportunity.
 - (iii) An increase in the Council Tax of 1.95% in respect of this Council's own Budget giving an annual Band D Equivalent Council Tax of £1,277.73; and
 - (iv) the additional Council Tax generated from a proposed 1.95% increase (£590k) and the net additional funding announced in Rotherham's Final Local Government Settlement (£434k) be invested into support for Child Sexual Exploitation victims and survivors (£200k), additional social workers to make sure children at risk are seen by Children's Services as quickly as possible, (£390k), development of outreach youth based work provision to engage with young people at risk of Child Sexual Exploitation (£234k) and for improving grounds maintenance and the general cleanliness and attractiveness of the borough (£200k).
- (b) Notes and accepts the comments and advice of the Strategic Director of Resources and Transformation, provided in compliance with Section 25 of the Local Government Act 2003, as to the robustness of the estimates included in the Budget and the adequacy of reserves for which the Budget provides.
2. That Cabinet agree that the precept figures from South Yorkshire Police Authority, South Yorkshire Fire and Rescue Authority and the various Parish Councils and Parish Meetings within the Borough be incorporated, when known, into the recommendation to the Council on 4th March 2015.

7. Proposals and Details

7.1 Background: The Ongoing Financial Challenge

Over the last 4 years (2011/12 to 2014/15) the Council has successfully responded to the significant and unprecedented financial reductions imposed on local government as part of the Government's austerity programme. Over this 4 year period the Council has addressed a cumulative funding gap of £93.9m.

For 2015/16 the Council is required to address a further £23m funding gap and this report contains the budget proposals to meet that significant challenge. (Appendix 1).

In addition, since April 2013, local Councils are required to manage an unprecedented transfer of financial risk through the Government's significant and ongoing reforms of both local government finance and Welfare (Benefits) systems. For example – the localisation of business rates retention and the abolition of Council Tax Benefit being replaced by a local Council Tax Reduction Scheme.

Equally, the Government continues to place restrictions on how local authority finances can be used through the Council Tax Excessiveness principles, requiring a local referendum if the proposed council tax increase is 2% or greater.

In meeting the year on year significant financial challenges presented, the Council has demonstrated a successful track record in delivering its financial plans. To this end the Council is, in the current year (2014/15), moving towards a balanced revenue budget. However, it is recognised that into the future this will only be sustainable if the Council maintains a clear focus on its corporate plan priorities and key outcomes and puts in place a new, different relationship with its citizens, residents and other stakeholders.

7.2 Corporate Priorities

On 20th October 2014 Cabinet discussed the corporate priorities for 2015/16. The 3 refreshed priorities that were agreed are:-

- Protecting most vulnerable adults and children
- Getting people into work and getting work to pay
- Cleaner, safer, greener Rotherham (Streetpride and roads)

These priorities will provide a focus on essential services:

- Protecting our most vulnerable people and families, enabling them to maximise their independence
- Stimulating the local economy and helping local people into work
- Ensuring all areas of Rotherham are safe, clean and well-maintained

7.3 Budget Principles

The Corporate Priorities are underpinned by the Council's Budget Principles adopted by Cabinet (3rd July 2013) to ensure our limited resources are effectively targeted;

- Focus and deliver on business and jobs growth;
- Help people to help themselves wherever possible;

- Provide early support to prevent needs becoming more serious and;
- Continue to adopt strong financial management and governance and tight control on spending

To enable this, the Council will:

- Focus on the things **most important** to all local people
- Shift scarce resources to areas of greatest need, including **targeting and rationing** services to a greater extent than at present
- **Limit spending to clearly essential items** when tested against the new budget principles
- **Stop doing things** that are not important to all local people
- **Promote local** – aim to maximise spending power within the Borough across the supply chain

By continuing to adopt a measured approach and planning ahead it is possible for the Council to **protect services for those most in need**. Within the Budget, provision is made to:

- Ensure that safeguarding of children is a top priority through the provision of improved services for children in care and with Special Educational Needs,
- Support vulnerable families and individuals,
- Continue our investment in preventative services and early intervention,
- Reduce the time taken to provide new packages of care and supply equipment, assistive technologies and adaptations to safeguard adults when their life circumstances change,
- Continue to promote new business start-ups and stimulate the local economy,
- Continue to provide a local welfare provision, and
- Continue to invest in infrastructure across the Borough – houses, schools, roads, customer services and town centre regeneration.

7.4 Proposed General Fund Revenue Budget for 2015/16

Set out below is the proposed Net Revenue Budget for 2015/16 resulting from the budget principles referred to above, which is recommended in this report.

Directorate	Proposed Budget 2015/16
	£'000
Neighbourhoods & Adult Services	72,014
Children & Young People's Service	42,223
Environment & Development Services	44,941
Resources	15,113
Central Services (including ITA and other levies)	29,263
TOTAL NET REVENUE BUDGET	203,554

The Budget outlined above will:

- provide additional funding to both protect vital services for those most in need in our community, but also recognises the overwhelming need to provide further support for victims and survivors of Child Sexual Exploitation and targeted early help and preventative work with vulnerable young people;
- enable the Council to positively take forward and address the findings in the Professor Jay, Ofsted and Louise Casey reports to help the Council become 'fit for purpose' at the earliest opportunity;
- focus on corporate and service transformation, ensuring services continue to be equipped to deliver a high standard for the citizens, businesses and stakeholders of the Borough that is fully aligned to the Borough's Community Strategy and Council's Corporate Plan priorities and objectives; and
- Continue to reduce management, administration and support costs as far as is sensible to do so.

In arriving at the proposed 2015/16 budget above, Directorate specific budget proposals have been considered and put forward, totalling £7.761m:

Children and Young People's Service	£0.430m
Neighbourhoods and Adult Services	£4.369m
Environment and Development Services	£2.053m
Resources (Support Services)	£0.909m

Detailed information relating to these proposals are presented in Appendix 1 to this report. In addition to the new Directorate savings above, Directorate savings of £1.898m for 2015/16 were also agreed when the 2014/15 budget was set in March 2014.

Other key savings proposals contributing to closing the Council’s 2015/16 funding gap include:

- Reviewing MTFs planning assumptions (including proposed 1.95% increase in Council Tax) : £5.656m
- Realising benefits from improved treasury and cash flow management: £5.850m
- Working with partner organisations to improve efficiency: £1.500m
- Maximising income from other sources: £1.300m

The Council has wherever possible, tried to minimise the impact of its savings proposals on frontline services to the public - **of the new savings proposed for 2015/16, only £2.5m (under 11%) will represent a reduction to frontline services. No savings are proposed within Children’s Safeguarding services.**

7.5 Resources

As well as spending and cost pressures, the level of resources available to the Council is a key factor to consider in the development of the Budget and these are set out below.

The Council’s Start Up Funding Allocation (SFA) for 2015/16 is set out in the table below:

	£’000
Revenue Support Grant (RSG)	50,925
Baseline Funding Level (Including Top Up Grant)	58,269
Total - Settlement Funding Assessment 2015/16	109,194

7.6 The level of Council Tax

The Council, by prudently managing its finances and tackling the financial challenges early, managed to avoid increasing its Council Tax for four years during a time when residents were facing their own considerable financial strain in a difficult economic and financial climate. However, in 2014/15 the Council found it necessary to raise Council Tax by 1.90%.

For 2015/16, a further 1.95% increase is proposed. This option is not recommended lightly; the alternative was to further reduce valued, front line services. The proposed increase will bring in an additional £0.590m income (after loss of Government Freeze Grant and losses on collection) to the Council which will allow investment in Children’s Social Care and Streetpride services in the Borough in response to feedback from residents and in line with the Council’s priorities.

A 1.95% increase on the tax levied in 2014/15 would mean a **Band D Council Tax (for the Council only) of £1,277.73** and would mean a Band A Tax of £851.82, a Band B Tax of £993.79 and a Band C Tax of £1135.76 per year. **87% of properties in Rotherham are classed as Band A (55%), Band B (19%) or Band C (13%).**

The planned level of Council Tax also takes account of a net £2.000m surplus balance for Council Tax expected on the Collection Fund (Council Tax and Business Rates) as at 31 March 2015. This is expected to be generated by the Council continuing to achieve its excellent record in collecting Council Tax by achieving a higher rate of collection than the 97% expected when setting the previous years' tax levels and minimising its cumulative arrears, (which currently equate to £57 per property, which is one of the lowest levels for a Metropolitan Council).

As required by legislation (the Local Government Finance Act 1992), and as in previous years, a formal report will be brought to Council on March 4th setting out details of the proposed Council Tax calculations for the Council, parished areas and including the precepts from the South Yorkshire Police and South Yorkshire Fire and Rescue Authorities - it is currently expected that the Police Authority will increase their precept by 1.95% (for a Band D equivalent property) and the Fire and Rescue Authority by 1.97%.

A Cabinet meeting on 14th January 2015 approved Rotherham's Council Tax Base for 2014/15 of 65,477.52 Band D Equivalent properties after adjusting for expected losses on collection, the impact of the Council's Council Tax Reduction Scheme and discretionary discounts and exemptions for empty properties and second homes.

Based on the number of properties in the Tax Base and the proposed increase in Council Tax by 1.95%, this will generate a total Council Tax of £83.663m available to support the Council to fund services in 2015/16.

7.7 Proposed Service Investments

The additional Council Tax generated from the proposed 1.95% increase would be £590k (see Section 7.6). It is proposed that this and the net additional funding announced in Rotherham's Final Local Government Settlement (£434k) be invested as follows:

- **Support for Child Sexual Exploitation victims and Survivors (£200k), additional social workers to make sure children at risk are seen by Children's Services as quickly as possible (£390k), development of outreach youth based work provision to engage with young people at risk of Child Sexual Exploitation (£234k); and**
- **Improving grounds maintenance and the general cleanliness and attractiveness of the borough (£200k).**

7.8 Funding the Budget

It is proposed that the financing of the Council's proposed Net Budget of £203.554m for 2015/16 is as follows:-

	£'000
Settlement Funding Assessment (SFA from above)	109,194
New Homes Bonus	5,020
Section 31 Grants etc	3,677
Collection Fund Surplus	2,000
Which will leave to be raised from Council Tax – a 1.95% increase on the Council Tax levied in 2014/15	83,663
Funding Total	203,554

7.9 Medium Term Financial Strategy (MTFS)

The 2015/16 Revenue Budget will be used as the baseline for the update of the Medium Term Financial Strategy (MTFS) 2016-2019. As part of the process of developing the Budget, the MTFS is being refreshed to take account of ongoing Government announcements and the predicted demand for, and cost of services.

Current expectations are that funding to Local Government will continue to reduce at least at a similar rate seen in the previous 4 years, possibly until possibly 2020.

7.10 Specific Government Grants

The Council also receives a number of specific grants. The 2015/16 specific grants that have been confirmed and their value are set out below:

Specific Grants	2015/16 £'000
Public Health	14,176
Department of Health Revenue Grant: Local Reform and Community Voices	181
PFI Education (Revenue)	6,223
PFI Leisure (Revenue)	1,811
PFI Waste (Revenue)	1,781
Housing Benefit Administration Grant	1,763
Council Tax Support – New Burdens Grant	64
Adult Social Care New Burdens	1,297
Lead Local Flood Authorities	24

7.11 Schools Specific Grant Funding

Dedicated Schools Grant (DSG) – The DSG rates per pupil for the Schools Block and the Early Years Block for 2014/15 are £4,836.65 and £3,870.32 respectively. The Schools Block rate has reduced by £7.51 per pupil in 2015/16 in order to reflect the national formula adjustment in respect of the carbon reduction commitment whereas the Early Years Block remains the same as 2014/15. The funding for the High Needs Block continues to be the 2013/14 baseline plus additional funding supporting the additional responsibility for payments to Post 16 High Needs funding previously directed from the DfE to schools.

The School's Pupil Premium is additional funding provided to schools, the value of which is based on 3 elements:

- From April 2015 the 'Disadvantaged Premium' will be £1,320 per pupil for Primary School children compared to £1,300 for 2014/15 and £935 for Secondary School children, the same as in 2014/15. Pupils who have been eligible for Free Schools Meals in the last 6 months will attract this premium.
- The Looked After Children Premium for children who have been looked after for one day or more, and including children who have been adopted from care or who leave care under a special guardianship or residence order (now referred to as Pupil Premium Plus), will be £1,900 per eligible pupil, the same value as in 2014/15.
- The Service Child Premium which funds children of Armed Services personnel has remained at £300 per pupil.

Year 7 Literacy and Numeracy Catch-up Premium was an additional resource for schools directed at additional literacy and numeracy catch-up support during Year 7. Schools are allocated £500 for each pupil not achieving level 4 at Key Stage 2 in reading and/or maths. The rate per eligible pupil remains at £500 for 2015/16.

