



Council

Wednesday, 19 October 2016

2.00 p.m.

**Council Chamber, Town Hall,
Moorgate Street, Rotherham. S60 2TH**

Rotherham
Metropolitan
Borough Council 

The logo for Rotherham Metropolitan Borough Council, featuring a stylized black letter 'R' with a white curved shape inside it.

WELCOME TO TODAY'S MEETING

GUIDANCE FOR THE PUBLIC

The Council is composed of 63 Councillors, who are democratically accountable to the residents of their ward.

The Council Meeting is chaired by the Mayor, who will ensure that its business can be carried out efficiently and with regard to respecting the rights and responsibilities of Councillors and the interests of the community. The Mayor is the Borough's first citizen and is treated with respect by the whole Council, as should visitors and member of the public.

All Councillors meet together as the Council. Here Councillors decide the Council's overall policies and set the budget each year. The Council appoints its Leader, Mayor and Deputy Mayor and at its Annual Meeting will appoint Councillors to serve on its committees.

Copies of the agenda and reports are available on the Council's website at www.rotherham.gov.uk. The public can also have access to the reports to be discussed at the meeting by visiting the Reception at the Town Hall. The Reception is open from 8.00 a.m. to 5.30 p.m. each day. You may not be allowed to see some reports because they contain private information and these will be marked accordingly on the agenda.

Members of the public have the right to ask questions or submit petitions to Council meetings. A member of the public may ask one general question in person which must be received in writing to the Chief Executive by 10.00 a.m. on the Friday preceding a Council meeting on the following Wednesday and must not exceed fifty words in length.

Council meetings are webcast and streamed live or subsequent broadcast via the Council's website. At the start of the meeting the Mayor will confirm if the meeting is being filmed. You would need to confirm your wish not to be filmed to Democratic Services. Recording of the meeting by members of the public is also allowed.

Council meetings are open to the public, but occasionally the Council may have to discuss an item in private. If this occurs you will be asked to leave. If you would like to attend a meeting please report to the Reception at the Town Hall and you will be directed to the relevant meeting room.

FACILITIES

There are public toilets, one of which is designated disabled with full wheelchair access, with full lift access to all floors. Inducton loop facilities are also available in the Council Chamber, John Smith Room and Committee Rooms 1 and 2.

Access for people with mobility difficulties can be obtained via the ramp at the main entrance to the Town Hall.

If you have any queries on this agenda, please contact:-

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Date of Publication:- 11 October 2016

COUNCIL

Wednesday, 19 October 2016 at 2.00 p.m.
Council Chamber, Town Hall, Moorgate Street, Rotherham. S60 2TH

THE MAYOR (Councillor Lindsay Pitchley)
DEPUTY MAYOR (Councillor Eve Keenan)

CHIEF EXECUTIVE (Sharon Kemp)

MEMBERS OF THE COUNCIL

ANSTON AND WOODSETTS

IRELAND, Jonathan C.
JEPSON, Clive R.
WILSON, Katherine M.

KEPPEL

CLARK, Maggi
CUTTS, Dave
HAGUE, Paul

SITWELL

COWLES, Allen
SHORT Peter, G. J.
TURNER, Julie

BOSTON CASTLE

ALAM, Saghir
MCNEELY, Rose M.
YASSEEN, Taiba K.

MALTBY

BEAUMONT, Christine
PRICE, Richard
RUSHFORTH, Amy L.

SWINTON

CUSWORTH, Victoria
SANSOME, Stuart
WYATT, Kenneth J.

BRINSWORTH AND CATCLIFFE

BUCKLEY, Alan
RODDISON, Andy
SIMPSON, Nigel G.

RAWMARSH

BIRD, Robert
MARRIOTT Sandra
SHEPPARD, David R.

VALLEY

ALBISTON, Kerry
REEDER, Kathleen
SENIOR, Jayne E.

DINNINGTON

FINNIE, Ian K.
MALLINDER, Jeanette M.
TWEED, Simon A.

ROTHER VALE

ALLCOCK, Leon
BROOKES, Amy C.
WALSH, Robert J.

WALES

BECK, Dominic
WATSON, Gordon
WHYSALL, Jennifer

HELLABY

ANDREWS, Jennifer A.
CUTTS, Brian
TURNER, R. A. John

ROTHERHAM EAST

COOKSEY, Wendy
FENWICK-GREEN Deborah
KHAN, Tajamal

WATH

ATKIN, Alan
ELLIOT, Jayne C.
EVANS, Simon

HOLDERNESS

ELLIOTT, Michael S.
PITCHLEY, Lyndsay
TAYLOR, Robert P.

ROTHERHAM WEST

JARVIS, Patricia A.
JONES, Ian P.
KEENAN, Eve.

WICKERSLEY

ELLIS, Susan
HODDINOTT, Emma
READ, Chris

HOOBER

LELLIOTT, Denise
ROCHE, David J.
STEELE, Brian

SILVERWOOD

MARLES, Steven
NAPPER, Alan D.
RUSSELL, Gwendoline A.

WINGFIELD

ALLEN, Sarah A.
ELLIOTT, Robert W.
WILLIAMS, John

Council Meeting Agenda

Time and Date:-

Wednesday, 19 October 2016 at 2.00 p.m.

Venue:-

Council Chamber - Town Hall, Moorgate Street, Rotherham. S60 2TH

1. ANNOUNCEMENTS

To consider any announcements by the Mayor or the Leader.

2. APOLOGIES FOR ABSENCE

To receive the apologies of any Member who is unable to attend the meeting.

3. PETITIONS

To report on any petitions received by the Council.

4. COMMUNICATIONS

Any communication received by the Mayor or Chief Executive which relates to a recommendation of the Cabinet or a committee which was received after the relevant meeting.

5. DECLARATIONS OF INTEREST

To invite Councillors to declare any disclosable pecuniary interests or personal interests they may have in any matter which is to be considered at this meeting, to confirm the nature of those interests and whether they intend to leave the meeting for the consideration of the item.

6. MINUTES OF THE PREVIOUS COUNCIL MEETING (Pages 1 - 20)

To receive the record of proceedings of the ordinary meeting of the Council held on 7 September 2016 and to approve the accuracy thereof.

7. PUBLIC QUESTIONS

To receive questions from members of the public who may wish to ask a general question of the Mayor, Cabinet Member or the Chairman of a Committee.

8. MINUTES OF CABINET AND COMMISSIONERS' DECISION MAKING MEETING (Pages 21 - 34)

To receive and consider the reports, minutes and recommendations of the Cabinet and Commissioners' Decision Making Meeting held on 12 September 2016.

9. IMPACT OF LEGISLATION ON THE HOUSING REVENUE ACCOUNT BUSINESS PLAN 2016-17 (Pages 35 - 124)

To consider an overview of the legislative impact on the council's Housing Revenue Account Business Plan 2016-17

10. NOTICE OF MOTION - LOCAL PHARMACIES

That this Council:-

Recognises and values local pharmacies as a vital primary care health service and as an integral part of the fabric of local communities throughout our town.

Rotherham Council notes that:

- The 69 pharmacies in Rotherham offer a range of services such as dispensing prescriptions, disposal of unwanted medicines and supporting self-care
- Pharmacies play an important role in promoting wellbeing such as healthy eating, smoking cessation, exercise, flu vaccination, sexual health and more. We already work closely with them
- Advice and support services are also available to care homes
- Several local pharmacies have achieved Healthy Living Pharmacies (HLP) status recognising and evidencing their role in improving the health of their local population.

Rotherham Council is greatly concerned about Government imposed threats to pharmacies as a result of cuts in the budget of £170M nationally to take effect from October 2016. This is a 6% cut in cash terms but could effectively mean a cut of 12% during the financial year which could potentially close up to a quarter of pharmacies with an increased focus on warehousing dispensary and online services. Service cuts in pharmacies put more residents at risk as well as putting pressure on GPs and on hospital services and therefore increasing NHS costs. A fully funded community pharmacy service is cost effective and is in the interests of patients and carers.

This Council resolves:-

To write to the Secretary of State for Health, NHS England detailing our concerns and demanding an immediate reversal of these proposals.

Proposed by: Councillor David Roche
Seconded by: Councillor Jeanette Mallinder

11. STANDARDS AND ETHICS COMMITTEE (Pages 125 - 129)

To receive and consider reports, minutes and recommendations of the Standards and Ethics Committee.

To confirm the minutes as a true record.

12. AUDIT COMMITTEE (Pages 130 - 139)

To receive and consider reports, minutes and recommendations of the Audit Committee.

To confirm the minutes as a true record.

13. HEALTH AND WELLBEING BOARD (Pages 140 - 151)

To receive and consider reports, minutes and recommendations of the Health and Wellbeing Board.

To confirm the minutes as a true record.

14. PLANNING BOARD (Pages 152 - 156)

To receive and consider reports, minutes and recommendations of the Planning Board.

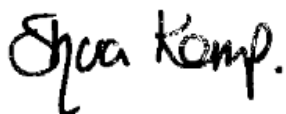
To confirm the minutes as a true record.

15. MEMBERS' QUESTIONS TO DESIGNATED SPOKESPERSONS

To put questions, if any, to the designated Members on the discharge of functions of the South Yorkshire Police and Crime Panel, South Yorkshire Fire and Rescue Authority, Barnsley, Doncaster, Rotherham and Sheffield Combined Authority and South Yorkshire Pensions Authority, in accordance with Standing Order No. 7(5).

16. MEMBERS' QUESTIONS TO CABINET MEMBERS AND CHAIRMEN

To put questions, if any, to Cabinet Members and Chairmen (or their representatives) under Standing Order No. 7(1) and 7(3).



SHARON KEMP,
Chief Executive.

**The next meeting of the Council will be on
Wednesday 7 December 2016 at 2.00 p.m. at the Town Hall.**

COUNCIL MEETING
Wednesday, 7th September, 2016

Present:- Councillor Lyndsay Pitchley (in the Chair); Councillors Alam, Albiston, Allcock, Allen, Andrews, Atkin, Beck, Bird, Brookes, Buckley, Clark, Cooksey, Cowles, B. Cutts, D. Cutts, Elliot, M. Elliott, R. Elliott, Ellis, Fenwick-Green, Hague, Hoddinott, Ireland, Jarvis, Keenan, Khan, Lelliott, Mallinder, Marriott, Napper, Price, Read, Reeder, Roche, Russell, Sansome, Sheppard, Short, Simpson, Steele, Taylor, John Turner, Walsh, Watson, Williams, Wilson, Whysall, Wyatt and Yasseen.

42. ANNOUNCEMENTS

The Mayor reported that she had attended a high number of engagements since the previous Council meeting and made specific reference to the Yorkshire Day celebrations on 1 August and promoted the forthcoming Rotherham Show on 10 and 11 September 2016

43. APOLOGIES FOR ABSENCE

The Chief Executive submitted apologies for absence from Councillors Beaumont, Finnie, Jepson, Jones, Marles, McNeely, Roddison, Senior and Julie Turner.

44. PETITIONS

The Chief Executive reported that there were no petitions had been received since the previous Council meeting in July 2016.

45. COMMUNICATIONS

No communications were received.

46. DECLARATIONS OF INTEREST

The Mayor, Councillor Pitchley, declared a personal interest in the Motion at item 10 on the agenda in respect of the Government White Paper 'Educational Excellence Everywhere' on the basis of being a governor at a school which sought to become an Academy.

Councillor Buckley declared a personal interest in the Motion at item 10 on the agenda in respect of the Government White Paper 'Educational Excellence Everywhere' on the basis of being a governor at a school which sought to become an Academy.

Councillor Albiston declared a personal interest in the Motion at item 10 on the agenda in respect of the HS2 rail project route in the Borough on the basis of a family member potentially being effected by the re-routing proposal.

Councillor Wyatt declared a personal interest in item 8 on the agenda in respect of the minutes of the Cabinet and Commissioners' Decision Making Meeting held on 11 July 2016 which considered the transfer of trusteeship of Swinton Recreation Ground. Councillor Wyatt indicated that he had attended other meetings in respect of the matter.

47. MINUTES OF THE PREVIOUS COUNCIL MEETING

Resolved:-

That the minutes of the meeting of the Council held on 13 July 2016, be approved as a true and correct record of the proceedings.

48. PUBLIC QUESTIONS

Before receiving questions from members of the public, the Mayor invited the Chief Executive to address the meeting in respect of a procedural matter concerning public questions at the previous meeting of the full Council. The Chief Executive advised that the Mayor had been provided with inaccurate information regarding the submission of public questions and apologised to the Mayor, Members of the Council and the member of the public who had been advised that their question could not be put. The procedural flaws that had led to the inaccurate advice being supplied had been reviewed and the Chief Executive reported that she was assured that such an error could not happen in future.

The following public questions were received:

Mrs. M. Watson – “Air Quality Monitors – is there a list and can it be supplied?”

In response, Councillor Hoddinott, Cabinet Member for Waste, Roads and Community Safety stated that there were six air quality monitoring stations, located around the borough. These were located as follows:

Number	Location	Grid Reference
1	School Road, Wales	447377, 382895
2	Blackburn Primary School, Baring Road	438702, 392815
3	Wortley Road, Bradgate (near Effingham Arms)	440991, 393321
4	St Ann's School, Fitzwilliam Road, Town centre	443300, 393350
5	Highfield Springs, Orgreave (near Advance Manufacturing Park)	None available
6	Brinsworth Howarth School	442506, 389120

In response to a supplementary question from Mrs Watson, Councillor Hoddinott undertook to provide Mrs Watson with a written response detailing who was responsible for monitoring the air quality stations.

Mr. M. Eyre asked: "What does this Council think is on the mind of residents and road users when they think of Brampton Road, Sandy Lane and Doncaster Road?"

In response, the Leader of the Council indicated that he did not wish to speculate as to the opinion of those using those roads.

In making his supplementary question, Mr Eyre referred to pot holes being the issue of greatest concern to those road users and enquired whether the Council would commit to restoring the condition of those highways to a higher standard. In response, the Leader of the Council referenced the significant capital investment that the authority had committed to in improving estate roads around the borough.

Mr. W. Newton asked "When you have closed all the Children's Homes in Rotherham, where are you going to place our vulnerable young people that cannot be fostered?"

In response the Deputy Leader of the Council stated "The decision to close Cherry Tree House and Silverwood Residential Care Homes has not yet been made by Cabinet. However, a proposal recommending closure will be considered by Cabinet and Commissioner for Social Care on 12 September. You may be aware that council-run Liberty House is not subject to consultation in relation to planned closure and is judged, 'Good' by Ofsted.

The Residential Care Homes for Children and Young People in Rotherham have historically failed to consistently provide good quality care and support which is evidenced by numerous Ofsted inspections. This is in spite of intensive intervention from the services management to support the residential care homes to improve and provide the quality of care which reflects our ambition to be rated an outstanding local authority.

The strategic direction for children and young people's services as seen nationally, is focused on strengthened family based support and the delivery of improved outcomes through family centred intervention. To this end the Council has committed to the strengthening and growth of the in-house Fostering Service and the establishment of a robust Rotherham Fostering Framework. In addition there is a planned intention to develop an 'Edge of Care' Service which will divert children and young people away from the care system based on the principles of early intervention.

In response to the small minority of children and young people who cannot be accommodated in a family based setting there are a number of services available:

- 'White Rose Framework' - A regional, approved Residential Care provision which Rotherham is a part of and which is quality assured. The White Rose framework provides access to 1888 residential beds from 41 providers'.
- Liberty House – Short-Breaks which will continue to provide support for children with a disability."

Mr Newton enquired as supplementary question whether children and young people in foster care were within a twenty mile radius of Rotherham. In response, the Deputy Leader of the Council indicated that some were and some were not. In some cases it would not be appropriate for children and young people to be within twenty miles of Rotherham.

Mr C. Matthewman asked "What are the Council's views on the HS2 business plan in respect of the proposed route change and what benefits will the revised route bring to Rotherham?"