Devolved Formula Capital funding for Schools is estimated at £634k for 2015/16. The allocation for 2014/15 was £705k.

Sixth form funding from the Education Funding Agency (EFA) is yet to be confirmed. (2014/15 was £3.995m).

8. Finance

The proposals for the 2015/16 Budget and Council Tax contained within this report are put forward having regard to several factors. These are:

- that the assumptions about the level of resources and reserves available to support the 2015/16 Revenue Budget are sound.
- that the budget proposals upon which the Budget is predicated will be actioned, as appropriate, and that this will be done having full and proper regard for the Council's financial position. The prospects of this are good.
- that the Council is committed to articulating a clear vision which clearly sets out its key priorities and expected outcomes for the next 3 to 5 years which will define the services it will provide and at what level, aligned to the resources it has available. In delivering the transformational change required, the Council will ensure the sustainability of its annual Budget and other financial plans as well as the resilience of its overall financial position. The prospects for achieving this will be challenging but are deliverable.

This report recommends:

- The Council Tax is increased by 1.95% **to £1,277.73 at Band D equivalent,**
- a General Fund Revenue Budget for Rotherham Council **in 2015/16 of £203.554m.**
- For information, the following general assumptions with respect to inflation have been provided for within the Budget:
 - An overall 2.2% increase (15 month pay award) in staff pay in line with the agreed Local Government Employers' Organisation rate.
 - A general price inflation rate of nil %, and where known in relation to specific items of expenditure, a specific provision for inflation if significantly different. **In line with Council policy, it is expected that all such inflationary pressures will be contained within Directorate Cash Limit budgets.**
 - Income inflation - agreed on a service by service basis.

9. Risks and Uncertainties

9.1 Report of the Interim Strategic Director of Resources and Transformation (the Council's Responsible Financial Officer)

The Responsible Financial Officer of an Authority (in Rotherham Council's case the Interim Strategic Director of Resources and Transformation) is required by Section 25 of the Local Government Act 2003 to report to the Authority when it is making the statutory calculations required to determine its Council Tax, and the Authority is required to take that report into account. The report should deal with:

- The robustness of the estimates included in the Budget; and
- The adequacy of reserves for which the Budget provides.

The report does not have to be a separate document and so I have included my comments in this report and Cabinet is asked to take account of them.

The budget setting process has been challenging given the unprecedented scale of the ongoing funding reductions required and the timescales in which to achieve them. Delivery of £23m savings following delivery of almost £94m savings in the previous four years presents a significant challenge (to all Councils) in formulating a robust and sustainable budget and preserving a financially resilient overall financial position.

By adhering to a clear set of budget principles and taking a measured approach and planning ahead, the Council has put itself in a strong position to ensure that the Budget proposals put forward are robust and deliverable, whilst seeking to ensure that vital public services continue to be available to those in our community that are most in need of them.

The Council continues to have a strong track record of delivering savings and making further efficiencies year on year. It also has a strong financial reporting framework to ensure that the Council continues to manage closely the delivery of the proposals in the Budget so as to preserve the resilience of the Council's overall financial position.

From April 2013 the Localisation of Business Rates and the introduction of the Council Tax Reduction Scheme both transferred significant financial risks from Central Government to a local authority which put pressure on the level of income collectable and overall collection rates which will have a direct impact on future resources available to the Council. In Rotherham we have a very strong track record of collecting both business rates and council tax income and therefore I believe the collection level assumptions included in setting this budget adequately reflect this risk.

As the Chief Financial Officer for the Council, I consider that the budget proposals and estimates included within the proposed Budget are robust. The MTFS will be kept under continuous review with particular reference to giving early consideration to developing the 2016/17 to 2018/19 budget.

9.2 Reserves

The Council holds a level of uncommitted reserves that could be drawn on, if required, to support the 2015/16 Budget and to give time for serious action to be taken to bring the Budget back into balance, so as to ensure its sustainability for the future.

I have conducted a detailed review of the level and purpose of the Council's reserves, together with their operational arrangements (in line with recommended best practice). The review, incorporating a risk assessment of each reserve, has guided my decision regarding the prudence of the level of reserves available to draw upon, if necessary, during 2015/16.

The Council's reserves, based on the latest monitoring, are expected to be £61.1m by 31st March 2015 and this is broadly in line with the Council's current financial plan.

The majority of reserves (£49.9m) are mostly held as ring fenced to particular statutory services including Schools (£2.4m) and Housing Revenue Account (£20.7m) and to meet long term contractual PFI obligations (£13.6m). The balance (£13.2m) is earmarked for specific needs.

Within this ring-fenced total is a sum of £8.4m held within the Commutation Adjustment Reserve. The resources held here are no longer required for the purposes originally envisaged. Taking account of the significant challenges facing the Council in positively responding to and bringing about the improvement required in the Professor Jay, Ofsted and Louise Casey Reports, it is recommended that Members approve the re-designation of this reserve to an Earmarked Transformation Reserve. The resources held there are retained and utilised for meeting the likely significant, additional costs and potential liabilities facing the Council in order to help bring about a 'fit for purpose' Council, at the earliest opportunity.

This means that approximately £11.2m (5.5% of the proposed net revenue budget) would be generally available to safeguard the Council against the potential financial risks in the financial plan. Based on an assessment of those risks and the likelihood of them occurring I consider this to be a prudent level. However, given the speed of government funding and policy change over last 4 years and the very significant challenge facing the Council it will be imperative that the adequacy of the reserves position is monitored carefully as part of the ongoing assessment of the financial risks facing the Council.

10. Policy and Performance Agenda Implications

A balanced and sustainable Budget and a financially resilient overall financial position is fundamental to the delivery of the Council's planned level and range of services during the coming financial year in support of its stated key priorities.

The Council has undertaken consultation upon the overall level of the proposed budget. This has included Area Assembly meetings, Area Housing Panel meetings, Online Budget Consultation, Online Budget Forum, Rotherfed Board meeting, Parish Council's Network meeting, staff consultation and a budget session with the Voluntary sector chaired by the Deputy Leader.

In addition individual departments have given consideration to the impact of the proposed budget savings and realignment of services on the community and individual groups. The assessment of the impact of any proposal will be iterative, with all proposals having an appropriate impact analysis undertaken prior to the implementation of the service changes.

11. Legal Considerations

When setting the budget, the Council must be mindful of the potential impact on service users. In particular, Section 149 of the Equality Act 2010 imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation). The details of the analysis of the budget proposals undertaken so far, is described above. However, case law has clarified that there is no obligation on a local authority to carry out an equality impact analysis of the high level strategic budget setting process. Once the budget has been set and as spending decisions are made, service by service, and as policies are developed within the constraints of the budgetary framework, proposals will be further considered by Members and will be subject to an appropriate and proportionate assessment of any equality implications.

12. Background Papers and Consultation

- Council Tax Reduction Scheme report – Cabinet 24th September 2014
- Council Tax Base Report 2015/16 – Council 14th January 2015
- Local Government Financial Settlement – 5th February 2015

Consultation with SLT, elected Members and Trade Unions.

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BUDGET 2015/16 - SAVINGS PROPOSALS

Directorate / Service	2015/16 £'000	2016/17 £'000	2017/18 £'000	2015/16 FTE	2016/17 FTE	2017/18 FTE
Children & Young People's Services	430	-131	0	0.0	0.0	0.0
Neighbourhoods & Adult Services	4,369	-779	67	10.0	3.0	2.0
Environment & Development Services	2,053	300	500	4.7	0.0	0.0
Resources	909	-90	7	5.0	0.0	0.0
Central Services	14,306	-5,280	500	0.0	0.0	0.0
New Proposals TOTAL	22,067	-5,980	1,074	19.7	3.0	2.0
CUMULATIVE		16,087	17,161			

Add:

Proposals Agreed in 2014/15 Budget Process	1,898
TOTAL SAVINGS PROPOSALS 2015/16	23,965

REVISED FUNDING GAP (following Provisional & Final Settlements)	22,941
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Funding Available for Investment	1,024
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Proposed Investments:	
Support for Child Sexual Exploitation victims and survivors (£200k), additional social workers to make sure children at risk are seen by Children's Services as quickly as possible (£390k) and development of outreach youth work based provision to engage young people at risk of Child Sexual Exploitation (£234k)	824
Improving grounds maintenance and the general cleanliness and attractiveness of the borough	200
Total	1,024

BUDGET 2015/16 - DIRECTORATE SAVINGS PROPOSALS

Directorate: Children & Young People's Services							
Proposal Ref:	Action	2015/16 £'000	2016/17 £'000	2017/18 £'000	2015/16 FTE	2016/17 FTE	2017/18 FTE
CYPS 8	Rockingham Professional Development Centre: capacity to increase traded service income target	30	0	0	0	0	0
CYPS 9	Primary, secondary, special and nursery school pension costs: Net reduction in pensioners paid	56	0	0	0	0	0
CYPS 10	LAC Transport. Reduction in taxi travel undertaken by Looked After Children. Improvement in internal controls in respect of requesting/cancelling taxis.	18	0	0	0	0	0
CYPS 7	City Learning Centres: close one centre and operate on a fully traded basis from 1st September 2015 (one off use of reserve)	200	-200	0	TBC	TBC	0
CYPS11	School Meal Price Increase: by an additional 5p per meal with effect from September 2015. (5p already approved, additional 5p proposed)	126	69	0	0	0	0
TOTAL CUMULATIVE		430	-131 299	0 299	0	0	0

BUDGET 2015/16 - DIRECTORATE SAVINGS PROPOSALS

Directorate: Neighbourhoods & Adult Services							
Proposal Ref:	Action	2015/16 £'000	2016/17 £'000	2017/18 £'000	2015/16 FTE	2016/17 FTE	2017/18 FTE
NAS 1	Independent Residential Care (Older People) - Remove the premium payment to Providers for the Home from Home scheme (The scheme would continue without the payment)	118	0	0	0	0	0
NAS 7	Children's Public Health - cease provision of Imagination Library in 2015-16.	333	67	0	0	0	0
NAS 8	Direct Residential Care - Learning Disabilities - Implement review of management structure in respite services.	0	38	0	0	1	0
NAS 13	Supporting People - review of Floating Support and wardens contracts.	260	100	0	0	0	0
NAS 14	Performance & Quality - Reduction of 1 temporary post (Band K)	50	0	0	1	0	0
NAS 15	Procurement - review of team structure leading to an overall reduction in staffing	20	30	35	1	1	2
NAS 17a	Drug and Alcohol Services - re-alignment around new Recovery Hub. Integration of Health and Social Care and rationalisation of number of clinics.	151	103	0	0	0	0
NAS 17b	Internal reconfiguration of Drugs and Alcohol services - to maximise efficiencies and provide a more targeted and tailored service.	348	0	0	0	0	0

NAS 24	Direct Provision - Enabling Care - Implement the review of the enablement offer to provide a reduced, more targeted service to users.	200	50	0	7	1	0
NAS 28	Training - reduction in the budget available to deliver training to social care providers including independent sector.	35	33	32	0	0	0
NAS 29	Community Engagement - Integrate community consultation, engagement and development activity under the management of one M3 manager.	50	0	0	1	0	0
NAS MTFS1	Carers: Specific grant funding now confirmed as part of Better Care Funding from April 2015.	500	0	0	0	0	0
NAS MTFS 2	Capitalise REWS and Assistive Technology budgets	590	0	0	0	0	0
NAS New a	Supporting People -Cease HIV contract with Shield	21	0	0	0	0	0
NAS New d	Public Health: Contribution to support the integrated Policy Team	98	0	0	0	0	0
NAS - Contracts	Residential Care: Review of independent sector contract inflation/fee uplifts	280	0	0	0	0	0
NAS - Rothercare	2015/16 Increase income through promotion and take-up	50	0	0	0	0	0
NAS - Fees and Charges	Review of Non Residential care fees and Charges	65	0	0	0	0	0
Neigh	Rotherham Furnished Homes: capitalisation of furniture costs / utilisation of forecast trading surplus	1,200	-1,200	0	0	0	0

TOTAL	4,369	-779	67	10	3	2
CUMULATIVE		3,590	3,657			

BUDGET 2015/16 - DIRECTORATE SAVINGS PROPOSALS

Directorate: Environment & Development Services							
Proposal Ref:	Action	2015/16 £'000	2016/17 £'000	2017/18 £'000	2015/16 FTE	2016/17 FTE	2017/18 FTE
Asset Management							
EDS 1	Property Rationalisation: Savings from further rationalising the Council's estate. Involves releasing surplus assets to support development and economic growth, in accordance with Cabinet's resolution of 5th February 2014.	180	0	0	0	0	0
EDS 2	Environmental Management – energy efficiency savings & charges	40	0	0	0	0	0
EDS Supp	Asset Management: Review of non pay Budgets (non-priority training, equipment and materials)	20	0	0	0	0	0
Corporate Communications & Marketing:							
EDS4 a	Reduce the hours of 1 Band K post	8	0	0	0.2	0	0
EDS4 b	Cease Annual Subscriptions 'Welcome to Yorkshire'	15	0	0	0	0	0
EDS4 c	Cease provision of LA Partnership 'One Town One Community' Marquee at Rotherham Show	8	0	0	0	0	0
EDS4 d	Cease payment of Newspaper Licence	2	0	0	0	0	0
EDS 20 c	Comms & Media: Net staff savings through Voluntary Severance	7	0	0	0	0	0
EDS 20 d	Comms & Media: Remove contingency budget for Events	5	0	0	0	0	0
Planning, Regeneration and Culture:							
EDS 5 Libraries &	Reduce Libraries Materials fund	70	0	0	0	0	0