Councillor Lelliott, Cabinet Member for Jobs and the Local Economy, indicated that the business plan has not been fully assessed as yet from the authority's perspective, principally as there were significant uncertainties in terms of whether there would be a "Sheffield loop" or parkway style station in the Rotherham area. Additionally, it was not known how many homes and businesses would be adversely affected by the HS2 consultation route. In view of that, the Council remained in favour of the original route rather than the revised route put forward for consultation in July 2016.

Mrs. L. Dye asked "Do the Council know the number of properties in the Borough of Rotherham that will be blighted directly or indirectly by the proposed HS2 route?"

In response, Councillor Lelliott, Cabinet Member for Jobs and the Local Economy stated "The Council is yet to be informed of the number of properties that will be affected by the revised route. This has been requested from HS2 Ltd on a number of occasions and the lack of information has also been noted to the Secretary of State for Transport."

As a supplementary question, Mrs Dye enquired when the Council had learned of the revised route. In response, Councillor Lelliott indicated that the council became aware a couple of days before the public announcement.

Mr. D. Dye asked “The Council supported HS2 which may more than £100 billion, whilst the Council is having austerity cuts and services are getting depleted. Please inform me what reasons you had for supporting HS2 and if you have changed your view what will you do to change the Governments view?”

In response, Councillor Lelliott referenced the potential benefits associated with the original proposal for the route with a station at Meadowhall which was anticipated to have generated jobs in and around the Rotherham area. With the revised proposal having removed the Meadowhall stop, it was not clear what benefit there would be for Rotherham. As such, the Council was not content with the revised HS2 route and associated infrastructure and this view had been formally communicated to the Secretary of State for Transport.

Mr. D. Elvidge asked “If Sheffield Councillors can say no to HS2 because of disruption to their city, why can't Rotherham Councillors do the same and save the unnecessary disruption and stress to their constituents? This, on a project that has no benefits for Rotherham or South Yorkshire under its new proposed re-routing.” Having heard the responses to the previous questions on the HS2 issue, Mr Elvidge advised that he had already received an answer to his question.

Ms. R. Haith submitted the following question: Is it true that RMBC have already discussed the prospect of having a HS2 station at Hellaby?

In response, Councillor Lelliott, Cabinet Member for Jobs and the Local Economy explained that the Council had made strong representations to the Secretary of State for Transport noting that an HS2 station would be required close to Rotherham and that a station at Meadowhall on the original HS2 route would be the preferred option. A potential station at Hellaby had not been discussed with any party.

Mrs. S. Haith, having asked the question on behalf of Ms. R. Haith, asked a supplementary question on whether Members would vote on behalf of their constituents or on their own conscience on the subject. In response, the Leader of the Council indicated that it was for members to determine how to vote according to the merits of the arguments.

Mr. P. Thirlwall submitted the following question to the Mayor: “Is the Mayor prepared to apologise to me for her imperious attitude towards me at the last council meeting?”

In response the Mayor stated:

“Thank you for your question.

You have already received an explanation from the Chief Executive in respect of your complaint from the previous meeting.

With regard to your direct question to me regarding my management of the previous meeting, I acted on the advice provided to me. That advice indicated that you had not submitted a question in accordance with the provisions governing public questions at Council meetings. You will see from the recording of the meeting that you proceeded to disrupt the meeting and you will appreciate the need for the Council to operate within its own constitution.

My role was to return the meeting to order. Had I been advised that you had submitted a public question by the deadline of Friday 8 July, then you would have been permitted to put your question under Standing Order 8, but given that I had not received such advice I could not allow your question to be put. To have done otherwise would have been a breach of our Constitution.

Your assertion of an imperious attitude mistakes my intention of effectively managing the meeting having regard to the provisions of the Constitution and the advice provided by officers.”

In proposing his supplementary question, Mr Thirlwall made a number of criticisms in respect of the Mayor and her approach to charring meetings and full Council and invited the Mayor to agree with his views. In response, the Mayor declined to agree with what had been said.

Mr. Thirlwall was invited to ask a second question: “Does the Leader believe, that following the local elections in May, that all the Councillors who supported the previous Leader, former Councillor Roger Stone, are no longer be members of the Council?”

In response the Leader of the Council stated that he did not have insight into the personal views of all Members and indicated that the council had moved forward from the time of the former Leader.

49. MINUTES OF THE CABINET AND COMMISSIONERS' DECISION MAKING MEETING

Resolved:-

1. That the minutes of the Cabinet and Commissioners' Decision Making Meeting held on 11 July 2016 be received.
2. That an increase in the Capital Programme by £291,977 for the implementation date of the Liquidlogic Social Care Case Management System be approved.

50. WARD BOUNDARY REVIEW - PROPOSED COUNCIL SIZE SUBMISSION

Consideration was given to a report which sought approval of a submission to the Local Government Boundary Commission for England (LGBCE) which recommended that the future number of councillors in Rotherham be reduced from 63 to 59.

It was reported that the Constitution Working Group had met twice to consider the future size of the Council to inform the development of a submission to the LGBCE. Having reviewed a number of potential sizes and compared to similar authorities, the Working Group had recommended a future membership of 59 councillors. Subsequent to that, a draft submission had been prepared for the LGBCE's consideration and had been presented to the meeting of the Council for deliberation. The final submission to the LGBCE had to be forwarded by 13 September 2016.

In discussing the report and the issue therein, the Leader of the Council proposed and the Leader of the Opposition seconded the following motion, along with the officer recommendations:

"That the Council Size Submission be amended to provide a more robust case justifying the proposed reduction from 63 to 59 councillors and acknowledging the intent of the Council to continue its commitment to open and transparent decision making, involving all members, as follows:

- Increased use of digital technology has made it easier to be contacted and do work, but has also had the effect of increasing workload
- Increased number of committee meetings in 2016-17, notwithstanding other formal commitments which are not detailed fully within the submission
- Reflecting the need to ensure that there are sufficient councillors to lead the improvement of governance in the council
- Increased detail in respect of the discharge of licensing decision making functions
- Recognition of the various roles that councillors perform beyond attendance at formal committee meetings, such as partnership working or on external bodies
- Reference to the ratio of committee/panel/board roles per councillor in order to discharge effective governance, oversight and decision-making"

Upon being put to the vote, **it was resolved unanimously by the Council:**

1. That the Council Size Submission be amended to provide a more robust case justifying the proposed reduction from 63 to 59 councillors and acknowledging the intent of the Council to continue its commitment to open and transparent decision making, involving all members, as follows:
 - Increased use of digital technology has made it easier to be contacted and do work, but has also had the effect of increasing workload
 - Increased number of committee meetings in 2016-17, notwithstanding other formal commitments which are not detailed fully within the submission
 - Reflecting the need to ensure that there are sufficient councillors to lead the improvement of governance in the council
 - Increased detail in respect of the discharge of licensing decision making functions
 - Recognition of the various roles that councillors perform beyond attendance at formal committee meetings, such as partnership working or on external bodies
 - Reference to the ratio of committee/panel/board roles per councillor in order to discharge effective governance, oversight and decision-making
2. That the Chief Executive be authorised to make any final amendments to the submission, in consultation with the Leader of the Council, by way of response to comments or suggestions from the LGBCE and to send the final submission.
3. That the Constitution Working Group be authorised to continue to lead on the Review of Ward Boundaries for the duration of the review, subject to any further proposals being agreed by Council for submission to the Local Government Boundary Commission for England.

51. NOTICE OF MOTION

GOVERNMENT WHITE PAPER 'EDUCATIONAL EXCELLENCE EVERYWHERE'

Moved by Councillor Price and seconded by Councillor Cooksey:

That this Council notes:-

- That despite the significant opposition to the proposals in the White Paper, Educational Excellence Everywhere, published in March, the Government has reiterated that it wants all schools to become academies within multi-academy trusts (MATs) by 2022 and will force them to do so if they are in local authorities that it determines

to be no longer 'viable' or to be 'underperforming'.

- That the plans will be incredibly expensive with estimates on the cost to the taxpayer as high as £1.3 billion. Forced academisation will happen at a time when funding per pupil in real terms is set to fall by as much as 8 per cent or more, meaning that scarce funds that could otherwise be spent on children's education will instead be wasted on an unnecessary top-down reorganisation of schools.
- That the plans are not supported by any evidence that academy status in and of itself improves standards of education. Around 85% of local authority maintained schools are good or outstanding.
- That the plans will remove from parents the right to elect representatives to the governing body of their child's school. There will be no requirement for academy governing bodies to have local authority representatives or for MATs to have elected staff governors.
- That the plans entail the break-up of the national system of pay and conditions for teachers. Academy trusts or individual academies will have to make decisions at a school level. This will be a distraction from time that could be better spent on teaching and learning.
- That the plans are indicative of a Government with the wrong priorities for education. The proposals in the white paper will do nothing to address - and may in fact worsen - teacher shortages, a lack of school places in many parts of the country, chaos over curriculum and assessment changes and funding pressures in schools and colleges.
- That the plans have attracted widespread opposition from parents, school staff, governors, heads and MPs and Councillors from across the political spectrum.

This Council therefore resolves to:

- Oppose the Government's proposals and undertakes to speak out against, and encourage campaigning against the plans.
- Note that given the scale of the opposition these changes are by no means inevitable. School governing bodies should not therefore rush or feel pressurised into converting to academy status.
- Reject the idea of forming protective or local MATs in advance of any proposals being enacted.
- Call a meeting of school governors, trade unions and parents to highlight the Council's position on the white paper.
- Work with other councils, trade unions, parents and governor groups to oppose the provisions in the White Paper.

An amendment to the motion was proposed by the Deputy Leader of the Council and seconded by Councillor Hoddinott to delete the words "Reject the idea of forming protective or local MATs in advance of any proposals being enacted."

Upon being put to the vote, the amendment was carried and became the substantive motion, which read as follows:

This Council therefore resolves to:

- Oppose the Government's proposals and undertakes to speak out against, and encourage campaigning against the plans.
- Note that given the scale of the opposition these changes are by no means inevitable. School governing bodies should not therefore rush or feel pressurised into converting to academy status.
- Call a meeting of school governors, trade unions and parents to highlight the Council's position on the white paper.
- Work with other councils, trade unions, parents and governor groups to oppose the provisions in the White Paper.

Upon on being put to the vote, the motion was carried.

PROPOSED HS2 ROUTE IN THE BOROUGH

Moved by Councillor John Turner and seconded by Councillor Mick Elliott:

That this Council notes:

- the apparent intent of the government to create the new HS2 railway system
- the present altered suggestion for the route to go through Aston and Bramley.

That this Council therefore resolves to

- a) Oppose the intent to re-route HS2
- b) Persuade the government to abolish the project entirely.

An amendment to the motion was proposed by Councillor Sue Ellis and seconded by Councillor Jenny Andrews to delete the words "persuade the government to abolish the project entirely" and replace with the words "work with our MPs and other likeminded councils to identify the most beneficial transport infrastructure for Rotherham and South Yorkshire."

Upon being put to the vote, the amendment was carried and became the substantive motion, which read as follows:

That this Council resolves to

- a) Oppose the intent to re-route HS2
- b) Work with our MPs and other likeminded councils to identify the most beneficial transport infrastructure for Rotherham and South Yorkshire.

Upon being put to the vote, the motion was carried.

52. AUDIT COMMITTEE

Resolved:-

That the reports and minutes of the meetings of the Audit Committee be adopted.

53. HEALTH AND WELLBEING BOARD

Resolved:-

That the reports and minutes of the meetings of the Health and Wellbeing Board be adopted.

54. PLANNING BOARD

Resolved:-

That the reports and minutes of the meetings of the Planning Board be adopted.

55. MEMBERS' QUESTIONS TO DESIGNATED SPOKESPERSONS

It was reported that no questions had been submitted.

56. MEMBERS' QUESTIONS TO CABINET MEMBERS AND CHAIRMEN

Councillor Napper asked "Can the Leader explain why ratepayers cannot ring Streetpride to report a complaint? Does the Council think every ratepayer has a computer?"

In response, Councillor Hoddinott, Cabinet Member for Waste, Roads and Community Safety, stated "The Council's telephone Contact Centre will handle any Streetpride enquiry, including complaints, on telephone number 01709 336003. They operate a full service from 8 o'clock in the morning until 8 o'clock in the evening and an emergency telephone service 24 hours a day. Council Customers can also report a complaint in person via any of our Customer Service Centres or on-line using a computer or their mobile phone."

Councillor Napper asked “Can the Leader tell me how many Rotherham Council houses have been given to non-Rotherham residents over the last two years?”

In response, Councillor Beck, Cabinet Member for Housing, stated “An analysis of lettings data over 2014/15 and 2015/16 shows a reduction in the percentage of properties let to people from outside Rotherham. In 2014/15 only 7% (113) of the total lettings (1565) were to made to people who previously lived outside Rotherham. In 2015/16 only 5% (101) of the total lettings (2047) were to people who previously lived outside Rotherham. Reductions are due to the changes to the Allocations Policy which applied a local connection criteria. This came into effect in October 2014. The Local Connection Policy for Rotherham is that a person has a local connection where:

- They have lived for the last 3 years in Rotherham through their own choice.
- They are currently employed in Rotherham and have been for the last 3 years
- They have direct family who live in Rotherham and they have done so for the last three years. Direct family members include spouses, civil partners, parents, sons, daughters, brother and sisters.

Councillor Napper asked “What are the aims of the Council with regards to community cohesion? What results have we had? Will the budget still be the same?”

In response, the Leader of the Council stated “The aims of the Council with regards to community cohesion have been incorporated into our new Council Vision, part of which states:

“Rotherham is our home, where we come together as a community, where we seek to draw on our proud history to build a future we can all share. We value decency and dignity and seek to build a town where opportunity is extended to everyone, where people can grow, flourish and prosper, and where no one is left behind. ”

The council has no specific budget for community cohesion but working towards more cohesive local communities is everyone’s business at the council and responsibility does not rest with one team or service. Indeed, most of what the council does contributes to this vision of cohesion, with expenditure on it part of mainstream spending.

Together with our statutory and voluntary sector partners we support a range of initiatives that promote community cohesion. Forthcoming high profile events include Rotherham Show and Rotherham Community Carnival.

In addition on a weekly basis communities across the borough hold fun days, galas, sports events, community clean ups, and volunteering projects all aimed at bringing communities together with positive results such as:

- increasing understanding between different groups
- managing tensions through mediating between different groups and resolving emerging conflicts
- celebrating the different ways in which communities make a positive contribution to the economic, social and environmental development of the borough”

Councillor Napper asked “What is the Council’s position with regards to backing and encouraging sport in Rotherham?”

In response, Councillor Yasseen, Cabinet Member for Neighbourhood Working and Cultural Services, stated “The Council works through a partnership ‘Strategy for Sport and Physical Activity in Rotherham (2010-2020)’.. This strategy is used to guide the work we do with our many partners (140+), in order to encourage and engage as many people as possible in sport and physical activity.

Leisure & Green Space Services provide support and advice to many voluntary groups and clubs in order to help them to run and develop their own activities and we also directly provide a wide range of services and opportunities ourselves. These include:

Leisure Centres: 4 state of the art leisure centres located at Aston-cum-Aughton, Maltby, Rotherham Town Centre and Wath upon Dearne. All of them currently hold ‘Excellent’ service awards as part of Sport England’s QUEST programme and 2015, Maltby Leisure Centre was voted leisure centre of the year at a national leisure industry award event.

Active Rotherham Sports Development Team: The Team aims to increase participation in sport and physical activity with additional focus on those most inactive, young people, older people, and people with a disability. It has developed strong partnerships and network infrastructures with schools, clubs, community groups and other organisations to provide and enable high quality sport and physical activity opportunities. Specific Programmes include: disability provision: areas of deprivation (Dalton, Thrybergh, East Herringthorpe and Canklow); children and young people; and diversionary sport (activities contributing to the reduction of youth nuisance crime). The Active Rotherham Team is also responsible for the development and operation of Herringthorpe Athletics Stadium.

Green Spaces Team: This team manages a range of green spaces (11 town parks, 14 recreation grounds, 31 multi use games areas, 10 skate parks, 3 BMX tracks, 6 outdoor gyms, sports pitches, countryside sites and parks) that support formal and informal opportunities for people to take part in sport and physical activity.”