Libraries & Customer Service Centres	Community model – revised Library staffing	42	0	0	1	0	0
	Rationalise operational and strategic management and support services & management	14	0	0	0	0	0
EDS 6	Streamline non-pay budgets and continue to build on economies of scale. Bring operation of Boston Castle into core budgets	2	10	0	0	0	0
EDS 7	Building Control income – increase in applications	20	0	0	0	0	0
EDS 8	Planning – Loss of 2 posts due to severance. (1 x Band I post & 1 x Band F post)	70	0	0	2	0	0
Streetpride:							
EDS 9	Network Maintenance Reduce Budget (One-off)	200	-200	0	0	0	0
EDS 11	Remodelling Waste PFI Costs	1,000	500	500	0	0	0
EDS 12	Waste Treatment - Sale of spare capacity (Manvers Waste PFI)	75	0	0	0	0	0
EDS 14	Reduce opening hours at Recycling Centres	20	10	0	0	0	0
EDS 15	Reduced number of 'Bring' Sites	5	0	0	0	0	0
EDS 16	<u>Corporate Transport Unit:</u>						
	Undertake Taxi driving Tests, Driving License checks on behalf of Licensing	8	0	0	0	0	0
	Bus Services Operators Grant (one off)	20	-20	0	0	0	0
	Home to School Transport – reduced service demand	50	0	0	0	0	0
EDS 17	Further reduce Business Support – staff savings	40	0	0	1.5	0	0
EDS 18	Vehicle fuel efficiencies – reduce consumption through fleet replacement programme	100	0	0	0	0	0
EDS 19	Non Staff savings: Off Road Motor Vehicles (£5k), Countryside Services (£12k), Environmental Development (£3k), Waste PFI (£12k)	32	0	0	0	0	0
TOTAL CUMULATIVE		2,053	300	500	4.7	0	0
			2,353	2,853			

Directorate: Resources							
Proposal Ref:	Action	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
		£'000	£'000	£'000	FTE	FTE	FTE
Democratic Services							
Res 1	Reduction of 3 x Cabinet Member posts	48	0	0	0	0	0
Res 2 - 5	Reductions to Member Allowances	143	0	0	0	0	0
Res 6 & 7	Reductions to Mayoral Budgets and reduce number of 'Official' cars from 3 to 2.	11	0	0	0	0	0
Res 9	International Visits - 50% reduction to budget for Members travelling abroad on official business	5	0	0	0	0	0
Res 10	Cease Nuclear Free Local Authorities annual affiliation subscription	2	0	0	0	0	0
Res 16	Electoral Services - Combined elections (Parliamentary/Borough/Parish) in 2015/16 - one off	30	-30	0	0	0	0
Legal Services							
Res 17	Legal Services - reduce subscriptions (£8k), on-line research and training budgets (£6k)	14	0	0	0	0	0
Res 18	PCP income to fund the maintenance of a police and crime panel (One-off)	11	-11	0	0	0	0

Res 19	Corporate Business Support: additional income generation through trading with external organisations	10	0	0	0	0	0
Legal 2B	Legal services: Further reduce non-staffing budgets	10	0	0	0	0	0
Finance							
Res 20	Staffing: Loss of grade protection and non-backfill of maternity leave, reduce training budget	46	-26	0	0	0	0
Res 21	Reduction in External Audit Fees	37	0	0	0	0	0
Res 22	Additional income generation: schools and academies	48	0	0	0	0	0
Res 23	Reduce subscriptions to CIPFA	5	0	0	0	0	0
Res 24	Introduce charges (to cover costs) for credit card payments	35	0	0	0	0	0
Fin 2a	Restructure of staff duties and release a member of staff through voluntary severance. Deletion of a part time vacant post	55	0	0	1	0	0
Fin 2b	Further reduction to CIPFA subscriptions budget	7	0	0	0	0	0
Fin 2c	Additional income generation - academies, schools etc.	0	7	7	0	0	0
Revenues & Benefits							
Res 25	Release one-off grant funding for New Burdens	30	-30	0	0	0	0
Res 26	Reconfiguration of service (Digital by Default), functions and business processes (printing & postage)	50	0	0	0	0	0

Res 27	Court costs and fees - increase in reimbursements due to increased volumes and new enforcement procedure	45	0	0	0	0	0
Res 28	Staffing reductions - service restructure due to transfer of some responsibilities to DWP (Single Fraud Investigation Service) (SFIS)	30	0	0	1	0	0
HR & Payroll							
Res 29	Work Package 4 transformation - staff savings through reconfiguration of duties	80	0	0	2	0	0
Res 30	Additional RMBC and DMBC Disclosure and Barring Service (DBS) income generation	28	0	0	0	0	0
Res 31	DMBC HR & Payroll contract inflation	51	0	0	0	0	0
Res 32	HR Advice & Guidance / Corporate HR service - efficiencies/income	50	0	0	1	0	0
Res 33	Trade Union Secondment Budget Reduction	28	0	0	0	0	0
TOTAL CUMULATIVE		909	-90	7	5	0	0
			819	826			

CENTRAL SERVICES							
Proposal Ref:	Action	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
		£'000	£'000	£'000	FTE	FTE	FTE
Cent 1	Increase in Council Tax Base and reduced cost of Council Tax Reduction Scheme (CTRS) and proposed increase in Council Tax by 1.95%	3,205	500	500	0	0	0
Cent 2	Surplus on Council Tax Collection Fund	2,000	-500	0	0	0	0
Cent 3	Additional New Homes Bonus - Increased share relative to other LA's and additional properties brought back into use	300	0	0	0	0	0
Cent 4	Business Rates refund (Appeals) - Council Properties (net of fees, one	400	-400	0	0	0	0
Cent 5	Reduced PFI contribution (one off, reflecting reassessment of residual contractual liabilities / assumption on long term interest rates over remaining contract period)	2,000	-2,000	0	0	0	0
Cent 6	Gas and Electricity price reductions	20	0	0	0	0	0
Cent 7	Combined Authority / Integrated Transport Authority Levy reductions	1,500	0	0	0	0	0
Cent 8	Capital Financing - additional use of Capital Receipts to reduce MRP cost and interest savings on refinancing loans	1,765	0	0	0	0	0

Cent 9	Release of Digital Region Limited Provision	1,300	-1,300	0	0	0	0
Cent 10	Procurement: Discounts Receivable / Supplier Volume Rebates	200	0	0	0	0	0
Cent 11	Revenue Grant Flexibilities (one off)	400	-400	0	0	0	0
Cent 12	Reduction in sundry accounts bad debt provision - improved debt	85	-85	0	0	0	0
Cent 13	Release of Voluntary Severance / Voluntary Early Retirement 'top up' provision	1,095	-1,095	0	0	0	0
Cent 14	Reduced Contribution requirement for the South Yorkshire Camera Partnership	36	0	0	0	0	0
TOTAL CUMULATIVE		14,306	-5,280	500	0	0	0
			9,026	9,526			

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET
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1	Meeting:	CABINET
2	Date:	27th February 2015
3	Title:	Capital Programme Monitoring 2014/15 and Capital Programme Budget 2015/16 to 2017/18
4	Directorate:	Resources

5 Summary

The purpose of this report is to provide details of the current forecast outturn for the 2014/15 programme and enable the Council to review the capital programme for the financial years 2015/16 and 2017/18.

The proposed Capital Programme for 2015/16 to 2017/18 ensures that the Council's capital expenditure plans are aligned with its strategic priorities and vision for Rotherham.

Specifically the three year Capital Programme will deliver on the following key Council priorities:

- **£15.9m investment in highway infrastructure projects and maintenance to improve the Borough's roads.**
- **£12.4m investment in school buildings to provide additional pupil places and improve existing building conditions.**
- **£4.2m investment in street lighting to enable revenue savings by investing in new lighting technology.**
- **£92.1m investment in new housing and improvements to existing stock and the estate infrastructure.**

6 Recommendations

CABINET IS ASKED TO:

NOTE THE CONTENTS OF THIS REPORT; AND

RECOMMEND THE APPROVAL OF THE UPDATED 2014/15 TO 2017/18 CAPITAL PROGRAMME BY FULL COUNCIL. THIS PROGRAMME INCORPORATES EXPENDITURE FUNDED THROUGH GRANT ALLOCATIONS ANNOUNCED SINCE THE LAST REPORT WAS PRODUCED, AND INCLUDES THE 2017/18 HOUSING INVESTMENT PROGRAMME FUNDED THROUGH THE HRA.

IN PARTICULAR, MEMBERS SHOULD NOTE THE FOLLOWING MAJOR ADDITIONS TO THE CAPITAL PROGRAMME AND SUPPLEMENTARY APPROVALS TO EXISTING SCHEMES.

- **Additional expenditure on Highway Maintenance and Improvements to Non-Principal Roads funded by Prudential Borrowing (£3m in 2015/16, £2m in 2016/17). Recommended for approval.**
- **Waste Management – Capitalisation of Wheelie Bins (£0.181m in 2014/15 and £0.181m in 2015/16). Proposed as part of the 2015/16 Revenue Budget.**
- **Expansion of the Town Centre Street Market (£0.048m in 2014/15). Approved by the Cabinet Member for Business Growth and Regeneration, 12th January 2015.**
- **Reroofing works to Moorgate Crofts (£0.051m in 2014/15). Approved by the Director of Planning and Regeneration under delegated powers, 5th November 2014.**
- **Assistive Technology (£0.510m in 2015/16 and £0.400m in 2016/17). Proposed for approval as part of the 2015/16 Revenue Budget.**
- **Rotherham Equipment and Wheelchair Service (REWS) Equipment (£0.190m in 2015/16 and £0.190m in 2016/17). Proposed for approval as part of the 2015/16 Revenue Budget.**
- **Furnished Homes – Capitalisation of Furniture and White Goods – (£1.2m in 2014/15; £2.88m in future years). Proposed for approval as part of the 2015/16 Revenue Budget.**

Where not funded by grant or by the service from its own resources, the revenue implications from these schemes have been built into the Council's 2015/16 Revenue Budget and Medium Term Financial Planning assumptions.

7 Proposals and Details

7.1 Background - The Capital Programme 2014/15 to 2017/18

In order to maintain that strategic link, and make best use of the capital resources available to the Council, it is important that this programme is kept under regular review and where necessary revisions are made. This programme was last reviewed in December 2014, and has now been the subject of a further review, the results of which are reflected in the Directorate summary table presented below. A detailed analysis of the programme for each Directorate is attached at Appendices 1 to 4.

The financial implications of the Programme are reflected in the Council's Medium Term Financial Strategy (MTFS) and Treasury Management and Investment Strategy.

	2014/15 Revised Estimate	2014/15 Variance from Last Report	2015/16 Estimate	2015/16 Variance from Last Report	2016/17 Estimate	2016/17 Variance from Last Report	2017/18 Estimate
Directorate	£m	£m	£m	£m	£m	£m	£m
Children & Young People's Service	11.419	-0.477	9.736	+0.473	2.694	0	0
Environment & Development Services	27.484	-1.337	21.863	+5.774	5.929	+2.000	0
Neighbourhoods & Adult Services	37.238	+0.789	37.754	+7.148	36.504	+8.873	36.747
Resources	2.753	+0.004	0.671	0	1.283	0	0.706
TOTAL	78.894	-1.021	70.024	+13.395	46.410	+10.873	37.453

This updated programme has 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 is 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 future capital receipts and revenue savings.

7.2 Directorate Programme Commentaries

7.2.1 Children and Young People's Services Capital Programme 2014/15 to 2016/17

The revised proposed spend for 2014/15 is **£11.419m**, with a further **£12.430m** of investment in the remaining two years of the current programme.

A copy of the current full programme is attached to this report at Appendix 1. Commentary on the main aspects of the programme and the nature of the spend is given below, including schemes at several schools across the Borough required to address the increase in pupil numbers, including the central Rotherham catchment areas where the problem is particularly acute.