Councillor B. Cutts asked “The Pakistani Muslim Women’s Association TASSIBEE (what is the true title) has been gifted over £316,000. With Rotherham Council financing this association over the past eleven years by an average of £50,000 per year, is it intended to continue or terminate this financial support?”

In response, Councillor Roche, Cabinet Member for Adult Social Care and Health, stated “Tassibee describe themselves as an organisation that provides Education Training and Social Activities for BME Women.

There a small number of people accessing the Tassibee service using their personal budget as a Direct Payment but our contractual relationship with Tassibee ended in 2014 as a result of savings targets. Up to that date the service was commissioned from April 2010 to March 2012 and extended on two occasions until 2014 at a cost of £17,265 per annum. The service commissioned was to support BME women to access Adult Social Care services. In the period of one year 71 BME women accessed the Social Service Assessment process but only 30 were referred through the help of Tassibee. In addition they were awarded a small amount of short term funding to increase the numbers of BME Carers engagement which was effective. The Learning & Development Team commissioned training from Tassibee to take place during 2013-14 financial year delivery of 5 ‘bite size’ training sessions for unpaid carers 2 for BME older women 2 for BME younger women and 1 for BME men. The Council have no contract in place currently with Tassibee and are not planning to in the near future.”

Councillor B. Cutts asked “With Rotherham giving its full respect to our National Armed Forces with a march through town and the Council flying the Army, Navy and Air Force flags at Riverside offices, why and who replaced the Country’s “Union Flag” with the Lesbian and Gay “Rainbow” flag?”

In response, Councillor Alam, Cabinet Member for Corporate Services and Finance, stated “Rotherham Council Celebrated Armed Forces Day in June by flying:-

- At the Town Hall: Armed Forces Flag and Union Flag
- At Riverside House: White Ensign (Royal Navy), Army Flag and the Flag of the RAF

Members will also be aware of the range of events in the Town Centre to celebrate Armed Forces Day which received very positive feedback. Riverside House also flew the Rainbow Flag in support of Pride Week, following contact from the Department for Communities and Local Government, the Government department which regularly advises local authorities on which flags to fly during the year.”

Councillor B. Cutts asked “What skills or experiences are not available within Rotherham Council that requires us to employ the Leader of Sandwell MBC (Birmingham), 100 miles away, as a “Policy and Performance Officer” with an anticipated salary of £38,000?”

In response, the Leader of the Council stated “In terms of the general point implied here, about the Council’s recruitment policies, I can assure Cllr Cutts that the Council always recruits on merit, with the best candidates chosen to fill any role.

When any vacancy arises at the Council and is advertised, internally or externally, sometimes it is possible to recruit people that live in Rotherham, but sometimes the best candidates will live outside Rotherham.

However, in terms of the specific individual referred to by Cllr Cutts in his question, please can I also refer him to a response provided to an similar question raised by Cllr Cowells at the last Council meeting, on 13th July 2016, as well as the advice provided at that meeting by the Monitoring Officer with regard to the appropriateness of raising questions such as this about individual council staff at Council meetings.”

Councillor B. Cutts asked the following question “In the contemplation that a further two children’s homes are to be closed with OFSTED “GOOD” reports, is this Chamber to debate the subject, thus making the prospect public? (With children sleeping in Riverside Offices, children and carers put up in Holiday Inns, four new applications since July etc. etc.)

In response, the Deputy Leader of the Council stated “We are not proposing to close homes with recent ‘good’ Ofsted reports. The Strategic Review of Residential Care which concluded earlier this year evidenced grave concerns about the quality of Cherry Tree House and Silverwood and their ability to safeguard vulnerable children and young people. The review further compounded the historical failings of Children’s Services in Rotherham and recommended that new and better services were required to ensure children and young people were safeguarded and supported to achieve excellent outcomes in the future.

The recommendations reflect the strategic direction for Children and Young People’s services, which is focused on family based support and the delivery of improved outcomes through innovative and family centred provision.

In response to the extensive review previously mentioned, which included children and young people, a report to Cabinet in June 2016 recommended the council moved to a planned closure of both homes in light of such systemic failings, subject to consultation and decision by Cabinet and Commissioner for social care.

In its most recent inspection Silverwood was judged as 'Declined Effectiveness' even when at the time only two young people, which represents just 40% of occupancy, were resident at the home. When Ofsted visited this home they found the two children unsafe and inspectors found that the children were visiting places of concern without risks of CSE being properly managed.

Cherry Tree meanwhile was judged as, 'Improved Effectiveness' but again, only two young people were resident, 40% occupancy, and the home's overall rating is 'Requires Improvement'.

All this is in spite of intensive management intervention and cost to support the services to improvement to a standard you would expect for your own sons and daughters. Due to poor quality both homes operated at a very low occupancy previously mentioned; and this increased the cost per child to £5,800 per week at Silverwood and £7,300 per week at Cherry Tree.

The unprecedented demand for placements on a national, regional and local level has meant that we have had to respond effectively in placing children into some good provision, with the exception of a very small number of children with extremely challenging behaviour, whose specific needs could not be met appropriately in an emergency, out-of-hours situation. In spite of this being a relatively small scale issue, it is obviously a priority for the council to resolve this as quickly as possible and in the most appropriate way.

The specific cases which resulted in children staying overnight at Riverside House occurred in spite of available beds at Silverwood, which was not suitable for children concerned due to the potential impact on existing residents and with staff unable to cater for children with very challenging behaviour and who, according to the latest Ofsted inspection, could not provide assurance in relation to CSE risk assessment and requisite responsive action.

The specific cases which resulted in children staying in Holiday Inns account for two young people. These young people were supported with qualified staff and were moved to suitable accommodation within a short space of time. This is not unusual action for an authority to take in an emergency situation, involving a child with very challenging behaviour.

In response to the Rotherham context which, in recent months, has seen an unprecedented spike in demand for placement requests and high demand for extremely vulnerable children and young people with complex needs, the following action has been taken:

- A Partnership Forum with Independent Fostering Agencies is now well established based on the 'Rotherham Fostering Framework'. The providers are working with us to identify potential carers who will provide emergency 48 hour support pending the location of a longer term placement;
- Plans are in place to increase the number of Rotherham Foster Carers who can better cater for the needs of adolescents with challenging behaviour;
- The provision of safe accommodation in Rotherham has been identified for those young people who require an emergency response 'out of hours' and is now operational;
- Work with Housing Strategy colleagues and void properties has been completed and a potential property identified which, if feasible, will be up and running by the end of September; and this new support service for emergencies will be appropriately staffed."

Councillor B. Cutts asked "Since the closure of Meals on Wheels and the Laundry services, what other services have been transferred to private enterprises or transferred to other Municipal Authorities – and why?"

In response, Councillor Roche, Cabinet Member for Adult Social Care and Health, stated "The decision to decommission the Meals on Wheels service took place in 2008 following extensive consultation. Adults requiring support with taking on nutrition are supported to do so as part of their care package should this be required. The preparation of meals is undertaken by a provider as a commercial enterprise with the service user choosing that provider and the price they wish to pay.

Around the year 2008 a number of Rotherham MBC older peoples care homes were closed as they failed to comply with regulatory and quality standards and were not compliant with the Disability Discrimination Act. The care homes were under occupied and residents were transferred to alternative independent sector care homes that could meet regulatory standards.

The Laundry service was decommissioned in 2009 it ran on fixed days and was not personalised. The service was not financially viable with high replacement and maintenance costs associated with the building which housed the laundry and the machinery/boilers. The service users utilising the laundry service as a result of continence issues were supported by the NHS Community Nursing Service to be prescribed continence wear/protection aimed at supporting adults in the most dignified way possible.

Since that time the services that have been commissioned and contracted with the independent sector and voluntary and community sector have not replaced any 'in-house' service. All Adult Social Care contracted care and support services are detailed on the contracts register which is available to the public at:

http://www.rotherham.gov.uk/info/200110/council_budgets_and_spending/712/see_details_of_council_contracts

Councillor Reeder asked “Why, in the article in the Advertiser “Eastwood New Deal” did Councillor Hoddinott suggest that I had stated residents of Eastwood should be sent home, when she knew I had quoted David Cameron?”

In response, Councillor Hoddinott, Cabinet Member for Waste, Roads and Community Safety, stated the Advertiser had reported the comments because Councillor Reeder had made the comments.

Councillor Cowles asked “I am informed that we are to pay consultants £130k to produce a redesigned town centre. Is this correct, and if so, could we have a copy of the terms of reference issued to the consultants?”

In response, Councillor Lelliott, Cabinet Member for Jobs and the Local Economy, stated: “A commission for delivery of a Town Centre Masterplan has recently been out to tender, with a number of bids received. These are currently being appraised for shortlisting, followed by interviews and an appointment made by the end of September and as such no formal tender price has been agreed. The terms of the brief that was issued to potential bidders was approved at Cabinet on 11 July 2016 and was attached as an appendix. The document is in the public domain and can be located on the Council’s intranet site.”

Councillor Cowles asked “The Advertiser, a few weeks ago, contained an article covering the 'New Deal' a plan for Eastwood. Could you tell us what the cost and time scale for your plan is?”

In response, Councillor ..., stated “No additional Council staff have been recruited or additional costs incurred to support the Eastwood Deal. The Council is managing this work through the prioritisation, reallocation and tasking of existing Council resources, tackling issues in areas of most need (not exclusively Eastwood). As a result, there are no separate budgets which break down the costs of centrally managed services e.g. street cleansing and environmental enforcement, into ward areas.

There is no specific overall timescale for the completion of the Eastwood Deal. This is because the aim is to create an ongoing and sustainable plan for improvements including some of the longer term aims to bring about a cohesive community which is able to deliver, manage and monitor sustainable improvements to quality of life issues for residents.”

Councillor Cowles asked “The Eastwood Plan suggests the use of both CCTV and enforcement as two of the tools to combat fly-tipping. Jamie Kirk continues to report regular incidence of fly-tipping, so could you tell us how many fines have been issued thus far from CCTV footage?”

In response, Councillor Hoddinott, Cabinet Member for Waste, Roads and Community Safety, stated "Three fly tipping incidents have been caught by the new CCTV cameras and two of these have been traced back to addresses in Eastwood and the potential perpetrators. Although no fixed penalty notices have been issued as yet for these cases, investigations are ongoing and if a fixed penalty fine is an appropriate way of dealing with the offence rather than prosecution, this will be offered. If a person fails to pay a fixed penalty fine they will automatically be prosecuted for the original offence of fly tipping.

The five CCTV cameras which have been installed in Eastwood to combat Anti-Social Behaviour and fly-tipping started being installed on 15 July 2016. Three of the five cameras were specifically installed to monitor known fly-tipping hotspots (the Fitzwilliam Road end of the access road behind Milton Road and Grosvenor Road, the entrance to the playing fields off Hardwicke Road and the St Anns Road end of the access road behind Bramwell Street and Lindley Street).

Initial results suggest that the cameras may have contributed to a reduction in fly-tipping in the area by approximately 30% in its first full month of operation (32 incidents in August 2015 and 24 incidents in August 2016), however, this is a snapshot of one month and little should be assumed from this data at this stage. Anecdotal information however from both enforcement staff and residents that those enforcement staff have spoken to in the area, suggests this reduction has been most evident in the areas covered by the cameras and therefore their value as a deterrent is already becoming clear. This does not mean the problems will not migrate to other streets.

Officers routinely patrol the area and investigate all incidences of fly tipping they find and which are reported by the public. This can entail sifting through bags of household waste to identify a name or address of the source of the fly-tipping. In the majority of cases there will not be any evidence of the source of the waste or witnesses to the offence. As it can be extremely difficult to gain evidence as to who is responsible in these types of cases, education will play as important a role as enforcement in combatting the particular challenge that Eastwood faces.

Although fixed penalty notices have not been offered in relation to these or other Eastwood cases as yet, seven fixed penalty notices have been issued for fly tipping offences across Rotherham since April 2016. Five cases of fly tipping in Eastwood prior to the two caught on CCTV are being prepared for prosecution. None of these cases have been considered appropriate for the lesser £200 fine of the fixed penalty notice."

Councillor Short asked "What revenue is raised from Parking Meters in RMBC? How much and what cost is involved in the emptying/collection of cash and also the cost of the parking attendants involved?"

In response, Councillor Lelliott, Cabinet Member for Jobs and the Local Economy stated: "The current year's projected income from 'pay and display' machines is approximately £750,000. The parking machines are emptied by the Parking Services Handy Man who is accompanied by a Civil Enforcement Officer (CEO). The total annual salary cost for the cash collection duties is approximately £14,000. The cost of counting and banking the collected cash is 1.1% which means that the annual cost of counting / banking will be in the region of £8,250."

Councillor M. Elliott asked "The flagship Tram/Train Pilot Project from Sheffield to Parkgate was due to run in early 2017, but apparently that is no longer achievable due to Network Rail problems. What assurances are the council seeking that the project can be got back on track before it hits the buffers?"

In response, Councillor Hoddinott, Cabinet Member for Waste, Roads and Community Safety, stated "RMBC is continually lobbying South Yorkshire Passenger Transport Executive (PTE) for information on the progress of this project with recent correspondence taking place in late August 2016. Delays to the project are associated with the non performance of Network Rail. The PTE asked for a revised and realistic programme in the Spring of 2016. This is yet to be delivered. At various meetings with the PTE, RMBC officers have noted the discontent with the construction programme and the PTE has passed RMBC's views and similar opinions of others to Network Rail. The PTE is also very much frustrated with progress and shares the views of RMBC."

Councillor Turner asked "During the Brexit campaign UKIP went to Barnsley and we were astonished to find that in the town centre there seemed to be a relatively non-existent immigration population. How can that be?"

In response, the Leader of the Council indicated that he was not responsible for Barnsley and therefore Councillor Turner's question should be directed to the Leader of Barnsley MBC.

57. URGENT ITEMS

It was reported that there were no urgent items requiring the consideration of the Council.

58. EXCLUSION OF THE PRESS AND PUBLIC

As there were no remaining items on the agenda, there were no matters that would require the exclusion of the press and public from the meeting.

**CABINET AND COMMISSIONERS' DECISION MAKING MEETING
Monday 12 September 2016**

Present:- Councillor Read (in the Chair); Councillors Alam, Beck, Hoddinott, Roche and Yasseen.

Also present:- Commissioners Bradwell, Kenny and Ney and Councillor Steele (Chair of Overview and Scrutiny Management Board).

Apologies for absence were received from Councillors Lelliott and Watson. A further apology for absence was received from Commissioner Sir Derek Myers.

61. DECLARATIONS OF INTEREST

Councillor Hoddinott declared an interest in item 17 on the agenda (Awarding contracts for the delivery of 0-19 Children's Health Services, Sexual Health Services and Drugs and Alcohol Recovery Services) on the basis of her appointment as a Partner Governor of the Rotherham Hospital Trust.

62. QUESTIONS FROM MEMBERS OF THE PUBLIC

A member of the public raised concerns that there would continue to be sufficient facilities to support children and young adults in Rotherham in the context of proposals being considered at the meeting regarding the closure of children's residential care homes. In response, it was explained that the proposals were based on an ambition for high quality, local, family placements.

A further question was put in respect of the procurement and commissioning report on the agenda for the meeting. Assurances were sought that the most vulnerable in Rotherham, who were by definition the most in need, would continue to be prioritised. In response it was explained that the needs of the vulnerable would continue to be met in Rotherham.

A question was put in respect of the council's approach to managing the Bedroom Tax and the support available to families in the most challenging circumstances. In response it was explained that the council tried to respond appropriately to the needs of people in the most challenging circumstances in respect of the bedroom tax, whilst operating within the rules set by central government.

A further question was put in respect of the proposals to discontinue the Flanderwell Autism Resource Unit and the alternative provision for young people with autism. In response, it was explained that the developing autism strategy would incorporate provision for children. Reference was also made to the planning on sufficiency to ensure that there was an appropriate mix of provision from moderate to very acute needs.

A question was submitted in respect of the financial monitoring report that was due to be considered elsewhere on the agenda and an assurance was sought that the Council would support the most vulnerable in society who would be the most adversely effected by the reduction in local authority budgets. In response it was explained that the vast majority of the council's budget was spent supporting those in most need in society.

A final question was put by a member of the public in respect of the proposals to close children's residential care homes, with specific reference to Silverwood residential care home. It was explained that there were concerns that the home was not making adequate progress towards being considered 'excellent' by Ofsted. Reference was also made to an Ofsted report from February 2016 which found that children were not safe in the home and that signs of risk were not being acted upon or evaluated.

63. MINUTES OF THE PREVIOUS MEETING HELD ON 11 JULY 2016

Resolved:-

That, subject to an amendment reflecting the interest declared by Councillor Beck, the minutes of the Cabinet and Commissioners' Decision Making Meeting held on 11 July 2016 be agreed as a true and correct record of the proceedings.

64. OUTCOME OF THE CONSULTATION ON THE PROPOSAL FOR A PLANNED CLOSURE OF 'SILVERWOOD' AND 'CHERRY TREE HOUSE' CHILDREN'S RESIDENTIAL CARE HOMES

Consideration was given to a report which set out the outcome of consultation with stakeholders and options for the planned closure of Silverwood and Cherry Tree House children's residential care homes.

The report detailed the decision making and consultation processes to date and set out the range of feedback, opinions and views on the proposed closure of both homes. It was specifically noted that the consultation period was extended by a further week to allow officers to consult with multi-agency partners from the Rotherham Local Safeguarding Children's Board Executive Group.

It was reported that a decision to close one or both residential children's homes would not adversely impact on any individual young person, as there were no residents in occupation at the time of the meeting.

It was noted that Overview and Scrutiny Management Board had considered the proposals at its meeting on 2 September 2016. Whilst the Board had supported the proposals, it had proposed two further recommendations for consideration regarding provision of emergency placements and foster placements be no further than a maximum of twenty miles from the borough area boundary.

Commissioner Bradwell agreed:-

1. That the outcome of the targeted consultation with affected stakeholders be noted.
2. That, having regard to the options appraisal and the consultation feedback, the planned closure of both children's homes by the end of December 2016 be approved.
3. That the service proposals include provision for emergency placements for vulnerable children and young people, including the provision of 'crash pads'.
4. That a service review be undertaken, as soon as practicable, to ensure that , appropriate to their individual care needs, vulnerable children and young people have foster placements which are situated within the borough or no more than a maximum distance of twenty miles from the borough area boundary.

65. OUTCOME OF CONSULTATION AND PROPOSED FOSTER CARERS PAYMENTS SCHEME, SUPPORT AND DEVELOPMENT

Consideration was given to a report which ultimately sought to improve the care experience for children in Rotherham by ensuring that wherever possible they are looked after in Rotherham in a foster family environment.

It was noted that formal consultation for a period of six weeks had taken place with foster carers regarding the rationale and options for a revised scheme. The proposals submitted for consideration sought to revise the existing scheme in Rotherham to provide financial incentives, good quality support and training. It was explained that investment in improving the offer to foster carers would help attract additional carers to foster for Rotherham and support the retention of and development of existing foster carers.

It was further noted that, alongside other initiatives, such an approach would enable the reduction of overall placement costs and avoid use of more expensive Independent Fostering Agency and residential placements.

Overview and Scrutiny Management Board had considered the proposals at its meeting on 2 September 2016, where the recommendations had received broad support. Members had identified four additional recommendations for consideration by Commissioner Bradwell:

1. That appropriate monitoring and review be undertaken, beginning as soon as practicable, of the recruitment of additional foster carers, to ensure that the appropriate targets are being achieved.
2. That the appropriate officers examine the possible use of a Council Tax reduction or discount as an additional benefit for foster carers registered with this Council.
3. That the appropriate officers examine whether the proposed payment of fees and allowances to individual foster carers may have a detrimental impact upon their receipt of other state benefits.
4. That a further report, updating the progress of this scheme, be submitted to a meeting of the Overview and Scrutiny Management Board during April 2017.

Commissioner Bradwell agreed:-

1. That the proposed foster carer payment scheme, including short break foster carers fees, be approved.
2. That the amended relevant policy be implemented.
3. That the implementation of quality support and training, as part of the improved offer for foster carers, be approved.
4. That appropriate monitoring and review be undertaken, beginning as soon as practicable, of the recruitment of additional foster carers, to ensure that the appropriate targets are being achieved.
5. That the appropriate officers examine the possible use of a Council Tax reduction or discount as an additional benefit for foster carers registered with this Council.
6. That the appropriate officers examine whether the proposed payment of fees and allowances to individual foster carers may have a detrimental impact upon their receipt of other state benefits.
7. That a further report, updating the progress of this scheme, be submitted to a meeting of the Overview and Scrutiny Management Board during April 2017.

66. COMMISSIONING AND PROCUREMENT OF CARE AND SUPPORT SERVICES

Consideration was given to a report which sought to provide an update on contracts that secured services to provide care and support for:-

- Adults with complex needs physical disabilities, learning disabilities, sensory impaired
- Carers
- People who use personal budgets as a Direct Payment to employ a Personal Assistant
- Adults who are at risk of admission to hospital or residential care and require urgent home care
- Housing related support

It was noted that such services had been commissioned for some time and contracts had been extended with incremental changes over the years and there was a need to ensure transparency and value for money and to comply with standing orders. Consequently, those services were recommended to be subject to competitive tender.

The report also covered a range of service areas where it was considered that a strategic approach to commissioning would be required to ensure that the authority adopted a whole system view and enabled the efficient and effective deployment of resources. The service areas were identified as:

- Adults with complex needs physical disabilities, learning disabilities, sensory impaired
- Carers
- People who use personal budgets as a Direct Payment to employ a Personal Assistant
- Adults who are at risk of admission to hospital or residential care and require urgent home care
- Housing related support contracts.

Commissioner Ney agreed:-

1. That all of the services highlighted in Part A of the report be subject to a competitive tender process on the open market in September 2016 for new services to commence in April 2017.
2. That the contracts under Part A of the report be awarded on the basis of the outcome of the tender process for a three-year term from 1 April 2017 to 31 March 2020.
3. That, pursuant to Standing Order 38, the contracts referred to in Part B of the report be exempt from the provisions of Standing Order 48 that would ordinarily require a tender on the open market.

67. CORPORATE PLAN 2016/17 QUARTER 1 PERFORMANCE REPORT

Consideration was given to a report which detailed the performance against measures within the Corporate Plan for period from April to June 2016.

It was reported that at the end of the first quarter 19 measures were progressing above or in line with the target set, which represented 18.6% of the total measures. 12 of performance measures in the first quarter had not progressed in accordance with the target set of 11.8% overall.

Commissioner Ney agreed:-

1. That the overall position and direction of travel in relation to performance be noted.
2. That the performance reporting timetable for 2016/17 be noted.

68. FUTURE OPTIONS FOR ENFORCEMENT SERVICES

Consideration was given to a report which outlined proposals to provide strategic focus to the Council's approach to enforcement activity and a work programme to take actions forward. In addition, the report also detailed new legislative provisions and penalties that would enhance enforcement activity.

Commissioner Ney agreed:-

1. That the contents of the report and the progress made to date against the themes of strengthening enforcement and the related strategic focus be noted.
2. That the work plan, including the development of the 'Time for Action' approach and supporting initiatives to tackle environmental crime, be approved.
3. That the recommendations within Appendix A including adoption of tools and powers; amendments to the Council's Scheme of Delegation and General Enforcement Policy; setting of penalties; and work to be undertaken for the recovery of small debts be approved.

69. FLANDERWELL AUTISM RESOURCE

Consideration was given to a report which sought approval to discontinue the Autism Resource Unit on the Flanderwell Primary School site and transfer the resource to the Academy Trust to accommodate rising mainstream pupil numbers.

It was reported that Flanderwell Resource Unit was not conducive to the changing needs of the cohort of pupils that it was originally designed to accommodate. Concerns were raised by staff and specialists in autism that the building was not fit for purpose.

Consideration was given to substantial building work and financial investment to bring the building back up to standard, however following representations received through a consultation process, the preferred option was to discontinue to resource and for the building to be redesignated for use by the Flanderwell Primary Academy to accommodate the increased need for mainstream school places.

Resolved:-

1. That the use of the site as a Special Educational Needs (SEN) provision be discontinued and the building be used by Flanderwell Primary Academy to accommodate rising mainstream pupil numbers with effect from 30th September 2016.
2. That another site be found attached to a mainstream school to provide for primary aged children with autism but with mainstream academic abilities who are currently struggling to have their needs met.
3. That a further wider review of provision for children and young people with autism who are struggling in mainstream be undertaken at a future date as part of the strategic development of the Special Educational Need and Disability (SEND) provision to meet the needs of Rotherham's children.
4. That the Secretary of State for Education be informed accordingly.

70. RESPONSE TO THE GOVERNMENT'S FOUR YEAR SETTLEMENT OFFER

Consideration was given the Government's Four Year Settlement Offer running from 2016/17 to 2019/20.

It was reported that the central element of the indicative funding allocations were the Revenue Support Grant projections for the next three financial years. The Council's Medium Term Financial Strategy had assumed significant reductions in the Revenue Support Grant and the indicative allocations had suggested that acceptance of the Four Year Offer could provide some £9m additional Revenue Support Grant.

It was noted that the Four Year Offer was not without caveats with the potential for allocations to change in light of "unforeseen events" and it did not include potential changes to several significant funding streams. It was further noted that substantial changes in the Business Rates System, including the 2017 Rates Revaluation were also not reflected in the settlement figures within the Offer.

It was noted that authorities had until 14 October 2016 to accept the Offer and submit an Efficiency Plan to the Department for Communities and Local Government.

Resolved:-

1. That approval be given to submit a request for a Four Year Settlement to the Government.
2. That approval be given to the preparation of the required Efficiency Plan.
3. That authority be delegated to the Leader of the Council and the Chief Executive to sign off the Council's Efficiency Plan for submission to the DCLG by the deadline of 14th October 2016.

71. JULY FINANCIAL MONITORING REPORT 2016/17

Consideration was given to a report which set out the financial position at the end of July 2016 and was based on actual costs and income for the first four months of the financial year and forecast costs and income for the remaining eight months of the financial year.

It was reported that the current position showed a forecast revenue overspend of £8.272 after already identified management actions totalling £4.664m were taken into account. The forecast overspend was set against a backdrop of the Council successfully delivering savings of £117m over the previous five years and having to save a further £21million in 2016/17.

The report set out the key pressures contributing to the forecast overspend and indicated that directorates were in the process of identifying and implementing additional management actions to further mitigate the forecast overspend and to tightly control spend until the end of March 2017.

It was noted that future budget monitoring reports would cover both revenue and capital budgets.

Resolved:-

1. That the current forecast overspend after management actions of £8.272m for 2016/17 be noted.
2. That the need for additional management actions to be urgently developed, agreed and implemented and for these to be documented in future Cabinet Budget Monitoring Reports be endorsed.

3. That Directorate management actions to mitigate forecast overspends be clearly and comprehensively documented, including an evaluation of the likely financial impact of these actions (quality assured by Finance Business Partners), and a detailed implementation plan be produced which is regularly reviewed by each Directorate Leadership Team.
4. That any additional actions be recommended by Cabinet which could be implemented to help manage down the current forecast overspend.
5. That a recovery strategy for the forecast overspend on the Dedicated Schools Grant High Needs Block to be brought back to Cabinet on 10th October 2016.
6. That the Strategic Director of Finance & Customer Services progress the appropriate level of budget realignment in respect of the Children's residential care review, to be contained within the Looked After Children's Service.
7. That approval be given to the alternate actions where these have been implemented in respect of 2016/17 approved Budget Savings, noting that where they are non-recurrent the proposed method of delivering the approved saving value will be included in future budget monitoring reports for consideration and approval.
8. That a further Medium Term Financial Strategy (MTFS) update report be brought to Cabinet in October and will include a request for approval of the realignment of any savings already agreed by Council for the period 2016/17 to 2018/19 which are now proposed to be delivered via alternate means, or to a different timeline to that originally planned (budgeted).
9. That the progress on delivering 2016/17 budget savings proposals agreed by Cabinet in the 2016/17 Budget Round where the majority of savings are on track for delivery be noted.
10. That approval be given to the awarding of tenders in respect of Capital Programme works (included in the Capital Strategy – approved on 2nd March 2016) as set out in paragraphs 3.34 and 3.35 of the report.

72. DIGITAL COUNCIL STRATEGY (2016 TO 2019)

Consideration was given to a report which sought approval of the new Digital Council Strategy covering the period from 2016 to 2019.

It was reported that the strategy had been prepared following extensive consultation within the organisation and across the public sector more generally. The strategy would support the Council's Corporate Improvement Plan by delivering on the commitment to increase the use of online customer service channels.

It was noted that various projects would be phased over the three years covered by the strategy and a detailed project list and timetable would be developed as part of the detailed 'Digital Council Programme'.

Resolved:-

1. That the Digital Council Strategy be approved.
2. That the creation of a Digital Council Programme to ensure the delivery of the Digital Council Strategy be approved.

73. DISCRETIONARY RATE RELIEF APPLICATIONS

Consideration was given to a report which detailed applications made by two organisations for the award of discretionary rate relief.

It was reported that applications were received from Grimm and Co Ltd, a registered charity, and Team Katalyst Ltd, a company established not for profit for the award of discretionary rate relief for the premises concerned. Consideration was given to the recommendations of officers in accordance with the Council's Discretionary Business Rates Relief Policy, which had been approved in April 2013.

Resolved:-

That 20% discretionary rate relief top up be awarded to the registered charity Grimm and Co Ltd and 100% discretionary rate relief to Team Katalyst Ltd for the premises listed in the report and in accordance with the details set out in Section 7 of the report.

74. SITE CLUSTER TENDER AWARD

Consideration was given to a report which sought approval to award the contract to a development partner for the 'Site Cluster Programme' covering seven Housing Revenue Account sites and allow work to proceed.

It was reported that the proposal would enable the development of the following sites:

- Braithwell Road and Gaitskell Close, Maltby
- X2 sites on Rother View Road, Canklow

- Conway Crescent and Farnworth Road, East Herringthorpe
- Shakespeare Drive, Dinnington

It was noted that the next stage of the project would involve detailed negotiations regarding the terms of appointment via a development agreement and the commencement of site investigations and planning applications for the sites.

Resolved:-

1. That the tender submitted by the preferred developer, dated 18 April 2016, be accepted for the site cluster programme.
2. That the Assistant Director of Legal Services be authorised to finalise the development agreement.
3. That all predevelopment costs associated with securing planning permission and enabling construction works to commence be funded by the Council.
4. That a further report be submitted for approval of the development programme, development agreement and financial arrangements following the conclusion of negotiations with the preferred developer.

75. SUSTRANS 'BIKE IT' PROJECT EXTENSION FOR 2016/17

Consideration was given to a report which sought an exemption under Standing Order 48 from the provisions of Standing Order 47 (contracts valued at less than £50,000) prior to awarding a contract to Sustrans Ltd for the delivery of the 'Bike It' project in Rotherham during the 2016/17 financial year.

It was reported that Sustrans were the sole provider of the 'Bike It' Project in the UK, with no known competitors offering a similar package. It was noted that this project had already resulted in combined cycle to school trip rates to participating schools in Rotherham increasing from a negligible amount to an average of 12%.

Resolved:-

That an exemption be granted under Standing Order 38 from the provisions of Standing Order 47 (contracts valued at less than £50,000) on the basis that Sustrans are the sole supplier of 'Bike It' project services.

76. AWARDING CONTRACTS FOR THE DELIVERY OF 0-19 CHILDREN'S HEALTH SERVICES, SEXUAL HEALTH SERVICES AND DRUGS AND ALCOHOL RECOVERY SERVICES

Consideration was given to a report which sought to award public health contracts for sexual health services, 0 – 19 Integrated Public Health Nursing Services and Drug and Alcohol Recovery Services.