Primary Schools

Spend on Primary Schools is estimated to be £5.402m in 2014/15, with a further £5.358m of planned spend in 2015/16 to 2016/17. The major investments to note in this area are:

- Work was completed in April 2014 on the **Autism Resource at Flanderwell Primary School** (£0.305m in 2014/15). This resource will cater for 10 pupils who will benefit from a purpose built facility. Negotiations are ongoing with Interserve, regarding a final valuation in respect of this contract. Legal advice has been sought on the issue. Prudently an amount of £0.100m has been earmarked against programme underspends within the 2014/15 programme in respect of this final settlement payment. Depending on the timescales for a resolution of this issue, this amount may need to be reprofiled into 2015/16. An update on these negotiations will be provided in the next report.
- Works have been completed on the expansion of **Wath CE Primary School** (£1.084m in 2014/15). This project has seen the renovation of existing classroom and toilet areas.
- Works have been completed at **Dalton Listerdale Junior & Infant School** (£1.266m in 2014/15). This project has seen a permanent expansion of the school, creating a further four classrooms.
- Works have been completed at **Badsley Moor Infants School** (£0.193m in 2014/15) to construct an extension to form a new main entrance area to the school, together with the conversion of classrooms to form an IT suite and administrative areas. Works have also been carried out to the dining room of £0.023m, funded from the Universal Free School Meals grant, which is discussed in more detail below.

- Works have commenced on site of the **New Central Primary School** to be located on Eldon Road Allotment site (£1.391m in 2014/15 and £4.998m in 2015/16). At the meeting of 16th September 2014, Cabinet Member for Children and Education Services approved a tender from Wildgoose Construction for this work. This has led to an increase in the 2015/16 budget for this project of £1.050m. This project will be the subject of a further report, identifying other budgetary pressures arising from the relocation of the allotments and fit out costs, which are currently being contained within the project contingency funding. Works are programmed to complete by September 2015.
- Work has been completed on an additional one classroom block at **Brampton Ellis Junior School** (£0.186m in 2014/15).
- Work has been completed on an extension to form an additional classroom facility at **Thurcroft Infants School** (£0.108m in 2014/15).
- The Council has received grant funding of £0.600m in 2014/15 in respect of works required to meet the Government's requirement to provide **Free School Meals** to infant school pupils. The monies have been are being spent on capital works to kitchens, including extensions and new kitchen equipment.
- Works have been undertaken at **Rawmarsh St. Mary's** to allow the facility to be used as a Pupil Referral Unit (PRU); (£0.069m in 2014/15). These works are being funded by borrowing, the costs of which are being covered by the Directorate.
- No further payments are due in respect of the **Herringthorpe Infant and Junior School Expansion** which was completed in 2013/14. Work by the Council's quantity surveyor has confirmed that £0.098m can be released from the 2014/15 budget.

Secondary Schools

- **Maltby Academy** (£1.006m in 2014/15). The Council continues to have an interest in the buildings until finalisation of the proposed long term lease of the assets to the Academy and is providing professional and technical support for the project. Building works have now been completed and the school have taken possession of the new buildings.
- Works have now commenced on the 18 block classroom extension at **Wickersley School and Sports College** (£1.356m in 2014/15 and £1.547m in 2015/16). This work had been delayed owing to the need to obtain approval from the PFI funders. The work, which is required in order to address an increase in pupil numbers, is now due to be completed for October 2015. As a result of the delays, £0.244m has been reprofiled into 2015/16.

Other Projects

The other major investments to note are:

- Using Government funding minor enhancement works are carried out at schools. The spend on the **Capitalised Minor Enhancements** programme in 2014/15 is estimated to be £2.036m, these works include:
 - Refurbishment works at The Bridge, required as the facility is being brought under the control of Newman School.
 - Roofing works at Redscope Primary School.
 - An extension and refurbishment works at Rawmarsh Sandhill Primary.
 - Replacement windows at Swinton Comprehensive School.
 - Replacement windows at Kiveton Park Meadows Junior School.
 - Repair works and alterations to the School Hall and School House at Wales Primary.

A further £3.663m is due to be spent on similar schemes in the remaining years of this programme.

- **Devolved Formula Capital Grant (DFCG)** is paid annually to schools for them to use on small capital projects. In 2014/15 £1.174m is estimated to be spent with a further estimated £1.368m to be allocated in subsequent years. Future year's allocations are subject to confirmation from the DfE.
- Investment is continuing in the **Property Adaptations** programme (£0.262m in 2014/15), which will deliver greater capacity in terms of fostering placement.
- Investment is also continuing in the **Entitlement for Early Years Provision** project (£0.023m in 2014/15 and £0.244m in 2015/16), which will allow 2 year olds to take up free early education entitlement. The spend has been re-profiled to reflect changes in the childcare market, which has led to a review of the method of allocating the capital grant.

Future Funding Announcements

Whilst this report was being prepared, the Department for Education announced that 5 Rotherham schools will receive funding under the next stage of the Priority School Building Programme; Harthill Primary, Saint Pius X, Newman School, Brinsworth Comprehensive and St. Bernard's. This programme runs until 2021, and schools accepted on the Programme will next enter a scoping phase to determine the extent of works to be carried out. At this point the individual allocations are not known. In addition, £1.979m of Basic Need funding was announced for 2017/18.

7.2.2 Environment and Development Services (EDS) Capital Programme 2014/15 to 2016/17

The revised 2014/15 forecast programme is **£27.484m**, with total planned expenditure over the remaining period of the programme of **£27.791m**. A copy of the full programme is attached to this report at Appendix 2. Commentary on the main aspects of the EDS programme, that are contributing to the regeneration of the Borough and the enhancement of its infrastructure and the changes to planned spend, are shown below.

Planning, Regeneration & Cultural Services

Customer & Culture Services (£0.027m in 2014/15, £0.577m in 2015/16)

There have been some major changes to this element of the programme from the last report.

- **Catcliffe Glass Cone**, the emergency work on the tower is now complete (£0.027m). The project came in under budget as only work on essential maintenance was completed, the cone is now safe and secure. Further work on the ground would be required if access was to be given to the general public, this is not seen as an option at the moment.
- In view of the asbestos and re-wiring issues encountered during initial investigations at **Wath Library**, the building has been included in a full review of Wath town centre properties that are of similar construction. As a result, the £0.155m has been removed from the Capital Programme.
- Library and Customer Services have been working with **Brinsworth** Parish Council and colleagues in Asset Management for some time to develop options to sustain and improve the **library** service within the area. Following consultation within the local community, the Parish Council is leading on and has submitted bids for external funding to support the development. In addition there is an existing Section 106 allocation of £124,800 allocated to the delivery of library services within Brinsworth. The Council's approved commitment to support the scheme of £0.499m has been reprofiled into 2015/16.
- Work has been carried out in a number of locations, including Dinnington and Swinton, following the co-location of libraries and customer service centres. Active prioritised projects cover sites across the Borough and are dependent upon public stakeholder consultation. **Library facilities** - £0.078m has been reprofiled into 2015/16.

Regeneration (£1.164m in 2014/15, £0.109m in 2015/16)

- **Rotherham Townscape Heritage Initiative (THI)** (£0.927m in 2014/15) continues to deliver improvements to the town centre, investing in the renovation of shop frontages, structural works and roof replacements. Works being undertaken include The Three Cranes, George Wright Building and 29-29a High Street, which are expected to be completed by March 2015. Work on these projects has involved significant structural repair to the building fabric, along with the reinstatement of architectural details. The forecast has been reduced by £0.090m to reflect the fact that all grant claims had to be in by the 31st December 2014 to satisfy the funding body's terms and conditions.
- The **High Street Public Realm** (£0.227m in 2014/15, £0.109m in 2015/16) improvements to the street itself have also taken place in 2014/15, with the final section to start once scaffolding to the last building is removed. This delay and the inclusion of the Steel Heart sculpture to the High Street mean the project will now run into 2015/16.

Business Retail & Investment (£4.520m in 2014/15 nothing currently programmed beyond)

- The full purchase of two new business investment units at **R-Evolution** on the Advanced Manufacturing Park, from Harworth Estates, was completed on the 26th November 2014 (£4.331m in 2014/15). The Council has sold Unit 3 to X-Cel Superturn (GB) Limited for £2.75m. An offer has been received for Unit 4 from the University of Sheffield, and it is hoped that this sale can be finalised before the end of March 2015.
- Two new projects have been added to the programme since the last report, the **Reroofing of Moorgate Crofts** (£0.051m in 2014/15) and the **Expansion of the Town Centre Street Market** (£0.048m in 2014/15). The Moorgate Crofts Reroofing is being funded by a revenue contribution from the service. The Expansion of the Street Market was approved by the Cabinet Member for Business Growth and Regeneration at the meeting of the 12th January 2015.

Streetpride Services

Leisure & Community Services (£0.699m in 2014/15 £0.374m in 2015/16)

- **Caged Vehicle Replacement** (£0.312m 2014/15) Purchase of 10 caged vehicles, used to support litter bin emptying and litter picking operations, and 1 HIAB vehicle used to support fly tip removal operations.

- **Firsby Reservoir Phase 2** (£0.043m 2014/15, £0.082m 2015/16) Works to discontinue Firsby Reservoir have started addressing the siltation problems at the head of the reservoir, and will then move on to address access problems. Works under the direction of the reservoir engineer are still being discussed, and are now planned for the spring, so the project will now run over two financial years.
- **Rother Valley Country Park Facilities** (£0.241m 2014/15) This project to deliver a new classroom and cycle centre in the park is almost complete.
- **Thrybergh Country Park Phased Improvements** (£0.036m 2014/15, £0.100m 2015/16) This project will provide a new indoor soft play area and ice cream parlour, an extension of the outdoor play facility, and remodelling of the car park, café front and lakeside.

Network Management (£7.447m 2014/15, £8.225m 2015/16, £5.402m 2016/17)

- **Street Lighting** (£2.413m 2014/15, £2.704m 2015/16) Includes the LED Lanterns (£1.208m 2014/15) and column replacement programme (£0.450m 2014/15). Two schemes to improve the lighting infrastructure and reduce energy costs. Spend of £0.371m has been reprofiled into 2015/16. In respect of 2015/16 the following works are planned; replacement of 1,300 concrete columns, 1,500 main route lanterns and 7,000 residential lanterns.
- Protracted negotiations over the **Drainage Works on Don Street** are on-going. There are a number of works being considered including flood defence and section 278 road improvements, whereby other funding or partnership contributions are being negotiated. Service estimate that the earliest start for the works will now be April 2015 (£0.627m 2015/16).
- Flood alleviation schemes are almost complete in **Wath upon Dearne** (£0.345m in 2014/15), which is replacing defective trash screens at the head of the culverted watercourses, with more appropriately designed and maintained screens.
- **Aston, Aughton and Swallownest Phase 1** scheme (£0.204m in 2014/15) which is providing individual flood protection to thirty properties and involves the replacement of defective screens at the head of the culverted water course. Works on phase 1 have been completed.
- **Aston, Aughton and Swallownest Phase 2** scheme. The Environment Agency has given permission to carry out a phase 2 of the scheme. The works commenced in January 2015, to be completed by the end of March 2015 (£0.145m 2014/15).
- In addition to the £1.894m allocated in both 2015/16 and 2016/17, for **Highway Maintenance**, funded through grant, recommended for

approval is the addition of £5m to the capital programme for **Highway Maintenance and Improvements to Non-Principal Roads** to be funded by prudential borrowing. This consists of £3m in 2015/16 and £2m in 2016/17. It is expected that the funding will permanently repair 50km of the unclassified road network. Works will be targeted to maximise the improvement to durability and condition of the network.

Transportation & Highways (£12.545m 2014/15, £6.592m 2015/16, £0.527m 2016/17)

Central Government funding allocations provided to the Council prior to Christmas 2014 have now been incorporated into the Budget. The LTP allocation is currently at £1.146m and STEP2 Access to Employment, Local Sustainable Transport Fund (LSTF) £0.500m in 2015/16. The STEP 2 programme aims to deliver exemplar sustainable transport. The funding will be used to deliver improved walking and cycling access into Rotherham Town Centre and highway improvements on the A630 Centenary Way around Rotherham Town Centre.

There has been no indication from the South Yorkshire Passenger Transport Executive as to what funding they may provide, and 2016/17 figures for all funding have yet to be released.

- **Connectivity** (£1.549m 2014/15, £0.965m in 2015/16) Significant funds have been allocated towards improving the canal towpath between Sheffield and Rotherham, improvements to High Street to make the route accessible to cyclists, which is also linked to the THI scheme, and the provision of a controlled pedestrian crossing on Fenton Road for pedestrians and cyclists, with improvements to adjacent footways and bus stops. The focus of spend in 2015/16 will be on measures to assist pedestrians and cyclists in using the highway network, typical interventions being the introduction of dropped kerbs and controlled crossings.
- **Network Management** (£0.768m 2014/15, £0.400m in 2015/16) The key project is the improvement of the approach to Rotherway roundabout, to create a third lane on the approach from Canklow, as well as on the circulatory carriageway of the roundabout. There are also funds for demand management schemes, such as residents' only parking on the Duke of Norfolk estate, adjacent to the hospital. The focus of spend in 2015/16 will be on measures to address congestion through amendments to junction control and minor road widening schemes.
- **Local Safety Schemes** (£0.782m 2014/15, £0.370m in 2015/16) Funds have been allocated to delivering improvements at Nether Haugh, to address accident issues, together with works at Upper Haugh. There are also works linked to the maintenance of the highway at Ferham Road, Masbrough.

- **Bus Projects** (£2.252m 2014/15) Works are focussed around improving journey times and reliability on the A633 between Rotherham town centre and Rawmarsh. Improvements have been carried out in the Parkgate district centre, with further works being undertaken at Taylors Lane roundabout, Retail World and Rotherham Road near the former 'Ruscon' site.
- **Smarter Choices** (£0.274m 2014/15, £0.100m in 2015/16) These projects involve the South Yorkshire trial of a hydrogen powered vehicle and the provision of cycle shelters in schools and places of work.
- **The A57 Improvement Scheme** (£1.300m in 2014/15, £0.300m in 2015/16) Completion of the scheme was certified on the 12th May 2014. The project has provided a dual carriageway and new roundabout, together with associated shared use footways and cycleways, including a new pedestrian, cyclist and horse signalised crossing. It is anticipated that some of the compensations for land acquisitions will not be agreed and paid until 2015/16 and landscape/planting mitigation works are to be delayed until the summer.
- **Pinch Point Pool Green roundabout** (£3.832m 2014/15, £1.126m in 2015/16) involves the replacement of the Main Street Roundabout with a signalised junction. The most significant elements of the scheme are the widening of the Centenary Way approaches to 3 lanes, and accommodating the right turn movements from Main Street and Centenary Way. Works are well underway. £0.201m has been reprofiled into 2015/16.
- **Pinch Point Old Flatts Bridge** (£1.615m 2014/15, £2.304m in 2015/16). Replacement of "Old Flatts Bridge" on the A630 Sheffield Parkway. Works commenced on the 29th September with a 56 week programme scheduled. £0.560m has been reprofiled into 2015/16.

Waste Management - £0.181m in 2014/15 and £0.181m in 2015/16

It is proposed as part of the 2015/16 revenue budget that the purchase of wheelie bins will be capitalised. This capitalisation will occur in 2014/15 as well.

PFI Residual Waste Facility Capital Contribution - £5.764m in 2015/16

The Waste PFI plant at Bolton Road, Rotherham, which has been procured by Barnsley, Doncaster and Rotherham Councils, has been completed. This facility is part of a PFI contract with 3SE, a partnership between Shanks and Scottish and Southern Energy, which runs for 25 years. As part of the commissioning of the plant, it is due to start taking waste from the 3 authorities at the end of February. The plant is due to become fully operational in July 2015.

The authorities will receive PFI grant to part fund the contract. All 3 authorities are also making a capital contribution, funded through prudential borrowing, which will reduce the annual revenue cost of the service, as the authorities have access to cheaper loan funding. The revenue cost of the prudential borrowing is contained within the overall budget for the PFI contract. The process includes removing recyclates from the waste stream, and produces a fuel which is transported to SSE's Ferrybridge plant for burning.

Audit & Asset Management

Corporate Property Unit (£0.901m 2014/15, £0.04m in 2015/16)

- The **Ancillary Services Building** project (£0.195m in 2014/15) has been completed, leading to the relocation of the York and Lancaster Regimental Museum and works to improve customer access and the overall visitor experience.
- Work on the **Bailey House Renovation** project (£0.247m in 2014/15) continues. Work is to be carried out to address issues which include the leaking plant room roof, the heating of offices and the replacement of fire doors. The intention is to then move services from both Station Road and Canklow Depots, allowing those facilities to be closed. The overall cost of the works has increased by £0.034m. This is as a result of unexpected additional electrical works to up-grade the emergency lighting system, the removal of asbestos and additional works to replace fire doors. These additional works will be funded by prudential borrowing, with the revenue implications funded by the Service from revenue savings from closing Station Road. Works to the value of £0.040m have been reprofiled into 2015/16.
- The **Demolition of the Former Council Offices** (£0.115m in 2014/15) on Doncaster Gate is complete, this will help enhance the value of the site for future disposal and mitigate ongoing maintenance and security costs.
- **Aston CSC works** to accommodate Dinnington MacAlloy Staff (£0.280m 2014/15). This involved the adaptation of the Aston Joint Service Centre to accommodate additional staffing; the works will generate revenue savings of £40,000 per year. This work is now complete.
- In addition, two outstanding retention amounts have been added to the programme, in respect of works to Kirk House (£0.008m in 2014/15) and the Civic Theatre (£0.016m in 2014/15).

7.2.3 Neighbourhoods and Adults Services Capital Programme 2014/15 to 2017/18

The forecast spend for 2014/15 is £37.238m, with a further £111.005m planned in the remainder of the programme. The programme has now been extended to 2017/18 following the refreshing of the HRA Business Plan. A copy of the full revised programme is attached to this report at Appendix 3.

Adult Services

The Service is estimating to spend £1.068m in 2014/15 and a further £1.290m in the remainder of the programme, the main projects being:

- The **Assistive Technology** scheme continues (£0.350m in 2014/15, £0.510m in 2015/16). This will enable people requiring care support services to live independently within their own homes through the purchase of telecare equipment. This equipment includes fall detectors and monitoring alarms. The programme has been reprofiled by moving £110k from 2014/15 to 2015/16. This is due to the budget being demand led, and equipment purchases vary greatly in cost due to the varying types of equipment issued to clients. The programme for 2015/16 and 2016/17 is assumed on the basis that the revenue savings proposal put forward as part of the Council's revenue budget setting process for 2015/16 is approved. This proposes that the funding of equipment purchases will be from capital grant reserves rather than the revenue budget, which is in line with the treatment in 2014/15.
- The **REWS (Rotherham Equipment and Wheelchair Service) Equipment** programme continues (£0.190m in 2014/15, £0.190m in 2015/16). This involves the purchase of equipment, after Occupational Therapist assessment, to support people within their own homes. Equipment will include a range of specialist bath and shower aids and mattresses and will be managed by Rotherham Foundation Hospital Trust.

The programme for 2015/16 and 2016/17 is assumed on the basis that the revenue savings proposal put forward as part of the Council's revenue budget setting process for 2015/16 is approved. This proposes that the funding of equipment purchases will be from capital grant reserves rather than the revenue budget, which is in line with the treatment in 2014/15.

- **Rothercare Alarms** – The replacement of 700 existing alarms, with approval having been given to upgrade the existing community alarm units (purchase 4,500 units at a cost of £0.526m) in 2014/15.

Neighbourhoods Services

For 2014/15 the Service is estimating to spend £36.170m with a further £109.715m to be invested during the remaining period of the programme.

A copy of the programme is attached to this report at Appendix 3 and the most notable items are detailed below.

Improving Council Housing & Housing Services - The 2014/15 programme estimate is £29.680m and £30.646m in 2015/16. Notable current and planned investments in this area are:

Refurbishment Works (£12.986m in 2014/15, £12.900m in 2015/16). This budget funds an ongoing programme of works for internal and external refurbishments to properties. Internal works include elements such as new kitchens and bathrooms. External elements include re-roofing, external render, fascia's, soffits & bargeboard replacements and outhouse improvements. To the end of December 2014 1,904 properties have received works through this programme. In 2015/16 external wall insulation works are planned in Dalton, Kiveton Park, Brampton Bierlow and Dinnington.

Environmental Works (£1.719m in 2014/15, £1.067m in 2015/16) – This budget funds a variety of projects throughout the Borough, some of which are currently subject to consultation with tenants and Members. Works funded through this scheme include bin store improvements, shrub bed enhancements, off street parking and footpath re-surfacing. Current works on site include completing cladding to the external porch area of a trial property at Birks Holt, Maltby and fencing and footpath improvements at Brameld Road, Rawmarsh. Major works are planned in 2015/16 at Markfield Drive, Flanderwell and Gray Avenue, Swallownest.

Decent Homes Void Programme (£2.700m in 2014/15, £2.600m in 2015/16). This budget funds an ongoing programme of works to major voids where the cost per void exceeds £4,000. This often occurs when a previous tenant has refused decency works, so properties require new kitchens and bathrooms prior to re-letting. Works at a total of 170 major voids were completed to the end of December 2014.

The **Replacement of Central Heating** programme (£3.761m in 2014/15, £3.261m in 2015/16). There is an ongoing programme of Central Heating replacements in order to reduce the revenue burden, as a result of increasing repairs to Buderus and Alpha boilers. Replacement works were completed at 846 properties to the end of December 2014.

Replacement Communal Entrance Doors (£0.891m in 2014/15, £0.500m in 2015/16). This scheme will conclude in 2015/16, by which time all communal entrances to flats will have high security entrance doors fitted with key management systems.

The **District Heating Conversion** programme (£1.800m in 2014/15, £1.200m in 2015/16) is to fund replacement district heating at the Swinton Fitzwilliam estate, where works commenced on site in September 2014, and replacement distribution systems at sites throughout the Borough. This forms part of a 5 year programme to

upgrade the District Heating systems. Works proposed in 2015/16 include replacing the current system at Beeversleigh House.

The **New Integrated Housing Management IT System** (£0.274m in 2014/15 and £0.169m in 2015/16). This budget is to fund the purchase and implementation of the new integrated Housing Management System. Cabinet member for Safe and Attractive Neighbourhoods approved additional costs of £0.241m to be funded from the HRA, at the meeting of 16 June 2014.

Non-traditional Investment (£1.400m in 2014/15, £1.500m in 2015/16). This budget is to complete the external refurbishment and insulated render works to non-traditional properties. This is part of an ongoing programme to extend the life of non-traditional stock by circa 25 years. Works at 136 properties were completed by the end of December 2014. Works planned in 2015/16 include 49 properties in East Dene and 41 properties in Rawmarsh.

Strategic Acquisitions (£1.537m in 2014/15, £17.156m in future years). This funding is part of a multiyear commitment to acquire properties to add to the council's social housing stock through the 30 Year HRA Business Plan. The Council purchased 6 properties in June 2014 at Willow Tree Way, Wickersley at a cost of £0.434m. Cabinet approval has previously been granted for the purchase of 25 properties at Barbers Avenue, Rawmarsh, at a cost of £2.537m, for which HCA grant of £0.437m has been received and 15 units at Whinney Hill, Dalton at a cost of £1.732m. In addition, Cabinet on the 4th February 2015 approved 15 acquisitions at Wadsworth Road, Bramley and Worksop Road, Aston at a cost of £1.400m.

Sheltered Housing Communal Areas (£0.300m in 2014/15 and £1m in 2015/16). This budget will fund essential upgrades to lighting and fire equipment within the centres, and the conversion of communal rooms to one bed flats, where it has been agreed to close the communal rooms following consultation with residents.

Fair Access To All: Disabled Adaptations (£4.094m in 2014/15, £4.200m in 2015/16) – This will fund the ongoing provision of disabled adaptations to Council and private dwellings. At the end of December 2014 there had been 382 public sector completions and 265 private sector completions. Eligibility criteria are being reviewed, as there is likely to be pressure on this service in the future.

Investment into **Neighbourhood Regeneration & Renewal** (£1.156m in 2014/15, £0.935m in 2015/16) is continuing with the most notable projects being:

Canklow Phase 1 & 2 (£0.351m in 2014/15, £0.370m in 2015/16). This is a multi-year programme of activity to regenerate an area within Canklow through Housing Market Renewal. The project is focused on demolition, buy back and refurbishment of public and private sector properties in the area. At the current time there are 4 properties where negotiations are ongoing. There may be a requirement to reprofile

expenditure into 2015/16 if negotiations on the acquisition of the 4 properties do not conclude in the current financial year.

Bellows Road, Rawmarsh, Service Centre Clearance (£0.400m in 2014/15, £0.192m in 2015/16). This is an ongoing Housing Market Renewal scheme and includes the construction of new shop units and provision of new housing within the area. At the present time a planning application and lease agreement are still pending for re-location of the T-mobile telephone mast. Asbestos surveys are complete but asbestos removal is outstanding on the multi storey car park and requires completion prior to demolition.

Garage Site Investment (£0.250m in 2014/15, £0.100m in 2015/16) - This will fund improvement works to garage sites across the Borough. Works will include re-surfacing to the highway, re-roofing, new doors and general environmental improvements.