It was reported that approval had been obtained in December 2015 to review and revise the specifications for 0 – 19 Integrated Public Health Nursing Services, Drug and Alcohol Recovery Services and Sexual Health Services prior to a competitive tendering procurement process. The reviews and revisions were completed in May 2016 and a the procurement process had been completed.

The report detailed the scoring summary for each bidder in each of three contract areas.

Resolved:-

1. That the contract for 0-19 Integrated Public Health Nursing Services be awarded to The Rotherham NHS Foundation Trust (TRFT) for a period as advertised of three years with the option to extend for a further two years.
2. That the contract for Sexual Health Services be awarded to The Rotherham NHS Foundation Trust (TRFT) for a period as advertised of four years.
3. That the contract of Drugs and Alcohol Recovery Services be awarded to Lifeline Project Ltd. for a period of two years as advertised with an option to extend for a further two years.

77. LIBRARY STRATEGY AND FUTURE LIBRARY & CUSTOMER SERVICE OFFER

Consideration was given to a report which summarised the consultation undertaken on the Library Strategy 2016-19, the future service offer for Libraries and Neighbourhood Hubs and a range of savings proposals connected to the implementation of the strategy and service offer.

It was noted that the strategy set out the vision, key principles and core offer for the service. It had been developed following an analysis of local need for the service and informed by feedback received during the consultation period.

The report proposed the adoption of the strategy and core service offer and implementation of revised savings proposals. The 2016-17 revenue budget related to Libraries and Customer Services was £5,034,590, which included a property budget of £1,220,333. As a result of the review, reductions in expenditure would total £474,000 across the 2016/17 and 2017/18 financial years.

Specific proposals within the paper included the retention of library provision in all existing static locations, the implementation of further self service, online and assisted digital options for service delivery and changes to the Mobile Library and Book Link services.

It was noted that the proposals had been considered by the Overview and Scrutiny Management Board at its meeting on 2 September 2016, where Members had wholly supported the recommendations submitted to Cabinet.

Resolved:-

1. That the results of the public consultation on the draft Library Strategy, future service offer for Libraries and Neighbourhood Hubs and associated savings proposals be noted.
2. That the Library Strategy 2016-19 and future service offer be endorsed and recommended for approval by Council on 19 October 2016.
3. That implementation of the revised savings proposals be endorsed and recommended for approval by Council on 19 October 2016, including the adjustment to the MTFS as described in paragraph 7.5.
4. That it be noted that further and more detailed analysis of local need will continue to inform and drive the future service offer.

78. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:-

That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of such Act indicated, as amended by the Local Government (Access to Information)(Variation) Order 2006.

79. BUSINESS RATES HARDSHIP RELIEF APPLICATION

Consideration was given to a report which detailed an application received by an individual for Business Rates Hardship Relief for a business in the Borough.

The report set out the rationale for dealing with the application in accordance with the Council's Discretionary Business Rates Relief Policy, which had been agreed in April 2013.

Resolved:-

That the application for hardship relief for the premises detailed within the report be refused.

Summary Sheet

Council Meeting – 19 October 2016

This report is submitted for full council to note and consider the contents of the HRA Business Plan which was approved by Cabinet on 10 October 2016

Title: Impact of legislation on the Housing Revenue Account Business Plan 2016-17

Is this a Key Decision and has it been included on the Forward Plan?

Yes – this key decision was taken by Cabinet on the 10 October 2016

Strategic Director Approving Submission of the Report

Anne Marie Lubanski, Strategic Director Adult Care and Housing

Report Author(s)

Tom Bell, Interim Assistant Director Housing and Neighbourhood Services

Paul Elliott, Business and Commercial Programme Manager

Kath Oakes, Principal Finance Officer

Ward(s) Affected

All

Executive summary

The Housing Revenue Account (HRA) records all expenditure and income relating to the provision of council housing and related services, and the Council is required to produce a HRA Business Plan setting out its investment priorities over a 30 year period.

Following the introduction in 2012 of HRA self-financing, whereby the Council was awarded control over its HRA in return for taking on a proportion of national housing debt, Rotherham's HRA was in a strong position with a healthy level of reserves. However a number of policies have recently been introduced by central government that will result in a dramatic reduction to HRA resources, namely:

- Welfare Reforms
- Changes resulting from the Housing and Planning Act 2016

The cumulative effect of these changes is that £51m of savings are likely to be required by 2020-21 when compared to the previous business plan, meaning that the Council will need to take some difficult decisions about prioritisation, and how to achieve the best outcomes locally for Rotherham residents.

Further discussions will be required regarding how best the Council manages social housing and new housing delivery in the future and this will be the subject of further reports.

This report provides an overview of the current position and the reason for changes to the HRA Business Plan.

Recommendations

That the Council considers and notes the content of this report

List of Appendices Included

Appendix 1 – HRA Business Plan 2016-17 Cabinet report

Background Papers

HRA Business Plan 2015-16

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Cabinet and Commissioners' Decision Making Meeting – 10 October 2016

Improving Places Select Commission – 26 October 2016

Council Approval Required

No

Exempt from the Press and Public

No

Impact of legislation on the HRA Business Plan 2016-17

1. Recommendations

- 1.1 That the Council consider and note the contents of this report.

2. Background

- 2.1. The Housing Revenue Account (HRA) records all expenditure and income relating to the provision of council housing and related services, and the Council is required to produce a HRA Business Plan setting out its investment priorities over a 30 year period.

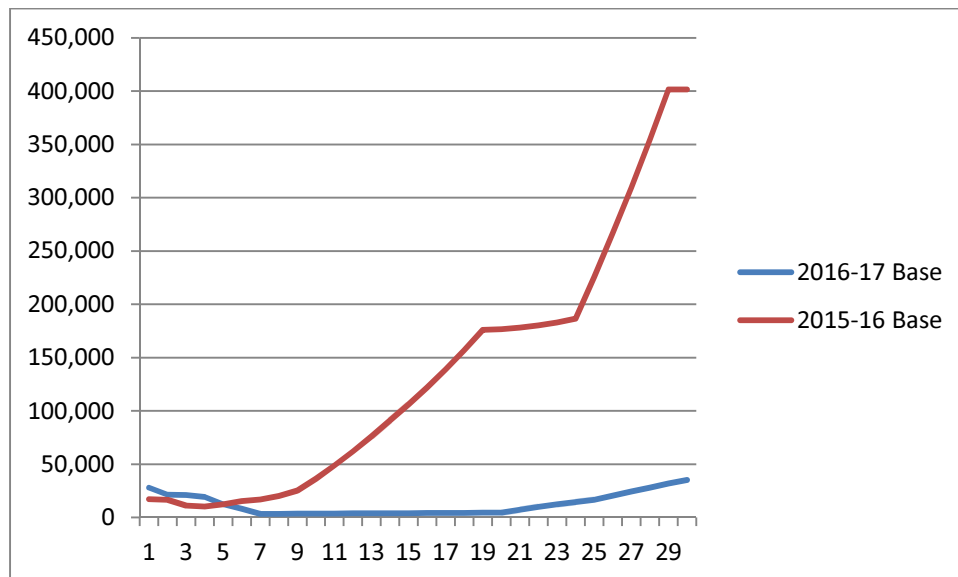
A decision to amend the 2015/16 HRA Business Plan was taken by Cabinet on 10 October 2016 and the decision making report is appended as Appendix 1. It is a technical report and sets out the key proposals for the HRA Business Plan for 2016-17 onwards and provides information on the scale of the financial challenges in future years.

- 2.2 It is important members recognise the scale of changes and challenges facing social housing going forward and this report sets out the key policy changes and their impact on the HRA business Plan. The key message is that future years will be profoundly different to the position the Council has been in previously in terms of finances and operation of Council Housing. At the end of the 30 plan period the Council had predicted over £400m of surpluses generated. With savings and adopting a more prudent plan the predicted outturn after 30 years is now a £35m surplus.
- 2.3 The reason for such a fundamental shift is the impact of the Chancellor's Summer 2015 Budget, the Planning Act 2016 and Welfare Reforms being implemented.
- 2.4 The combined effect of these changes is having a national effect on social housing and the nature of housing provision, not just in terms of Council Housing.

3. Key Issues

- 3.1 The Council currently owns circa 21,000 homes and 3,451 garages with a turnover from rents and other sources approaching £84m per annum.
- 3.2 The impact of the proposed changes on the HRA means there is a need to fundamentally restructure the budget over the coming years.
- 3.3 The HRA currently has a healthy financial position with a general reserve balance of £27.932m and a Major Repair Reserve of £3.873m as at the end of March 2016.
- 3.4 The following graph shows the impact on the Operating Account due to changes in underlying assumptions following new Government policies when compared to the previous business plan:

Operating Account Balance based on modelled assumptions



The impact of this scenario will be:

- By Year 30 of the plan forecasts the housing stock size will have reduced to circa 15,500 units i.e. a reduction of around 5,000 units.
- Strategic property acquisitions will cease in 2017-18, rather than 2020-21 as in the 2015-16 Base case. This will save £36.375m and mean around 360 fewer council properties are acquired.
- There will be £273m less to spend on property investment over 30 years
- There will be £98m less to spend on Supervision and Management over 30 years

3.5 Government Policy changes affecting the HRA Business Plan

3.6 **Introduction of 1% rent reduction** - This was introduced in April 2016 and will operate until 2019-20. This change has resulted in a loss of £638m income over the life of the business plan.

3.7 **Benefits Cap** - The Welfare Reform Act was passed by Parliament in March 2012 which introduced the concept of a Benefits Cap. The amount at which the cap would be introduced was reduced as part of the Summer Budget 2015, the details of how groups will be affected are below:

	£ per week now	£ per week Autumn 2016	£ per annum now	£ per annum Autumn 2016
Single	350.00	257.69	18,200	13,400
Lone Parent	500.00	384.62	26,000	20,000
Couple	500.00	384.62	26,000	20,000
Couple with children	500.00	384.62	26,000	20,000

3.8 Housing benefit is the first payment to be cut if a household is affected by the benefit cap. From data provided by the DWP (Department of Work and Pensions), 190 council tenancies will be affected in Rotherham.

- 3.9 Whilst this does not directly affect the HRA, it will mean that a number of tenants will have no immediate means to pay their rent, causing significant strain on bad debts over the medium to long term as well increase in void rates as tenants seek to move to smaller properties.
- 3.10 Other potential factors that will impact the HRA Business Plan include:
- Households in private rented accommodation may apply for re-housing to more affordable council accommodation.
 - Affected council tenants may require money advice to assist them with budgeting.
 - Rent arrears may increase from larger households in receipt of welfare benefits
- 3.11 **Spare Room Subsidy** - The Spare room subsidy commenced in April 2013. There are currently 3,022 tenancies affected. Total arrears balances have increased by 23% over the past 12 months.
- 3.12 **Universal Credit** - The way in which benefits will be paid to tenants in the future presents a risk. At the current time 64% of HRA income is received via direct payment of Housing Benefit, with the remainder paid direct by tenants.
- 3.13 Universal Credit commenced in Rotherham on 7 December 2015, in that time there have been a total of 159 tenants claiming Universal Credit.
- 3.14 As at 7 July 2016 the arrears balance of tenants on Universal Credit stood at £137,788; an average balance of £918.59. This is £595.82 higher than the average balance of tenants whose rent is paid by Housing Benefit or fully themselves.
- 3.15 **Backdating of Housing Benefit** - As of 1 April 2016 Housing Benefit claims will only be backdated by 4 weeks. This will impact on rent payments where a tenant was eligible for Housing Benefit but did not submit an earlier claim. As a result the Housing Income team now attend all tenancy sign up meetings to ensure that Housing Benefit claims are submitted at the start of a tenancy.
- 3.16 **Restriction of Housing benefit for 18 to 21 year olds** - From April 2017, 18-21 year olds submitting a claim for Universal Credit will not be automatically eligible for the housing cost element (equivalent of Housing Benefit).
- 3.17 **Pay to Stay** - Tenants in social housing who earn more than £31,000 outside of London are expected to pay market rent from April 2017 onwards. The increase in rent will be tapered at a rate of 15 pence to the pound. ie for every extra pound of earnings over £31,000 the tenant will be expected to pay an extra 15 pence per week rent until they reach average market rent (for Rotherham).
- 3.18 In 2017-18 only additional rent collected less reasonable Local Authority administration costs, will be paid to the Treasury.

- 3.19 In addition to the extra administrative burden this policy places on the Housing Service such as income verification for all 21,000 tenancies and calculation of market rents annually by property type, this policy is also expected to increase the rate of Right to Buy given this may be a far more financially attractive option.
- 3.20 The Council is awaiting regulation from the Secretary of State.
- 3.21 **Local Housing Allowance** - As part of the 2015 Autumn statement it was announced that for new tenancies Housing Benefit in the social rented sector will be paid up to the Local Housing Allowance rate – the rate that applies to the private sector. In particular this means for single people aged under 35 without children, they will be restricted to shared accommodation rates. These rates are below typical council rents for one bed properties.
- 3.22 The policy applies to all tenancies signed from 1 April 2016, with the new rate commencing on 1 April 2018.
- 3.23 In such cases we therefore require tenants to make up the shortfall from other sources, with a subsequent increase in bad debts as a result.
- 3.24 There will also be an adverse impact on Council tenancies that are offered as 'furnished' through the Rotherham Furniture Solutions scheme (RFS). Whilst the service can continue to be delivered with some changes to packages offered, there will no longer be the ability to generate significant surpluses on an annual basis. This may have an impact on the Council's Medium Term Financial Strategy as £1.35m income is factored into this plan in 2017/18.
- 3.25 **Fixed term tenancies** - The Housing and Planning Act introduced the requirement for fixed term tenancies of up to 10 years for social housing with the aim of making best use of the stock so only people in housing need remain. Whilst this will not reduce income to the HRA, it will probably increase the turnover rate for stock so increasing housing management and void costs at a time when cost savings are required.

The key elements to note are;

- It does not affect existing tenants
 - From April 2017 LAs are to issue tenancies for 2 – 5 years
 - Exemptions for families with children under 9 to minimise disruption to education
 - Longer tenancies may be issued to people with disabilities
 - Tenancies to be renewed at LAs' discretion
 - Awaiting regulation from Secretary of State
- 3.26 **Higher Value Property Sales** - This duty is a result of the introduction of Right to Buy for Housing Association tenants. Originally it was intended that this would be funded by the sale of higher value council properties when they became vacant. It is now clear that Local Authorities will receive an annual determination from the DCLG which may or may not reflect the actual turnover of higher value properties.

3.27 It will be for Rotherham MBC to consider if it wishes to sell a higher value property when it becomes vacant.

3.28 As of August 2016 no detailed regulations have been issued. For planning purposes it has been assumed the HRA will incur a charge of £2m per annum under this policy. Once the regulations have been published a review of this assumption will take place. This is a significant risk to the HRA Business Plan.

4. Options considered and recommended proposals

4.1 Detailed options are contained in the main body of the HRA Business Plan report. The proposed option going forward is Base Case 2016-17. This will result in the HRA having an Operating Surplus of £35.3m by Year 30.

5. Consultation

5.1 The Cabinet Member for Housing has been consulted over these proposals. The Tenants Quality and Standards Group was be consulted on 11 October 2016 and their comments will be incorporated into future revisions of the plan.