Fuel Poverty - Vulnerable People (£0.030m in 2014/15, £0.273m in 2015/16) - This is grant that was received in March 2013 for the installation of cavity wall and loft insulation to private homes, where there is evidence of fuel poverty. The budget holder has had difficulty in identifying homes to take up the offer. Currently we are in phase 3 of the programme, where there are around 20 properties to receive investment. The Council is awaiting a response from the Grant provider, DECC, requesting that we are able to retain the grant and offer solid wall insulation as an alternative, in an attempt to spend the money appropriately. In anticipation of retaining the grant, the remainder of the expenditure has been reprofiled into 2015/16.

Furnished Homes – Capitalisation of Furniture and White Goods – (£1.2m in 2014/15; £2.88m in future years) – As part of the revenue budget setting process for 2015/16, a revenue saving has been identified to capitalise spend on new furniture and white goods. Members are referred to the revenue budget setting report for further detail on this proposal.

7.2.4 Resources Capital Programme 2014/15 to 2017/18

The Council continues to invest in its **ICT infrastructure** as part of its ICT Strategy, with £2.194m estimated to be spent in 2014/15 and a further £0.940m estimated to be spent in the following 2 years. The Strategy is focussed on ensuring the Council is able to support effectively the services it delivers and promote new, innovative ways of working that will result in greater efficiencies and effectiveness. The most notable projects are:

- **Developing Customer Access and On-line Self Service.** Making customers' data available on-line in a secure way to improve customer service and realise efficiencies by moving transactions from more expensive contact channels.
- **Upgrading Key Financial Management Systems** to support on-going improvements to the Council's financial management capability.

- The **Electronic Document Records Management** project, designed to enable staff to access the information they need to do their jobs from any location and to reduce the amount of paper document storage.
- The **Migration of the Council's Data Network** to new providers and the deployment of new networking equipment, enabling continued delivery of faster broadband services.

Other Resources expenditure includes a further £300,000 secured capital loan facility and a £190,000 capital grant for the ongoing High Street re-development in the Town Centre.

In addition, the Cabinet meeting of 9th July 2014 agreed to underwrite a total of £1.596m, along with a contingency budget of £0.124m, spread over the next three years, in respect of the Broadband Delivery UK (BDUK) Project, which will further enhance the provision of high speed broadband across South Yorkshire. At this stage it is expected that SCR Infrastructure Funding will be available for this project.

The SCR Infrastructure Advisory Board, at its meeting on 21 January 2015, recommended that the scheme progress from outline business case to Stage 1B of the approval process. In the capital programme, the expenditure has been profiled to reflect the fact that contributions from Central Government (DCMS) will be made first. The final payment is reflected in the 2017/18 programme. It is estimated that £0.054m will be incurred in 2014/15 on consultants fees in respect of the procurement, this represents Rotherham's 25% share.

7.3 Funding of the Programme

The table shown below outlines the funding strategy associated with the schemes profiled above and detailed in the Appendices 1 to 4.

Funding	2014/15 Estimate	2014/15 Variance from Last Report	2015/16 Estimate	2015/16 Variance from Last Report	2016/17 Estimate	2016/17 Variance from Last Report	2017/18 Estimate
	£m	£m	£m	£m	£m	£m	£m
Grants & Contributions	31.935	-0.334	16.912	+2.169	6.963	+0.590	1.000
Unsupported Borrowing	10.256	-0.887	19.816	+6.279	5.493	+2.960	1.426
Supported Borrowing	0.006	0	0	0	0	0	0
Usable Capital Receipts	6.236	+0.049	1.649	0	1.100	0	1.100
Major Repairs Allowance (HRA)	21.559	-0.009	22.443	+1.882	21.386	+1.942	20.946
Revenue Contributions	8.902	+0.160	9.204	+3.065	11.468	+5.381	12.981
Total	78.894	-1.021	70.024	+13.395	46.410	+10.873	37.453

7.3 Amount of Capital Expenditure on a Ward Basis

The table shown below shows the expenditure associated with the schemes profiled above, and detailed in the Appendices 1 to 4, on a Ward basis.

	2014/15 Previous Report £k	2014/15 Revised Estimate £k	2014/15 Variance to Previous Report	2015/16 Previous Report £k	2015/16 Revised Estimate £k	2015/16 Variance to Previous Report	2016/17 Previous Report £k	2016/17 Revised Estimate £k	2016/17 Variance to Previous Report
ANSTON & WOODSETTS	372	447	74	0	8	8	0	0	0
BOSTON CASTLE	6,864	6,162	-702	1,942	2,284	342	0	0	0
BRINSWORTH & CATCLIFFE	7,099	6,113	-985	1,744	2,803	1,059	0	0	0
DINNINGTON	170	261	90	0	0	0	0	0	0
HELLABY	2,144	1,908	-236	1,303	1,547	244	0	0	0
HOLDERNESS	1,103	1,165	62	169	219	50	0	0	0
HOOBER	1,324	1,344	21	0	0	0	0	0	0
KEPPEL	459	560	101	0	15	15	0	0	0
MALTBY	1,011	1,090	80	0	0	0	0	0	0
RAWMARSH	2,172	2,302	129	1,460	1,460	0	160	160	0
ROTHER VALE	387	390	3	53	69	16	0	0	0
ROTHERHAM EAST	1,840	1,751	-90	4,889	5,035	146	0	0	0
ROTHERHAM WEST	76	142	66	0	0	0	0	0	0
SILVERWOOD	273	277	4	182	186	4	0	0	0
SITWELL	195	213	18	0	0	0	0	0	0
SWINTON	135	-215	-350	0	0	0	0	0	0
VALLEY	1,374	1,367	-7	0	7	7	0	0	0
WALES	1,097	1,162	65	250	300	50	0	0	0
WATH	628	745	117	35	63	28	0	0	0
WICKERSLEY	271	438	167	50	50	0	0	0	0
WINGFIELD	17	73	56	45	45	0	0	0	0
ALL WARDS	50,904	51,200	295	44,507	55,933	11,426	35,377	46,250	10,873
TOTAL	79,915	78,894	-1,022	56,629	70,024	13,395	35,537	46,410	10,873

8. Financial Implications

These are contained within the body of this report. Any revenue implications from the revised programme have been fully reflected in the Council's latest 2014/15 revenue forecast and its updated Medium Term Financial Strategy.

9. Risks & Uncertainties

The Capital Programme is funded through a number of sources: borrowing (both supported and unsupported), capital grants and contributions, revenue contributions and capital receipts. Any uncertainty over the funding of the Programme rests on confirmation that grants/contributions and capital receipts continue to be available in coming years. Where funding sources are volatile in nature, the risks will be managed by continually keeping the programme under review.

10. Policy and Performance Agenda Implications

The preparation of the Medium Term Financial Strategy incorporating a profiled capital programme and the associated revenue consequences, together with regular monitoring, highlights the Council's commitment to sound financial management.

11. Background Papers and Consultation

- Capital Programme 2014/15 to 2016/17
- Project / Scheme monitoring reports
- Monitoring returns and budget setting details from Directorates.

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APPENDIX 2

EDS PLANNING, REGENERATION & CULTURAL SERVICES CAPITAL PROGRAMME 2014/15 - 2016/17
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT BY PROJECT	2014/15	2014/15	2014/15	2015/16	2015/16	2015/16	2016/17	2016/17	2016/17
	Previous Report	Estimate	Variance to Previous Report	Previous Report	Estimate	Variance to Previous Report	Previous Report	Estimate	Variance to Previous Report
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
CUSTOMER & CULTURAL SERVICES									
BRINSWORTH LIBRARY	499	0	-499	0	499	499			
STRATEGIC REVIEW OF LIBRARIES	78	0	-78	0	78	78			
WATH LIBRARY REFURBISHMENT	155	0	-155						
CATCLIFFE GLASS CONE	27	27	0						
REGENERATION									
ROTHERHAM TOWNSCAPE HERITAGE INITIATIVES	1,017	927	-90						
HIGH STREET PUBLIC REALM	335	227	-108	0	109	109			
TOWN CENTRE POPPED ART PROJECT	11	10	-1						
BUSINESS RETAIL & INVESTMENT									
R-EVOLUTION	2,407	2,407	0						
R-EVOLUTION UNIT 4	1,924	1,924	0						
TOWN CENTRE BUSINESS VITALITY SCHEME-PRIVATE PROPERTIES	74	74	0						
TOWN CENTRE BUSINESS VITALITY SCHEME-RMBC PROPERTIES	15	15	0						
MOORGATE CROFTS re ROOFING (New)	0	51	51						
STREET MARKET EXPANSION (New)	0	48	48						
PLANNING REGEN & CULTURAL SERVICES CAPITAL PROGRAMME	6,542	5,711	-831	0	686	686	0	0	0
SOURCES OF FUNDING									
SUPPORTED CAPITAL EXPENDITURE (REVENUE)	0	0	0						
GRANTS AND CONTRIBUTIONS	569	538	-31						
REVENUE CONTRIBUTION	0	51	51						
USABLE CAPITAL RECEIPTS	4,453	4,358	-95						
PRUDENTIAL BORROWING	1,520	764	-756	0	686	686	0	0	0
earmarked reserves	0	0	0	0	0	0	0	0	0
MAJOR REPAIRS ALLOWANCE	0	0	0	0	0	0	0	0	0
PLANNING REGEN & CULTURAL SERVICES CAPITAL PROGRAMME	6,542	5,711	-831	0	686	686	0	0	0

EDS STREETPRIDE SERVICES PROGRAMME 2014/15 to 2016/17
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	2014/15	2014/15	2014/15	2015/16	2015/16	2015/16	2016/17	2016/17	2016/17
	Previous Report	Estimate	Variance to Previous Report	Previous Report	Estimate	Variance to Previous Report	Previous Report	Estimate	Variance to Previous Report
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
LEISURE & COMMUNITY SERVICES									
CAGED VEHICLE HIAB REPLACEMENT	312	312	0	0	0	0	0	0	0
ALEXANDRA PARK	0	0	0	69	69	0	0	0	0
GORDON BENNETT PLAY	16	0	-16	53	69	16	0	0	0
SANCTUARY FIELDS	52	43	-9	0	8	8	0	0	0
MEMORIAL IN CLIFTON PARK	10	19	9	20	11	-9	0	0	0
WATH PARK CHILDRENS PLAY	5	5	0	35	35	0	0	0	0
FIRSBY RESERVOIR PHASE 2	43	43	0	82	82	0	0	0	0
ROTHER VALLEY COUNTRY PARK FACILITIES	241	241	0	0	0	0	0	0	0
THRYBERGH COUNTRY PARK PHASED IMPROVEMENTS	36	36	0	100	100	0	0	0	0
NETWORK MANAGEMENT									
STREET LIGHTING	2,783	2,413	-370	2,333	2,704	371	1,508	1,508	0
DRAINAGE									
WATH UPON DEARNE FLOOD ALLEVIATION SCHEME	345	345	0						
ASTON, AUGHTON & SWALLOWNEST PHASE 1	204	204	0						
ASTON, AUGHTON & SWALLOWNEST PHASE 2	145	145	0						
DRAINAGE WORKS DON STREET	0	0	0	627	627	0			
HIGHWAYS DELIVERY (MAINTENANCE)	4,092	4,340	248	1,894	1,894	0	1,894	1,894	0
HIGHWAYS DELIVERY (MAINTENANCE) (New)				0	3,000	3,000	0	2,000	2,000
TRANSPORTATION & HIGHWAYS									
BRIDGES	140	140	0	527	527	0	527	527	0
CONNECTIVITY	1,694	1,549	-145	346	965	619			
NETWORK MANAGEMENT	672	768	96	400	400	0			
LOCAL SAFETY SCHEMES	782	782	0	370	370	0			
BUS PROJECTS	2,031	2,252	221	0	0	0			
SMARTER CHOICES	223	274	51	100	100	0			
GREEN ING CULVERT	33	33	0	0	0	0			
STEP 2 ACCESS TO EMPLOYMENT	0	0	0	500	500	0			
MAJOR SCHEMES									
A57 IMPROVEMENTS	1,300	1,300	0	200	300	100			
POOL GREEN ROUNDABOUT	4,032	3,832	-200	925	1,126	201			
OLD FLATTS BRIDGE	2,175	1,615	-560	1,744	2,304	560			
WASTE MANAGEMENT									
PFI RESIDUAL WASTE FACILITY				5,764	5,764	0			
BINS (New)	0	181	181	0	181	181			
EDS STREETPRIDE SERVICES CAPITAL PROGRAMME	21,366	20,872	-494	16,089	21,136	5,047	3,929	5,929	2,000