6. Timetable and Accountability for Implementing this Decision

6.1 This report is for information and noting by Council.

7. Financial and Procurement Implications

Policy	Issue	Potential financial impact	Year of implementation
Benefit Cap	Reduction in Housing Benefit income leading to an increase in rent arrears, resulting in an increased bad debt provision	£400k per annum	October 2016
Social Sector Size Criteria (Bedroom tax)	Reduction in Housing Benefit Income	£100k per annum	Ongoing
Universal credit	Reduction in Local Housing Allowance income. Increase in rent arrears, resulting in an increased bad debt provision	£200k per annum and increasing	Ongoing
Restriction of Housing Benefit for 18-21 year olds	Fewer tenancies to 18-21 year olds. Increasing arrears, leading to increased bad debt provision	Up to £500k per annum	April 2017

Policy	Issue	Potential financial impact	Year of implementation
Pay to stay	Increasing RTB Charging market rents, leading to increased rent arrears Increased administration costs	Not yet know	April 2017
Local Housing Allowance (LHA) rate capped for under 35's	Fewer tenancies to single under 35's. Harder to let properties Increase rent arrears, leading to increased bad debt provision	£1.3m per annum	April 2018
Cap Social rents to Local Housing Allowance (LHA) rate	Cost of a furnished tenancy not covered fully by Housing Benefit due to LHA cap	Up to £1.3m per annum to General Fund	April 2018
Fixed term tenancies	Increase tenancy turnover, leading to increased void costs	Not yet known	April 2018
Higher Value property levy	Sale of properties becoming vacant and/or payment of annual determination from DCLG	£2m per annum (awaiting Regulations)	2016/17?

8. Legal and Procurement Implications

8.1 The Legal Implications where known are covered in main body of this report. Further detail is awaited from central government on some recent legislative changes under the Housing and Planning Act 2016, such as the pay to stay and higher value property sales provisions, which may alter some of the estimates made in this report.

9. Human Resources Implications

9.1 The report indicates income reductions over the next three years and therefore there is potential for service reviews across those service areas funded from the HRA. Opportunities to reduce through natural wastage should also be taken where staff leave housing services.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no implications for CYPS or Vulnerable Adults.

11 Equalities and Human Rights Implications

11.1 There are no Equalities and Human Rights implications.

12. Implications for Partners and Other Directorates

12.1 This proposal is about making effective use of council assets and managing them to best effect. It contributes to the sustainable neighbourhood's agenda by addressing future investment needs and will help deliver a better quality of affordable housing to the community.

13. Risks and Mitigation

13.1 Self-financing involved a significant transfer of risk from Central Government to the Council. Variables such as interest rates, cost inflation, number of homes owned etc. are all risks managed by the Council.

13.2 Any adverse changes in rental income (for example as a result of welfare reform or changes in the number of Right-to-Buy sales) must be managed locally.

13.3 The risks associated with the HRA Business Plan demand a smarter approach to risk management. The Council will closely monitor the viability of the HRA Business Plan; through the governance structure described in the Business Plan at Appendix A, by building a HRA Business Plan monitoring report to monitor key variables such as:

- Number of homes
- Rental income
- Rent arrears and bad debts
- Voids and void rent loss
- Debt levels and repayment
- Reserve levels, and
- Maintenance backlog

13.4 The risk management plan for the HRA Business Plan is contained in the HRA Business Plan. The plan follows the Council's risk management methodology and approach.

13.5 The risk management plan is updated, tracked and monitored. The management plan will be revised as the situation changes - especially regarding interest rates and inflation - in light of Government announcements such as continuing welfare reforms as part of process of monitoring changes in variables and performance.

13.6 Significant risks will be placed on the Corporate Risk Register and risk issues will be escalated through the Council to Departmental Leadership Team and Senior Leadership Team as necessary.

13.7 The Council has risk based reserves to ensure that HRA reserves are maintained at the appropriate level. The reserves will be maintained at the appropriate level to fund potential future financial pressures from risks such as welfare reform and investment requirements.

14. Accountable Officer(s)

Anne Marie Lubanski, Strategic Director for Adult Care and Housing
Tom Bell, Interim Assistant Director of Housing and Neighbourhood Services

Author: Paul Elliott - Business and Commercial Programme Manager
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Approvals obtained from:-

Strategic Director of Finance and Customer Services:- Kath Oakes, Principal
Finance Officer

Assistant Director of Legal Services:- Neil Concannon, Service Manager –
Litigation and Social Care

Head of Procurement (if appropriate):-

This report is published on the Council's website or can be found [here](#).



Cabinet and Commissioners' Decision Making Meeting
Public Report

Summary Sheet

Council Meeting

Cabinet and Commissioners Decision Making Meeting – 10 October 2016

Council Report

HRA Business Plan 2016-17

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Anne Marie Lubanski, Strategic Director Adult Care and Housing

Report Author(s)

Paul Elliott, Business and Commercial Programme Manager
Kath Oakes, Principal Finance Officer

Ward(s) Affected

All

Executive summary

The Housing Revenue Account (HRA) records all expenditure and income relating to the provision of council housing and related services, and the Council is required to produce a HRA Business Plan setting out its investment priorities over a 30 year period.

Following the introduction in 2012 of HRA self-financing, whereby the Council was awarded control over its HRA in return for taking on a proportion of national housing debt, Rotherham's HRA was in a strong position with a healthy level of reserves. However a number of policies have recently been introduced by central government that will result in a dramatic reduction to HRA resources, namely:

- 1% per annum reduction in Council rents over four years:
- Reinvigoration of the Right to Buy (reduction of qualifying period to three years):
Reducing stock
- Welfare reform - bedroom tax, universal credit and benefits cap: Impacting on tenants' ability to pay their rent, and increasing the resources required by the Council to collect rent from tenants in receipt of benefits
- Introduction of 'Pay to Stay' and mandatory fixed term tenancies: Which will significantly increase the administrative burden on the Council, and may also lead to increased Right to Buy sales / more lost stock

- Introduction of the enforced sale of high value properties / equivalent levy: Meaning the Council will have to pay in the region of £2m annually to the Treasury, to cover the costs of the discounts housing associations must offer now they can offer the Right to Buy to their tenants

The cumulative effect of these changes is that £51m of savings are likely to be required by 2020-21 when compared to the previous business plan, meaning that the Council will need to take some difficult decisions about prioritisation, and how to achieve the best balance between the following:

- Maintaining and continuing to improve our 21.000 Council homes
- Contributing to the borough's housing growth target of 900 homes per annum
- Contributing to the development of Starter Homes and other affordable housing products that are needed locally and will play a critical role in Rotherham's overall economic growth

Further discussions will be required regarding how best the Council manages social housing and new delivery in the future and this will be the subject of a separate report later in the year.

This report provides a detailed technical overview of the current position and the reason for changes to the Plan.

Recommendations

1. That the proposed 2016-17 Base Case for the HRA Business Plan be approved.
2. That agreement be given to review the plan annually to provide an updated financial position as new government regulations come into force.

List of Appendices Included

Appendix A – HRA Business Plan 2016-17
Appendix B – HRA Operating Statement
Appendix C – HRA Investment Programme
Appendix D – Capita HRA Business Plan Review
Appendix E – Modelled assumptions

Background Papers

HRA Business Plan 2015-16

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Improving Places Select Commission

Council Approval Required

No

Exempt from the Press and Public

No

Housing Revenue Account Business Plan 2016-17

1. Recommendations

- 1.1 That the proposed 2016-17 Base Case for the HRA Business Plan be approved.
- 1.2 That agreement be given to review the plan annually to provide an updated financial position as new government regulations come into force.

2. Background

- 2.1. This report sets out the proposals for the HRA Business Plan for 2016-17 onwards and provides some information on the scale of the financial challenges in future years. In essence the overall approach is to make savings where it is feasible to do so and can, to plan for the future fundamental changes in 2016-17 and to position the HRA and landlord service to best respond to those challenges that come.
- 2.2 Future years will be profoundly different to the position the Council has been in previously in terms of finances and operation of Council Housing, and whilst the Council has a significant challenge over the next three to four years in reshaping the service it is also the case that the Council retains sufficient reserves to allow this to be undertaken in a sensible and prudent manner to reflect the changing environment and tenants' reactions to the changes.
- 2.3 There has been a significant shift in the assumptions underpinning the HRA Business Plan as a result of the Chancellor's Summer 2015 Budget. This made changes to rent setting from 2016-17 onwards and to benefit payments for those tenants receiving housing or work related benefits, along with confirmation of the introduction of Pay to Stay. In summary the changes are:
 - Reductions in rent by 1% per annum for four years from 2016-17
 - Reduction in the Benefit Cap to £20,000 (£13,400) for a single person
 - Restriction of Housing Benefit for people aged 18 to 21 (from April 2017)
 - The introduction of Pay to Stay, which means any household earning over £31,000 per annum will be required to pay at or near market rent
 - Restriction of Housing Benefit to Local Housing Allowance rate for new tenants from April 2016, but applied from April 2018
 - The sale of higher value Council Properties (assumed first payment to be made in 2016-17 and annually thereafter)
 - The ending of lifetime tenancies for new tenants
- 2.4 There have also been a number of other fundamental changes in the overall housing environment, including:
 - Changes to Planning regulations about the need to develop Affordable Housing, with Starter Homes (sold at a 20% discount to full market value) being in effect recognised as Affordable Homes thus replacing homes built for social rent.

- Assistance for 'hard working families' who live in Housing Association properties to exercise the Right to Buy, which is funded through the sale of higher value Council Properties.
 - A fundamental change in government focus with home ownership being seen as the only viable housing solution for people where they can afford it.
- 2.5 The combined effect of these changes is likely to have a significant impact on the nature of housing provision in Rotherham, not just in terms of Council Housing.
- 2.6 The view of Government appears to be that social housing should provide a home if a person is in need and that once the tenant has the ability to purchase a property of their own or rent from the market place then that should be the outcome. This increasingly means that Council provision will be scarcer and fewer properties will be available. How the Council reacts to these changes will determine the HRA's ability to survive in a more difficult market place.
- 2.7 The relationship the Council has with tenants will change as more information is gathered on individual and household income levels. Many tenants may see this as an unjustified and unwarranted intrusion into their lives. In addition new tenants will be subject to a review of their tenancies and the need to be in social housing, at least every 10 years.
- 2.8 Within this context, deriving a sustainable business plan has been problematic, in terms of estimations as to how the underlying business will change and how to address the significant reductions in income that will result from these changes, not least the requirement to reduce rents by 1% for four years.
- 2.9 The overall position is challenging, but given the level of reserves there is the ability to absorb some initial short term impact. However, the HRA can only be based on a long term sustainable and affordable budget to ensure there are sufficient resources to maintain properties over the next 30 years. The scale of issues facing the HRA is such that corrective action has been and must continue to be taken over the next three to four years to avoid the situation becoming more difficult to manage without less measured drastic action. Therefore it is essential we plan and change policy now.
- 2.10 There are two as yet unquantifiable risks that should be at the forefront of the Council's mind in determining the longer term future of social housing. These are that the Government has the power to make estimates of what the HRA should pay over to DCLG (Department for Communities and Local Government) in relation to 'Pay to Stay' and the sale of 'higher value properties'. These estimates may bear little or no relation to actual worth. This has made the estimation of budgets for 2016-17 onwards extremely difficult. Estimates are discussed in the report, but it should be noted that until it is understood how tenants will react and the detail of how the costs will be calculated, these are only indicative figures.

- 2.11 Over the medium term, the significant number of changes introduced means the underlying assumptions have been fundamentally undermined and as such all assumptions have been reviewed to reflect the changing environment in which the HRA operates.

3. Key Issues

- 3.1 The Council currently owns circa 21,000 homes and 3,451 garages with a turnover from rents and other sources approaching £84m per annum.
- 3.2 The overall financial strategy for the HRA is focused on:
- Supporting delivery of the Council's Corporate Plan
 - Maintaining a sufficient level of balances both as a contingency against risks and to ensure that investment can be sustained over the period of the business plan
 - Achieving and maintaining the decent homes standard
 - Providing a customer focused and effective repairs service
 - Supporting housing and neighbourhood management
 - Enabling new affordable housing provision (circa £5m available to fund existing commitment and £7m is being made available in 2017/18)
- 3.3 The impact of the proposed changes on the HRA means there is a need to fundamentally restructure the budget over the coming years. With this in mind proposals are designed to ensure:
- Whilst savings are made no action is taken that will undermine the Council's longer term ability to react to changes
 - Provision is made to ensure there are sufficient resources available to implement changes that are required in the short term
 - The longer term viability of the HRA business plan is maintained
 - Budgets remain flexible to react to any significant changes in property numbers currently expected or further government policy changes
 - No further borrowing is undertaken and no early repayment of debt is made

Financial Position of the HRA

- 3.4 The HRA currently has a healthy financial position with a general reserve balance of £27.932m and a Major Repair Reserve of £3.873m as at the end of March 2016. A summary of Income and Expenditure for 2016-17 follows:

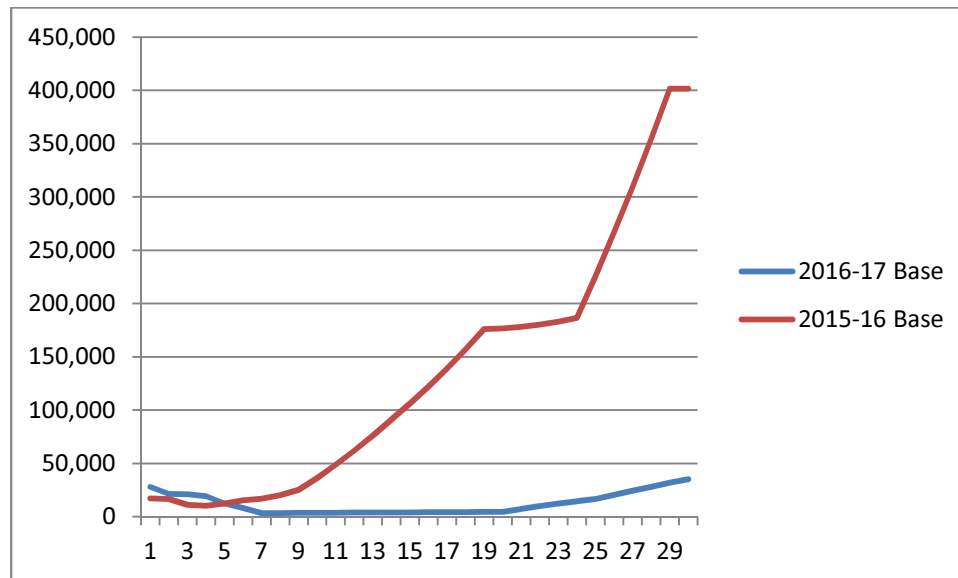
HRA Operating Statement - June 2016	2016/17 Full Year Budget £000	2016/17 Forecast Out- turn £000
<u>Expenditure</u>		
Contributions to Housing Repairs Account	19,075	19,075
Supervision and Management	20,658	20,569
Rents, Rates, Taxes etc.	210	210
Provision for Bad Debts	1,546	1,546
Cost of capital Charge	13,785	13,650
Depreciation of Fixed Assets	19,975	19,975
Debt Management Costs	175	130
Expenditure	75,424	75,155
<u>Income</u>		
Dwelling Rents	-77,851	-77,851
Non-dwelling Rents	-751	-751
Charges for Services and facilities	-4,487	-4,487
Leaseholder Income	-81	-81
Other fees and charges	-324	-327
Income	-83,494	-83,497
Net Cost of Services (surplus)	-8,070	-8,342
Interest received	-90	-100
Net Operating Expenditure (surplus)	-8,160	-8,442

- 3.5 The £8.16m operating surplus is being used to fund part of the Housing Capital Programme via a Revenue Contribution to Capital Outlay (RCCO).