SOURCES OF FUNDING	2014/15 Previous Report £'000s	2014/15 Estimate £'000s	2014/15 Variance to Previous Report £'000s	2015/16 Previous Report £'000s	2015/16 Estimate £'000s	2015/16 Variance to Previous Report £'000s	2016/17 Previous Report £'000s	2016/17 Estimate £'000s	2016/17 Variance to Previous Report £'000s
SUPPORTED CAPITAL EXPENDITURE (REVENUE)	0	0	0	0	0	0	0	0	0
GRANTS AND CONTRIBUTIONS	16,489	17,007	518	6,330	7,053	723	2,729	2,729	0
REVENUE CONTRIBUTION	76	171	95	100	100	0	0	0	0
USABLE CAPITAL RECEIPTS	0	0	0	0	0	0	0	0	0
PRUDENTIAL BORROWING	4,801	3,694	-1,107	9,659	13,983	4,324	1,200	3,200	2,000
EARMARKED RESERVES	0	0	0	0	0	0	0	0	0
MAJOR REPAIRS ALLOWANCE	0	0	0	0	0	0	0	0	0
EDS STREETPRIDE SERVICES CAPITAL PROGRAMME	21,366	20,872	-494	16,089	21,136	5,047	3,929	5,929	2,000

EDS AUDIT & ASSET MANAGEMENT CAPITAL PROGRAMME 2014/15 - 2016/17
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	2014/15 Previous Report £'000s	2014/15 Estimate £'000s	2014/15 Variance to Previous Report £'000s	2015/16 Previous Report £'000s	2015/16 Estimate £'000s	2015/16 Variance to Previous Report £'000s	2016/17 Previous Report £'000s	2016/17 Estimate £'000s	2016/17 Variance to Previous Report £'000s
CORP PROPERTY UNIT									
ANCILLARY SERVICES BUILDING	195	195	0	0	0	0	0	0	0
BAILEY HOUSE RENOVATION	289	247	-42	0	40	40	0	0	0
DEMOLITION OF FORMER COUNCIL OFFICES	115	115	0	0	0	0	0	0	0
DEMOLITION OF INTERNATIONAL CENTRE	1	7	6	0	0	0	0	0	0
McALLOY - ASTON CSC	280	280	0	0	0	0	0	0	0
CCTV HELLABY DEPOT	33	33	0	0	0	0	0	0	0
KIRK HOUSE (New)	0	8	8	0	0	0	0	0	0
CIVIC THEATRE (New)	0	16	16	0	0	0	0	0	0
EDS AUDIT & ASSET MANAGEMENT CAPITAL PROGRAMME	913	901	-12	0	40	40	0	0	0

SOURCES OF FUNDING	2014/15 Previous Report £'000s	2014/15 Estimate £'000s	2014/15 Variance to Previous Report £'000s	2015/16 Previous Report £'000s	2015/16 Estimate £'000s	2015/16 Variance to Previous Report £'000s	2016/17 Previous Report £'000s	2016/17 Estimate £'000s	2016/17 Variance to Previous Report £'000s
SUPPORTED CAPITAL EXPENDITURE (REVENUE)	0	0	0	0	0	0	0	0	0
GRANTS AND CONTRIBUTIONS	0	0	0	0	0	0	0	0	0
REVENUE CONTRIBUTION	33	41	8	0	0	0	0	0	0
USABLE CAPITAL RECEIPTS	0	122	122	0	0	0	0	0	0
PRUDENTIAL BORROWING	880	738	-142	0	40	40	0	0	0
EARMARKED RESERVES	0	0	0	0	0	0	0	0	0
MAJOR REPAIRS ALLOWANCE	0	0	0	0	0	0	0	0	0
EDS AUDIT & ASSET MANAGEMENT CAPITAL PROGRAMME	913	901	-12	0	40	40	0	0	0

SUMMARY EDS CAPITAL PROGRAMME 2014/15 - 2016/17

TOTAL EDS INVESTMENT	2014/15 Previous Report £'000s	2014/15 Estimate £'000s	2014/15 Variance to Previous Report £'000s	2015/16 Previous Report £'000s	2015/16 Estimate £'000s	2015/16 Variance to Previous Report £'000s	2016/17 Previous Report £'000s	2016/17 Estimate £'000s	2016/17 Variance to Previous Report £'000s
	28,821	27,484	-1,337	16,089	21,862	5,773	3,929	5,929	2,000

SOURCES OF FUNDING	2014/15 Previous Report £'000s	2014/15 Estimate £'000s	2014/15 Variance to Previous Report £'000s	2015/16 Previous Report £'000s	2015/16 Estimate £'000s	2015/16 Variance to Previous Report £'000s	2016/17 Previous Report £'000s	2016/17 Estimate £'000s	2016/17 Variance to Previous Report £'000s
SUPPORTED CAPITAL EXPENDITURE (REVENUE)	0	0	0	0	0	0	0	0	0
GRANTS AND CONTRIBUTIONS	17,058	17,545	487	6,330	7,053	723	2,729	2,729	0
REVENUE CONTRIBUTION	109	263	154	100	100	0	0	0	0
USABLE CAPITAL RECEIPTS	4,453	4,480	27	0	0	0	0	0	0
PRUDENTIAL BORROWING	7,201	5,196	-2,005	9,659	14,709	5,050	1,200	3,200	2,000
EARMARKED RESERVES	0	0	0	0	0	0	0	0	0
MAJOR REPAIRS ALLOWANCE	0	0	0	0	0	0	0	0	0
EDS CAPITAL PROGRAMME	28,821	27,484	-1,337	16,089	21,862	5,773	3,929	5,929	2,000

EDS CAPITAL INVESTMENT BY WARD 2014/15 - 2016/17

EDS CAPITAL INVESTMENT BY WARD	2014/15 Previous Report £'000s	2014/15 Estimate £'000s	2014/15 Variance to Previous Report £'000s	2015/16 Previous Report £'000s	2015/16 Estimate £'000s	2015/16 Variance to Previous Report £'000s	2016/17 Previous Report £'000s	2016/17 Estimate £'000s	2016/17 Variance to Previous Report £'000s
ANSTON & WOODSETTS	332	323	-9	0	8	8			0
BOSTON CASTLE	6,094	5,784	-310	1,572	1,914	342			0
BRINSWORTH & CATCLIFFE	7,032	5,973	-1,059	1,744	2,803	1,059			0
DINNINGTON	0	0	0	0	0	0			0
HELLABY	33	33	0	0	0	0			0
HOLDERNESS	999	999	0	169	219	50			0
HOOBER	0	0	0	0	0	0			0
KEPPEL	0	0	0	0	0	0			0
MALTBY	0	0	0	0	0	0			0
RAWMARSH	0	0	0	0	0	0			0
ROTHER VALE	257	241	-16	53	69	16			0
ROTHERHAM EAST	0	0	0	0	0	0			0
ROTHERHAM WEST	0	0	0	0	0	0			0
SILVERWOOD	78	79	1	182	182	0			0
SITWELL	0	0	0	0	0	0			0
SWINTON	0	0	0	0	0	0			0
VALLEY	0	8	8	0	0	0			0
WALLES	650	650	0	100	150	50			0
WATH	505	383	-122	35	35	0			0
WICKERSLEY	0	0	0	0	0	0			0
WINGFIELD	0	0	0	0	0	0			0
ALL WARDS	12,841	13,011	170	12,234	16,483	4,248	3,929	5,929	2,000
EDS CAPITAL PROGRAMME	28,821	27,484	-1,337	16,089	21,862	5,773	3,929	5,929	2,000

Appendix 3

NEIGHBOURHOODS & ADULT SERVICES CAPITAL PROGRAMME 2014/15 - 2017/18
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT BY PROJECT	2014/15	2014/15	2014/15	2015/16	2015/16	2015/16	2016/17	2016/17	2016/17	2017/18
	Previous Report	revised	Variance to Previous Report	Previous Report	revised	Variance to Previous Report	Previous Report	revised	Variance to Previous Report	Capital Programme
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
ADULT SERVICES										
ASSISTIVE TECHNOLOGY	460	350	-110	0	510	510	0	400	400	
REWS EQUIPMENT	190	190	0	0	190	190	0	190	190	
ROTHERCARE ALARMS	526	526	0							
TREEFIELDS LEARNING CENTRE - FENCING	2	2	0							
IMPROVING COUNCIL HOUSING & HOUSING SERVICES										
REFURBISHMENT	12,986	12,986	0	12,100	12,900	800	11,900	13,663	1,763	14,446
REPLACEMENT WINDOWS	211	211	0							
ENVIRONMENTAL WORKS	1,719	1,719	0	1,100	1,067	-33	1,400	1,400	0	1,000
DECENT HOMES VOID PROGRAMME	2,700	2,700	0	2,600	2,600	0	2,600	2,600	0	2,600
REPLACEMENT OF CENTRAL HEATING	3,761	3,761	0	3,261	3,261	0	3,261	3,261	0	3,261
ELECTRICAL BOARD & BOND	120	120	0	150	150	0	150	150	0	150
REPLACEMENT OF COMMUNAL DOORS (HIGH SECURITY)	891	891	0	500	500	0	0	0	0	0
ASBESTOS TESTING	290	290	0	370	370	0	370	370	0	370
FLAT DOOR REPLACEMENT	76	76	0							
DISTRICT HEATING CONVERSIONS	1,800	1,800	0	1,200	1,200	0	1,000	1,000	0	1,000
BOUNDARY WALL TREATMENTS	140	140	0	0	33	33	0	0	0	0
GENERAL STRUCTURES	650	650	0	650	650	0	650	650	0	650
EXTERNAL INSULATION	25	25	0	100	100	0	50	50	0	50
NEW IT SYSTEMS	274	274	0	169	169	0	0	0	0	0
NON-TRADITIONAL INVESTMENT	1,400	1,400	0	1,500	1,500	0	1,100	1,100	0	
STARTEGIC ACQUISITIONS	1,537	1,537	0	1,299	4,946	3,647	0	5,060	5,060	7,150
NEW BUILD DPV BUNGALOWS	300	300	0	200	200	0	0	0	0	
ENABLING WORKS HRA LAND	0	0	0	0	0	0	0	0	0	
LADY OAK FLATS ENVIRONMENTS	500	500	0	0	0	0	0	0	0	
SHELTERED HOUSING COMMUNAL AREA	300	300	0	500	1,000	500	500	1,000	500	500
FAIR ACCESS TO ALL										
DISABLED FACILITIES GRANT (PRIVATE SECTOR)	2,016	2,016	0	2,100	2,100	0	2,100	2,100	0	2,100
DISABLED ADAPTATIONS (PUBLIC SECTOR)	2,078	2,078	0	2,100	2,100	0	2,300	2,300	0	2,500
NEIGHBOURHOOD REGENERATION & RENEWAL										
GALLERY TOWN - DINNINGTON IMPROVEMENTS	1	1	0	0	0	0	0	0	0	
CANKLOW PHASE 1 & 2	351	351	0	370	370	0	0	0	0	
BELLOWS ROAD SERVICE CENTRE CLEARANCE	400	400	0	192	192	0	0	0	0	
GARAGE SITE INVESTMENT	250	250	0	100	100	0	250	250	0	250
MONKSBRIDGE DEMOLITION DINNINGTON	80	80	0	0	0	0	0	0	0	
DOE QUARRY LANE STREET SCENE	44	44	0	0	0	0	0	0	0	
FUEL POVERTY - VULNERABLE PEOPLE	303	30	-273	0	273	273	0	0	0	
NEIGHBOURHOODS IMPROVEMENTS NON-HIP PROGRAMME										
AIR QUALITY GRANT	7	7	0	0	0	0	0	0	0	
LANDFILL SITES	61	33	-28	45	73	28	0	0	0	
FURNISHED HOMES CPTL (New)	0	1,200	1,200	0	1,200	1,200	0	960	960	720
NEIGHBOURHOODS & ADULT SERVICES CAPITAL PROGRAMME	36,449	37,238	789	30,606	37,754	7,148	27,631	36,504	8,873	36,747

SOURCES OF FUNDING	2014/15	2014/15	2014/15	2015/16	2015/16	2015/16	2016/17	2016/17	2016/17	2017/18
	Previous Report	revised	Variance to Previous Report	Previous Report	revised	Variance to Previous Report	Previous Report	revised	Variance to Previous Report	Capital Programme
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
SUPPORTED CAPITAL EXPENDITURE (REVENUE)										
GRANTS AND CONTRIBUTIONS	3,115	2,777	-338	1,450	2,423	973	1,000	1,590	590	1,000
REVENUE CONTRIBUTION	8,513	8,513	0	6,039	9,104	3,065	6,087	11,468	5,381	12,981
USABLE CAPITAL RECEIPTS	1,734	1,698	-36	1,649	1,649	0	1,100	1,100	0	1,100
PRUDENTIAL BORROWING	1,519	2,691	1,172	907	2,135	1,228	0	960	960	720
earmarked reserves	21,568	21,569	0	20,561	22,443	1,882	0	0	0	0
MAJOR REPAIRS ALLOWANCE			-9				19,444	21,386	1,942	20,946
NEIGHBOURHOODS & ADULT SERVICES CAPITAL PROGRAMME	36,449	37,238	789	30,606	37,754	7,148	27,631	36,504	8,873	36,747

NEIGHBOURHOODS & ADULT SERVICES
CAPITAL INVESTMENT BY WARD 2014/15 -
2017/18

NEIGHBOURHOODS & ADULT SERVICES CAPITAL INVESTMENT BY WARD	2014/15	2014/15	2014/15	2015/16	2015/16	2015/16	2016/17	2016/17	2016/17	2017/18
	Previous Report	revised	Variance to Previous Report	Previous Report	revised	Variance to Previous Report	Previous Report	revised	Variance to Previous Report	Capital Programme
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
ANSTON & WOODSETTS			0	0		0	0	0	0	0
BOSTON CASTLE	751	351	-400	370	370	0	0	0	0	0
BRINSWORTH & CATCLIFFE			0	0		0	0	0	0	0
DINNINGTON	125	125	0	0		0	0	0	0	0
HELLABY	435	435	0	0		0	0	0	0	0
HOLDERNESS			0	0		0	0	0	0	0
HOOPER			0	0		0	0	0	0	0
KEPPEL	300	300	0	0		0	0	0	0	0
MALTBY			0	0		0	0	0	0	0
RAWMARSH	1,937	1,937	0	1,460	1,460	0	0	0	0	0
ROTHER VALE			0	0		0	0	0	0	0
ROTHERHAM EAST			0	0		0	0	0	0	0
ROTHERHAM WEST			0	0		0	0	0	0	0
SILVERWOOD			0	0		0	0	0	0	0
SITWELL			0	0		0	0	0	0	0
SWINTON			0	0		0	0	0	0	0
VALLEY			0	0		0	0	0	0	0
WALS			0	0		0	0	0	0	0
WATH	61	33	-28	0	28	28	0	0	0	0
WICKERSLEY			0	0		0	0	0	0	0
WINGFIELD	2	2	0	45	45	0	0	0	0	0
ALL WARDS	32,838	34,055	1,217	28,731	35,851	7,120	27,631	36,504	8,873	36,747
NEIGHBOURHOODS & ADULT SERVICES CAPITAL PROGRAMME	36,449	37,238	789	30,606	37,754	7,148	27,631	36,504	8,873	36,747

RESOURCES CAPITAL PROGRAMME 2014/15 - 2017/18
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT BY PROJECT	SPEND AND FUNDING STATEMENT								
	2014/15 Previous Report	2014/15 Estimate	2014/15 Variance to Previous Report	2015/16 Previous Report	2015/16 Estimate	2015/16 Variance to Previous Report	2016/17 Previous Report	2016/17 Estimate	2016/17 Variance to Previous Report
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
ICT									
ICT STRATEGY	203	203	0						
ICT STRATEGY (2)	1,526	1,526	0						
ICT REFRESH	465	465	0	470	470	0	470	470	0
RESOURCES									
ELECTORAL HARDWARE	15	15	0						
HIGH STREET DEVELOPMENT LOAN	300	300	0						
HIGH STREET DEVELOPMENT LOAN	190	190	0						
BD UK	50	54	4	201	201	0	813	813	0
RESOURCES CAPITAL PROGRAMME	2,749	2,753	4	671	671	0	1,283	1,283	0

SOURCES OF FUNDING	2014/15 Previous Report	2014/15 Estimate	2014/15 Variance to Previous Report	2015/16 Previous Report	2015/16 Estimate	2015/16 Variance to Previous Report	2016/17 Previous Report	2016/17 Estimate	2016/17 Variance to Previous Report
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
	SUPPORTED CAPITAL EXPENDITURE (REVENUE)								
GRANTS AND CONTRIBUTIONS	557	557	0						
REVENUE CONTRIBUTION	100	100	0						
USABLE CAPITAL RECEIPTS									
PRUDENTIAL BORROWING	2,092	2,096	4	671	671	0	1,283	1,283	0
MAJOR REPAIRS ALLOWANCE									
RESOURCES CAPITAL PROGRAMME	2,749	2,753	4	671	671	0	1,283	1,283	0

RESOURCES CAPITAL INVESTMENT BY WARD 2014/15 - 2017/18

RESOURCES CAPITAL INVESTMENT BY WARD	2014/15 Previous Report	2014/15 Estimate	2014/15 Variance to Previous Report	2015/16 Previous Report	2015/16 Estimate	2015/16 Variance to Previous Report	2016/17 Previous Report	2016/17 Estimate	2016/17 Variance to Previous Report
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
	ANSTON & WOODSETTS	0	0	0	0	0	0	0	0
BOSTON CASTLE	0	0	0	0	0	0	0	0	0
BRINSWORTH & CATCLIFFE	0	0	0	0	0	0	0	0	0
DINNINGTON	0	0	0	0	0	0	0	0	0
HELLABY	0	0	0	0	0	0	0	0	0
HOLDERNESS	0	0	0	0	0	0	0	0	0
HOOBER	0	0	0	0	0	0	0	0	0
KEPPEL	0	0	0	0	0	0	0	0	0
MALTBY	0	0	0	0	0	0	0	0	0
RAWMARSH	0	0	0	0	0	0	0	0	0
ROTHER VALE	0	0	0	0	0	0	0	0	0
ROTHERHAM EAST	0	0	0	0	0	0	0	0	0
ROTHERHAM WEST	0	0	0	0	0	0	0	0	0
SILVERWOOD	0	0	0	0	0	0	0	0	0
SITWELL	0	0	0	0	0	0	0	0	0
SWINTON	0	0	0	0	0	0	0	0	0
VALLEY	0	0	0	0	0	0	0	0	0
WALES	0	0	0	0	0	0	0	0	0
WATH	0	0	0	0	0	0	0	0	0
WICKERSLEY	0	0	0	0	0	0	0	0	0
WINGFIELD	0	0	0	0	0	0	0	0	0
ALL WARDS	2,749	2,753	4	671	671	0	1,283	1,283	0
RESOURCES CAPITAL PROGRAMME	2,749	2,753	4	671	671	0	1,283	1,283	0

1.	Meeting:	Cabinet
2.	Date:	27th February 2015
3.	Title:	Extension of Business Rates Transitional Relief for 2015/16
4.	Directorate:	Resources

5. Summary

In the December 3rd Autumn Statement for 2014 the Government announced that Transitional Rates Relief was being extended for 2 years until March 2017 and that authorities would be compensated by grant for the cost to them of any relief granted. Guidance on the extension of Transitional Relief was issued in January and it is estimated that up to 17 properties in Rotherham will be affected and with a maximum rates relief awarded in 2015/16 of £20k of which Rotherham MBC's share would be £10k.

In addition, the guidance asked authorities to consider granting discretionary relief to childcare providers but did not offer to reimburse authorities for the cost. Councils were also reminded to notify childcare providers of the other rates reliefs available to them (e.g. Small Business Rates Relief and Charity Relief) and of the importance of prompt payment.

6 Recommendations

That Cabinet is asked to recommend that Council:

- **Grants an extension of Transitional Rates Relief to all qualifying premises within the Council area, subject to satisfying the State Aid requirements.**
- **The Council does not change its existing policy with respect to discretionary rates relief for childcare providers but continues to assess cases for discretionary rates relief individually.**

7 Proposals and Details

- 7.1 **Extension of Transitional Relief** One of the measures announced by the government in the Autumn Statement on 3 December 2014 was that the current transitional relief scheme for properties with a rateable value up to and including £50,000 would be extended to March 2017 rather than ending in March 2015. The transitional relief scheme was introduced in 2010 with the last rates revaluation to help those ratepayers who were faced with higher bills. The scheme was originally planned to end on 31 March 2015 and as a result a small number of ratepayers would have faced an increase to their full rates bill from 1 April 2015.
- 7.2 Guidance to authorities about the operation of the proposals was released in January and indicated that the government intends to fully reimburse local authorities for their share of the cost of granting relief by means of a grant. In Rotherham's case this will be 49% (50% of Business Rates are paid to the government and 1% to the Fire Authority). As this is a measure for 2015/16 and 2016/17, the government is not changing the legislation around transitional relief.
- 7.3 To grant relief, authorities should use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, as amended. The guidance states that it will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief. However the guidance states that, **"in view of the fact that such expenditure can be reimbursed, the government expects local government to grant discretionary relief to qualifying ratepayers"**.
- 7.4 The proposals only apply to properties moving to higher bills with a rateable value up to £50,000 and eligible properties will receive the same level of protection they would have received had the properties continued to receive transitional relief. In Rotherham's case only 21 properties have been identified as qualifying for the scheme with potential relief of £22k in total, of which the cost to the Council would be 49%, £11k.
- 7.5 The list includes 2 Rotherham Council properties which would receive under £2k in relief and Anston and Ravenfield Parish Councils (but the sum concerned is very small £134 in total). However the regulations around Discretionary Rates Relief prevent the Council and precepting authorities, like parish councils, receiving discretionary rates relief. Other categories of property qualifying for the extension in relief are cash machine sites which would receive relief of £2.5k and Dignity PLC which would receive around £500. These costs would be the maximum as premises may also qualify for other reliefs such as Small Business and Retail Relief which would take precedence over the Transitional Relief scheme. The total in relief granted is therefore likely to be less than £20k with the cost to the Council being some £10k – which would be funded by grant.
- 7.6 The January Business Rates Information Letter states that "in view of the fact that such expenditure can be reimbursed, the government expects local government to grant discretionary relief to qualifying ratepayers" and given this and as no conflicts with other Council objectives have been identified, it is suggested that the Council grant the relief to all qualifying properties.
- 7.7 Any extension of Transitional Relief is likely to fall within the State Aid regulations and will be subject to the with the De Minimis provisions which allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). The Council has with the introduction of retail relief set in place measures for ensuring that rates relief it grants does not breach these rules (the Government has previously indicated that it will not reimburse authorities for rates relief granted in breach of the State Aid rules).

- 7.8 **Business Rates and Childcare Providers** - with the guidance on Transitional Relief Ministers issued a statement encouraging local authorities to consider using their business rates local discounts powers to support access to local high quality childcare provision where there is a clear community benefit. This is because the provision of high quality childcare is believed by the Government to be crucial to stopping development gaps emerging and ensuring all children get the best start in life. It is also considered that good childcare provision can help to aid economic growth for example with maternal employment. However although authorities are reminded that central government funds 50% of the cost of any local discount granted, there is no offer to meet the 49% of the cost of any local discount that would fall on the Council. The guidance provides no further details of what would constitute a “clear community benefit”. Such relief would also be subject to State Aid cap.
- 7.9 Preliminary estimates based on cross matching the rating list with OFSTED lists suggest that 31 nurseries paying around £140k in rates (after current reliefs) might qualify for such relief if the Council chose to grant it – however it is estimated that this would cost the council £68k in 2015/16 In light of the cost to the Council and the lack of details as to what would constitute a community benefit it is recommended that the **Council does not change its current policy** but will continue to assess requests for rates discounts under local powers on an individual case by case basis.
- 7.10 Childcare providers may already be eligible rates relief, for example Charity Relief or Small Business Rate Relief, and the Government urges authorities to remind childcare providers of these reliefs “where in contact on wider matters”. This approach is in line with Rotherham Council’s existing policy with respect contact and the provision of advice to ratepayers.
- 7.11 The guidance also reminds Councils of the importance of prompt payment for services received including funding for free early education entitlement places. Rotherham MBC policy with respect to payments is payment within 30 days unless specific terms exist (payment terms are agreed as part of the contract). Payment performance is continually monitored and performance for the procurement service is reported to the Strategic Director of Resources on a monthly basis. Both the speed and accuracy of all payments is monitored and average performance is 96% paid within 30 days with 68% of these being paid within the first 10 days. Payments for small suppliers (such as childcare providers) can also be prioritised to ensure their cash flow is not adversely affected.

8. Finance

The Government has indicated that it will fully compensate authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003) so there is no direct cost to the Council. The Government has not made any commitment to reimburse Councils for their share (49%) of any discretionary relief granted to childcare providers, however as it is not recommended that the Council’s current policy of assessing any discretionary reliefs on a case by case basis is varied there would be no cost to the Council if this recommendation is supported.

9 Risks and Uncertainties

As no change to legislation is proposed in respect of the extension of Transitional Relief it will be necessary to undertake manual calculations to determine the relief applicable, which will not only increase workload in the Revenues and Benefits section (although the number of cases concerned is small) but also carries with it an increased risk of error in calculations.

10. Policy and Performance Agenda Implications

As indicated above creditor payment performance is regularly monitored.

11. Background Papers and Consultation

- Business Rates Information Letter January 2015
- Business Rates Extension of Transitional Relief for small and medium properties – Guidance to Local Authorities DCLG January 2015
- Local Government Act 1988
- The Localism Act 2011
- Local Government Finance Act 1992.
- Non Domestic Rates - Guidance on Rate Relief for Charities and Other Non-Profit Making Organisations ODPM 2002

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