Scale of the challenge ahead

- 3.6 Going forward the financial position of the HRA deteriorates significantly over the next three to four years and therefore immediate action is required to mitigate the impact of this forecast reduction in income as a result of the Government's policy changes.
- 3.7 The following graph shows the impact on the Operating Account due to changes in underlying assumptions following new Government policies when compared to the previous business plan:

Operating Account Balance based on modelled assumptions



3.8 In arriving at the 2016-17 Base a series of assumptions have been modelled which give a variety of different scenarios over the life of the business plan. The changes to assumptions modelled have been:

- 2015-16 Base – this is as per the Business Plan approved in May 2015 and assumed rents would increase by CPI + 1% over the life of the plan. **This resulted in an Operating Surplus at Year 30 of £401m.**
- 2016-17 Base – this assumes that rents will decrease by -1% for four years to 2019-20 and then increase by CPI only. In addition, Right to Buy sales have been increased to 200 per year from Year 5 of the plan. To accommodate the reduction in income as a result of increased RTB forecasts 50% of Supervision and Management expenditure has been flexed along with 75% percent of Repairs and Maintenance expenditure (excluding disabled adaptations and garages) in proportion to RTB sales. It also assumes Capital expenditure will reduce by 10% until 2019-20 and by a further 10% for the remainder of the plan, except for during years 21 to 25 where there is a 50% reduction. It also assumes an annual Higher Value Property Levy of £2m. **This results in an Operating Surplus at Year 30 of £35.3m.**

3.9 In developing the 2016-17 Base Case, Capita Housing and Consultancy have undertaken a review of the HRA Business Plan and made a series of recommendations as detailed in their report at Appendix D. All recommendations at Section 5.1 of the Capita report have been incorporated

into the 2016-17 Base Case, with the exception of Recommendation 3, which states to flex Repairs and Maintenance expenditure by 100%. As the Council pays a fixed overhead on existing repairs and maintenance contracts it would be more prudent to flex 75% to reflect the current fixed overhead charge. This and all other assumptions will be reviewed annually.

3.10 The Proposed 2016-17 Base Case results in a reduction to forecast income over the next five years of circa £51m when compared to the 2015-16 Base Case. The assumptions already detailed ensure expenditure is reduced in line with forecast income throughout the life of the business plan, with the exception of a shortfall in Capital funding of £13.6m between Years 7 and 20. It is proposed to address that shortfall as part of the ongoing review of the business plan. The challenge going forward is to ensure that all assumed savings are delivered.

3.11 Although the Operating Account surplus at Year 30 for the preferred option is much lower than other scenarios this has been chosen because:

- Expenditure is reduced proportionately to stock size, so mitigating the effect of increasing Right to Buys.
- RPI is set at 0.25% higher than CPI so provides a more prudent assessment of potential cost inflation compared to some other scenarios
- Repairs and maintenance costs reflect the current fixed overhead charge of circa 25%
- The forecast capital funding shortfall is £13.7m which is significantly lower than in some other scenarios, it is proposed to address this as part of ongoing reviews of the plan
- There is no additional borrowing requirement

The proposed Base 2016-17 still requires significant savings to be made. On average, cost savings of £16m per year are required over the life of the plan when compared to the 2015-16 Base Case. Given the size of property based budget, proportionately this is where the largest savings will need to be made. The majority of these savings will be made as stock is sold and costs are no longer incurred for ongoing repairs, maintenance and investment. The impact of this scenario will be:

- By Year 30 of the plan forecasts the housing stock size will have reduced to circa 15,500 units i.e. a reduction of around 5,000 units.
- Strategic property acquisitions will cease in 2017-18, rather than 2020-21 as in the 2015-16 Base case. This will save £36.375m and mean around 360 fewer council properties are acquired.
- There will be £273m less to spend on property investment over 30 years
- There will be £98m less to spend on Supervision and Management over 30 years

3.12 The table below shows a breakdown of saving targets across Capital Expenditure, Repairs & Maintenance and Supervision and Management budgets for the next 3 years.

Proposed HRA Cost Savings 2016-17 to 2018-19

Service	2016-17 £	2017-18 £	2018-19 £	Total £
Supervision & Management	450,000	487,000	479,000	1,416,000
Repairs and Maintenance	250,000	250,000	250,000	750,000
Investment	7,679,000	2,989,300*	9,292,443	19,961,043
Total	8,379,000	3,726,300	10,021,443	22,127,043

*Cost saving reduced as planned acquisition programme will continue in 2017-18.

- 3.13 These savings have already been factored into the proposed HRA budgets within the HRA Business Plan and are on course to be delivered for 2016-17. The challenge is to ensure that the remaining savings are now delivered and tenants are consulted on their priorities for the future of Council housing in Rotherham. This will be reviewed monthly at HRA Financial Monitoring meetings, which track progress of work to identify cost savings and increase income to the Housing Service.

Government Policy changes affecting the HRA Business Plan

- 3.14 As explained earlier in the report there are several government policy changes that are already affecting or will adversely affect the health of the HRA Business Plan. These are in summary:

Introduction of 1% rent reduction

- 3.15 This was introduced in April 2016 and will operate until 2019-20. After this time the Government states they will return to an inflation based formula, but have not defined what this will be. Future Business Plan assumptions after 2019-20 are based on rent increases at CPI rather than the old rent formula of CPI + 1%. This is line with most other social housing provider's assumptions. This change has resulted in a loss of £638m income over the life of the business plan. The effect of the 1% enforced rent reduction for four years and assuming CPI increases thereafter has a major impact when compounded over 30 years.

Benefits Cap

- 3.16 The Welfare Reform Act was passed by Parliament in March 2012 which introduced the concept of a Benefits Cap. The amount at which the cap would be introduced was reduced as part of the Summer Budget 2015, the details of how groups will be affected are below:

	£ per week now	£ per week Autumn 2016	£ per annum now	£ per annum Autumn 2016
Single	350.00	257.69	18,200	13,400
Lone Parent	500.00	384.62	26,000	20,000
Couple	500.00	384.62	26,000	20,000
Couple with children	500.00	384.62	26,000	20,000

- 3.17 Housing benefit is the first payment to be cut if a household is affected by the benefit cap. From data provided by the DWP (Department of Work and Pensions), 190 council tenancies will be affected in Rotherham and will lose circa £390k in Housing Benefit payments. This will therefore have to be collected by the Housing Service.
- 3.18 Whilst this does not directly affect the HRA, it will mean that a number of tenants will have no immediate means to pay their rent, causing significant strain on bad debts over the medium to long term as well increase in void rates as tenants seek to move to smaller properties.
- 3.19 Other potential factors that will impact the HRA Business Pan include:
- Households in private rented accommodation may apply for re-housing to more affordable council accommodation.
 - Affected council tenants may require money advice to assist them with budgeting. At the current time there is insufficient staffing to deal with this as the Housing Income restructure report is awaiting approval.
 - Rent arrears may increase from larger households in receipt of welfare benefits

Spare Room Subsidy

- 3.20 The Spare room subsidy commenced in April 2013. There are currently 3,022 tenancies affected of which 1,739 tenants are in arrears with an average balance of £268.02. Total arrears balances have increased by 23% over the past 12 months to £466,096 as at the end of June 2016. The largest value of arrears is attributable to tenants under the age of 35 who owe circa £173,000.

Universal Credit

- 3.21 The way in which benefits will be paid to tenants in the future presents a risk. At the current time 64% of HRA income is received via direct payment of Housing Benefit, with the remainder paid direct by tenants.
- 3.22 Universal Credit commenced in Rotherham on 7 December 2015, in that time there have been a total of 159 tenants claiming Universal Credit. At the current time the Council receives an income of £39,535.70 per annum through the Delivery Partnership for providing support to Universal Credit Claimants.
- 3.23 As at 7 July 2016 the arrears balance of tenants on Universal Credit stood at £137,788; an average balance of £918.59. This is £595.82 higher than the average balance of tenants whose rent is paid by Housing Benefit or fully themselves.
- 3.24 In setting budget projections beyond the short term these changes to benefits make accurate estimation difficult. There is a lack of information to accurately

assess the scale of bad debt provision required, which means over the coming years there is a need to regularly review the impact on:

- Rent payment levels
- Cost of collection
- Tenancy turnover

3.25 If tenants on Universal credit do not pay their rent, in addition to an Alternative Payment Arrangement, the landlord will also be able to apply for a direct deduction of up to 20% for the non-housing element of their claim. This allows some degree of certainty that rent will be paid eventually so at the current time bad debt provision has been left at 2% up to year 10 of the plan.

Backdating of Housing Benefit

3.26 As of 1 April 2016 Housing Benefit claims will only be backdated by 4 weeks. This will impact on rent payments where a tenant was eligible for Housing Benefit but did not submit an earlier claim. As a result the Housing Income team now attend all tenancy sign up meetings to ensure that Housing Benefit claims are submitted at the start of a tenancy to minimise the detrimental impact this may have on income collection. Clearly this may also impact on existing tenants when there is a change in circumstances, which will be dealt with when identified through the arrears management process.

Restriction of Housing benefit for 18 to 21 year olds

3.27 From April 2017, 18-21 year olds submitting a claim for Universal Credit will not be automatically eligible for the housing cost element (equivalent of Housing Benefit). There will be some exceptions for:

- Parents whose children live with them
- Vulnerable groups
- Those who have previously been living independently and working continuously for six months

3.28 The HRA has 214 tenancies that fall into this category for which £10,592 income per week is received via Housing Benefit. Based on an average tenancy duration of 13 months for this client group it is inevitable there will be a risk that some of the £550,000 annual income would not be recovered from April 2018 onwards. This will lead to further pressure on HRA income and bad debt provision.

Pay to Stay

3.29 Tenants in social housing who earn more than £31,000 outside of London are expected to pay market rent from April 2017 onwards. The increase in rent will be tapered at a rate of 15 pence to the pound. ie for every extra pound of earnings over £31,000 the tenant will be expected to pay an extra 15 pence per week rent until they reach average market rent (for Rotherham).

- 3.30 In 2017-18 only additional rent collected less reasonable Local Authority administration costs, still to be determined by Department for Local Government and Communities, will be paid to the Treasury. This will be reviewed in 2017-18 and an annual determination may be introduced instead.
- 3.31 In addition to the extra administrative burden this policy places on the Housing Service such as income verification for all 21,000 tenancies and calculation of market rents annually by property type, this policy is also expected to increase the rate of Right to Buy given this may be a far more financially attractive option.
- 3.32 The policy will also directly place council properties in competition with the private sector. This may result in an increase in tenancy turnover rate for those affected who may see private sector rented as a more desirable option.
- 3.33 Until final regulations are published it is difficult to estimate the full financial implications of this policy. That said it is clear there are significant financial risks as :
- The government may move to an annual determination after Year 1 dependant on the amount of additional income this policy generates for the Treasury
 - There will be an administration allowance but this is likely to be less than the cost of implementation.

Local Housing Allowance

- 3.34 As part of the 2015 Autumn statement it was announced that for new tenancies Housing Benefit in the social rented sector will be paid up to the Local Housing Allowance rate – the rate that applies to the private sector. In particular this means for single people aged under 35 without children, they will be restricted to shared accommodation rates. These rates are below typical council rents for one bed properties.
- 3.35 The policy applies to all tenancies signed from 1 April 2016, with the new rate commencing on 1 April 2018.
- 3.36 In such cases we therefore require tenants to make up the shortfall from other sources, with a subsequent increase in bad debts as a result. Further work on the future offer to this client group is underway and a report will be brought to SLT in 2017.
- 3.37 LHA rates have been frozen since April 2016 and Rotherham levels are detailed in the following table:

	Rates £ per week	Average Council rent £ per week
Shared accommodation	58.50	49.34
One bedroom rate	80.00	66.77
Two bedroom rate	92.31	76.20
Three bedroom rate	100.38	79.00
Four bedroom rate	144.23	87.24

3.38 This policy is not restricted by age therefore pensioners will also be affected, with the exception of the Shared accommodation rate.

3.39 The table below details the annual income currently received from tenants under 35 who are single with no dependants:

Number of tenants in receipt full HB	Annual Income £	Number of tenants in receipt of part HB	Annual Income £
534	2,295,696	505	1,891,864

3.40 Given this client group will in future be restricted to a maximum LHA (Local Housing Allowance) rate of £58.50 per week and an average tenancy duration of 4 years 4 months, it is reasonable to assume by 2020 the client group will lose equivalent to £24.35 per week (£1.3m annually) HB (Housing Benefit) entitlement. This will subsequently have a further impact on HRA finances and it is highly probable this will manifest itself through increasing rent arrears and bad debts.

3.41 There will also be an adverse impact on Council tenancies that are offered as 'furnished' through the Rotherham Furniture Solutions scheme (RFS). The scheme is paid for by the HRA but delivered as a service within the General Fund. Extensive modelling of the impact the new LHA rates will have on the future viability of the RFS scheme have been undertaken. In summary whilst the service can continue to be delivered with some changes to packages offered, there will no longer be the ability to generate significant surpluses on an annual basis. This may have an impact on the Council's Medium Term Financial Strategy as £1.35m income is factored into this plan in 2017/18.

Fixed term tenancies

3.42 The Housing and Planning Act introduced the requirement for fixed term tenancies of up to 10 years for social housing with the aim of making best use of the stock so only people in housing need remain. Whilst this will not reduce income to the HRA, it will probably increase the turnover rate for stock so increasing housing management and void costs at a time when cost savings are required.

3.43 This policy would also apply to succession rights, with the exception of a Partner or spouse inheriting the tenancy.

Higher Value Property Sales

3.44 The Housing and Planning Act introduced a requirement on Local Authorities to consider the sale of higher value properties that become vacant.

3.45 This duty is a result of the introduction of Right to Buy for Housing Association tenants. Originally it was intended that this would be funded by the sale of higher value council properties when they became vacant. It is now clear that

Local Authorities will receive an annual determination from the DCLG which may or may not reflect the actual turnover of higher value properties.

- 3.46 It will be for Rotherham MBC to consider if it wishes to sell a higher value property when it becomes vacant. No guidance has been issued yet to define what is meant by higher value. Irrespective of whether the council chooses to sell or not, it will be required to make a payment from the HRA each year to the DCLG based on the determination it receives.
- 3.47 Previous estimates, assuming the highest value properties by bedroom size would be subject to review and therefore captured by the levy / determination, this could cost the HRA up to £3.1m per annum.
- 3.48 As of August 2016 no detailed regulations have been issued. For planning purposes it has been assumed the HRA will incur a charge of £2m per annum under this policy. Once the regulations have been published a review of this assumption will take place. This is a significant risk to the HRA Business Plan.

4. Options considered and recommended proposals

- 4.1 Detailed options are contained in the main body of the HRA Business Plan report. The proposed option going forward is Base Case 2016-17. This will result in the HRA having an Operating Surplus of £35.3m by Year 30.

5. Consultation

- 5.1 The Cabinet Member for Housing has been consulted over these proposals. The Tenants Quality and Standards Group will be consulted on 11 October 2016 and their comments will be incorporated into future revisions of the plan.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The table below shows the approval timeline:

Date	Progress
23 August 2016	Draft considered by Housing SMT
13 September 2016	SLT
19 September 2016	Pre-Cabinet Meeting – Presentation
20 September 2016	Members Seminar
10 October 2016	Cabinet
26 October 2016	Improving Places Select Commission

7. Financial and Procurement Implications

- 7.1 In developing the HRA Business Plan the CIPFA / CIH code of practice for a self- financed housing revenue account; the Financial Viability principle has been taken into account which states that:

- The housing authority has arrangements in place to monitor the viability of the housing business and take appropriate actions to maintain viability.

- 7.2 A reduction of 1% on rental values as required by legislation and assuming CPI increases only thereafter, compounded for 30 years has had a significant detrimental impact on the potential HRA balances. Income within the HRA Business Plan is £638m lower as a result.
- 7.3 Significant cuts to capital Investment are already built into the plan and these need to be delivered within the business by re-profiling works to match available funds. Work is ongoing to manage this and it may be delivered in part by extending the life of building components and by planning in advance.
- 7.4 Reductions to revenue Supervision/ Management costs of £1.416m and Repairs/ Maintenance costs of £0.750m have been incorporated into the HRA Business Plan from 2016 to 2019 (detailed at 3.12 above). Discussions are already ongoing with relevant service areas in order to deliver the required savings.
- 7.5 A key financial issue is the shortfall in capital funding of £13.6m between Years 7 and 20. It is proposed to address that shortfall as part of the ongoing review of the business plan and reprioritisation of future resources and investment plans alongside a better understanding of the future impact of the various legislative changes detailed within Section 3 above.
- 7.6 The HRA Business Plan assumes an annual payment to central Government of £2m for the higher value property levy. As previously noted it is not possible at this stage to confirm the accuracy of the estimate until the detailed regulations are issued by DCLG. Any change in the estimate will need to be reflected in a revision to the business plan.

8. Legal and Procurement Implications

- 8.1 The Legal Implications where known are covered in main body of this report. Further detail is awaited from central government on some recent legislative changes under the Housing and Planning Act 2016, such as the pay to stay and higher value property sales provisions, which may alter some of the estimates made in this report.

9. Human Resources Implications

- 9.1 The report indicates cost savings over the next three years and therefore there is potential for service reviews across those service areas funded from the HRA. Opportunities to reduce through natural wastage should also be taken where staff leave housing services.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 There are no implications for CYPS or Vulnerable Adults.

11 Equalities and Human Rights Implications

- 11.1 There are no Equalities and Human Rights implications.

12. Implications for Partners and Other Directorates

12.1 This proposal is about making effective use of council assets and managing them to best effect. It contributes to the sustainable neighbourhood's agenda by addressing future investment needs and will help deliver a better quality of affordable housing to the community.

13. Risks and Mitigation

13.1 Self-financing involved a significant transfer of risk from Central Government to the Council. Variables such as interest rates, cost inflation, number of homes owned etc. are all risks managed by the Council.

13.2 Any adverse changes in rental income (for example as a result of welfare reform or changes in the number of Right-to-Buy sales) must be managed locally.

13.3 The risks associated with the HRA Business Plan demand a smarter approach to risk management. The Council will closely monitor the viability of the HRA Business Plan; through the governance structure described in the Business Plan at Appendix A, by building a HRA Business Plan monitoring report to monitor key variables such as:

- Number of homes
- Rental income
- Rent arrears and bad debts
- Voids and void rent loss
- Debt levels and repayment
- Reserve levels, and
- Maintenance backlog

13.4 The risk management plan for the HRA Business Plan is contained in the HRA Business Plan at Appendix A. The plan follows the Council's risk management methodology and approach. It includes a clear description of the risk, an assessment of probability and impact of the risk, a summary of controls and cost consideration and information on when the risk will be reviewed.

13.5 The risk management plan is updated, tracked and monitored through the governance structure described under the Governance section. The management plan will be revised as the situation changes - especially regarding interest rates and inflation - in light of Government announcements such as continuing welfare reforms as part of process of monitoring changes in variables and performance.

13.6 Significant risks will be placed on the Corporate Risk Register and risk issues will be escalated through the Council to Departmental Leadership Team and Senior Leadership Team as necessary.

13.7 The Council has risk based reserves to ensure that HRA reserves are maintained at the appropriate level. The reserves will be maintained at the

appropriate level to fund potential future financial pressures from risks such as welfare reform and investment requirements.

14. Accountable Officer(s)

Anne Marie Lubanski, Strategic Director for Adult Care and Housing
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Assistant Director of Legal Services:- Neil Concannon, Service Manager – Litigation and Social Care

Head of Procurement (if appropriate):-

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Housing Revenue Account (HRA) 30 Year Business Plan 2016-17

DRAFT

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Glossary of Key terms

Foreword

This business plan describes the ambitions and targets for future council housing investment and services over the next three years, and how what we do in the next three years might affect the long term health of the business plan over 30 years. I hope you will find the plan accessible and informative, and useful in helping to inform you of our priorities for council housing and how we have arrived at them.

Feedback from tenants and residents will be crucial to the ongoing development of this plan. It is tenants who live in the homes and neighbourhoods and tenants who use the services that this HRA Business Plan describes. We have listened to what tenants and residents have said over the past year, including at the Annual Tenants Conference, and through all our engagement routes.

Despite the significant reduction in forecast income over the life of the business plan we still intend to invest over £10m in the acquisition of new council housing over the next 3 years, which will assist us in providing housing to those citizens on our housing register. Over the next three years we also plan to invest over £75m in improvements to our housing stock. This includes commencing a programme to refurbish the communal areas of flats, completion of upgrades to District Heating systems and maintaining the Rotherham Decent Homes Standard.

Following the significant changes to government policy which affects the amount of money we have available to spend on council housing we will be entering into a conversation with our tenants about what the future Housing Service should look like.

We expect tenants to continue to play a key role in shaping the future of council housing investment and services. Whilst there will be fewer resources available there is great scope for tenants to influence this plan as we continue in this period of self-financing. I hope to see more tenants and residents getting involved in making choices that affect them so that council housing in Rotherham is able to continue delivering the outcomes we need for tenants.

Cllr Dominic Beck

Cabinet Member for Housing

Executive Summary

This is Rotherham Council's business plan for the Housing Revenue Account (HRA) over the next 30 years. Given the significant changes to the HRA's operating environment the current long term forecast for the business plan is that savings of circa £500m are required over its life when compared to the previous plan. Assuming these savings are achieved after 30 years the HRA will have an operating surplus of £35m.

As of April 2016 the Council had £304.125 million housing debt and a borrowing limit set by the Government of £336 million. Total HRA Operating expenditure for the year 2016-17 is projected to be £75.4m. Income for the year is forecast to be £83.5m. Appropriations to support capital investment will total approximately £8.16m.

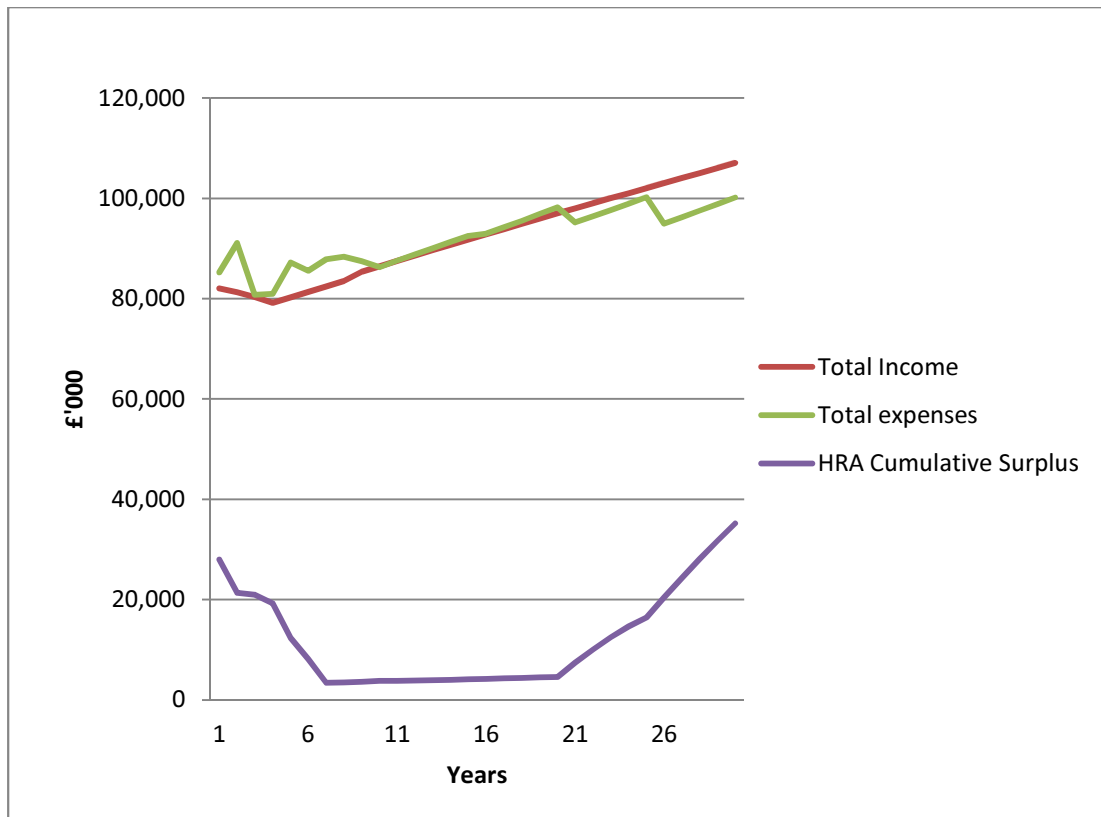
The objectives of this business plan are to ensure the HRA has balanced budgets for the next three years, continuing stock investment that will satisfy tenant expectations, reduce costs and fund the acquisition of new council housing into 2017-18.

The main areas of investment in the early years will be:

- Activity to mitigate the impact of welfare reform
- Transformation of the Housing Income Team into a service that can offer extensive financial advice and support to tenants
- Making the best use of the homes we have by improving the rehousing process and supporting tenants to sustain their tenancy
- Ensuring we prioritise the completion all essential investment associated with our statutory duties including but not limited to the Regulatory Reform (Fire Safety) Order 2006.

The main source of funding for the business plan is from tenant rents which will continue to be set in line with the Government's national social rent policy.

The following chart represents the current forecast. This shows that all planned activity is affordable over 30 years after savings of circa £500m have been made through changes to how we work, reviewing the services and standards we offer and reducing the size of the business to reflect the forecast reduction in the number of properties we own.



It is important to note that all 30-year forecasts serve only as indicative guides from a point in time and these will continually change as progress and long term planning assumptions are reviewed.

1. Introduction

The Housing Revenue Account Business Plan

This is the Housing Revenue Account Business Plan 2016-17 for Rotherham Council.

The purpose of this plan is to set out how the Council will manage the financial aspects of Council Housing in Rotherham from the income raised locally. The plan sets out the rent, charges and forecast budgets for 2016-17, together with an outline budget for the remaining period of the plan.

This business plan:

- Sets out how the Council will manage and monitor delivery of the business plan
- Outlines the Council's income strategy for council housing
- Sets out the Council's aims and objectives for tenant services and investment in our housing stock
- Explains the Council's approach to treasury management

- Describes the Council's approach for ensuring value for money
- Details the main financial assumptions in the plan
- Sets out the main risks to the business and how they will be managed.

Rotherham MBC owns 20,661 council homes which are home to over circa 25,000 tenants and make up around 19% of overall housing in Rotherham. The Council also owns 3,451 garages and has management responsibility for 509 leasehold properties.

The plan incorporates anticipated income and projected expenditure for the next 30 years and sets the long term direction for council housing investment and services in Rotherham. The business plan focuses on income and expenditure for 2016-17 to 2018-19 and assumes full recovery of leaseholder contributions to capital works.

The Housing Revenue Account

The Housing Revenue Account is the financial account used by the local authority for council housing income and expenditure. The HRA is ring fenced for income and expenditure on council housing and funds services for council tenants and investment in council homes. Interest repayments of outstanding council housing debt are also funded by the HRA.

Financial summary

The closing Net Book Value of the HRA assets owned by the council as at 31 March 2016 (adjusted for Social Housing Adjustment Factor) was £508.347m. Rotherham Council's total housing debt as at April 2016 was £304.125 million with a further borrowing potential of £32m. Given the financial constraints facing the HRA following significant changes to the policy environment in which it operates it is no longer intended to use this borrowing to maximise housing growth.

Over the life of the business plan total income is expected to be £2,770m and total planned expenditure will be £2,765m. Cumulative surpluses by year 30 of plan will be £35.2 million. Over the first 10 years of the business plan there are significant financial pressures to overcome, namely the 1% rent reduction for four years from 2016-17 to 2019-20 and pressure on income due to welfare reform. These pressures are being managed by generating savings of £47m by 2020-21 and using reserve balances. Throughout the period it is planned to maintain a minimum reserve balance of £3m which will mitigate risks associated with welfare reform.

Over the 30 year business plan period total debt will remain at £304.125 million and costs of servicing this debt will be approximately £424 million over the 30 years. A copy of the 30 Year Operating Account and 30 Year Investment Plan are attached at Appendix A.

Business planning principles

Since self-financing was introduced in 2012 it has required the Council to think differently for three reasons:

- The Council bears the responsibility for the long term security and viability of council housing, rather than Government
- The recent change in national rent policy was not taken into account in the Government's self-financing determination which means we have to make choices about how we manage the shortfall in resources this now creates
- Key risks are now managed by the council, these include interest rate fluctuation and Right-to-Buy numbers.

These factors mean the council has to be more business minded and commercial in its approach to managing its council housing portfolio. Being business-minded means ensuring we have the means to make the right investment in our homes and the services that support them. This investment needs to be made at the right time in order to keep homes lettable. It also means we make best use of our homes by charging for them fully and fairly, by collecting all income owed and by keeping them in use as much of the time as possible. Being business minded also means ensuring we continue to maximise value for money of our expenditure.

The Council's business principles are as follows:

1. Providing good quality homes at a reasonable cost.

- a. Homes are in a safe and sound condition
- b. Neighbourhoods are places where people want to live
- c. Homes and services are charged for fully and fairly
- d. External investment is levered into the business

2. Tenants can influence the council housing service

- a. Ensure our homes are attractive to existing and prospective tenants
- b. Homes are kept in use as much as possible
- c. Provide services that meet tenant's reasonable expectations
- d. All income owed is collected

3. Efficiently manage running costs

- a. Using the Council's purchasing power and long term view to get the best deals for tenants
- b. Management of known hotspots of expense in the business
- c. Keeping overhead costs under control
- d. Seek added value for benefit of tenants through contracts we award

These business principles are the criteria we use to inform how investment decisions are made.

These business principles have been used to help determine what the priorities are for the council over the next three years. For example, making the best use of homes applied to council housing means allocating properties quickly to new tenants and minimising turnover of the property. This links to sustaining tenancies and working with tenants to support them to stay in their home. This would reduce the time that properties are empty which in turn increases rental income.

In relation to council housing, being business minded does not mean generating a profit as it does in the private sector. Any surplus generated by council housing under self-financing is ring-fenced for re-investment in council housing in Rotherham.

It is the Council's intention that under self-financing council housing will continue to be owned by the Council, the HRA ring fence will continue to be in place and any surpluses will continue to be reinvested in services or maintaining and improving the condition of the homes for the benefit of tenants. We need to be business minded to secure the long term future of council housing and we must balance this with what is best for tenants and for the residents of Rotherham.

Rotherham's priorities for the next three years

The three key priorities for the next three years of the HRA business plan are:

1. Investing in our homes

The investment programme provides the most scope for allowing projected spend to fit within the resources available. This is because the programme is the largest area of expenditure for council housing in Rotherham and is constructed based on the resources available. The programme also provides opportunities for efficiencies through procurement.

The value of the investment programme (excluding Repairs & Maintenance) will initially be around £25m per annum for the first three years. Within this funding the Council has started to set out what its priorities are for investment in homes. Alongside this, resources are prioritised for the completion of other investment schemes that must be concluded. These include works to ensure compliance with Health and Safety legislation and the Regulatory Reform (Fire Safety) Order 2005.

2. Mitigating risks of welfare reform

Tenant services will play a key role in mitigating the risk of welfare reform, for example the work of the Income Management team will be critical, as will links with Rothersave Credit Union, debt advice partners and continuing the Smart Move project which supports tenants who might choose to move to a more suitably sized and affordable homes.

3. Efficiency savings

Ongoing efficiencies from services will contribute to reducing costs over 30 years. There are opportunities to review key services where the greatest spend on services exist - rehousing and estate management - to ensure value for money in the next three years, and contribute to an overall reduction in costs. The Council will also explore how we can work with partner organisations to better support tenants to remain longer in their tenancy thereby reducing costs and maintaining a rental income.

Linking management and overhead costs to the size of the housing stock will allow us to mitigate some of the effects of the 1% rent reduction for the life of the business plan. We have therefore proposed to link fifty percent of the cost Supervision and Management to the size of the housing stock. This in real terms means there will be a saving of circa £100m over that period. Other efficiencies will come from improved asset management, contract management and procurement and a review of service level agreements (SLA) with other departments in the council.

Key facts and figures

Our homes

20,661 homes are owned by the Council (19% of all homes in Rotherham)

The Council is responsible for 509 leasehold properties

24% of homes are 1-bedroom, 32% 2-bedroom, 43% 3-bedroom

24% of properties are flats or maisonettes and these are contained in over 500 blocks

99.78% of council homes currently meet the Decent Homes standard

Around 2,047 homes were let to new tenants in 2015/16

Approximately 600 acres of Green space is managed by the HRA

3,451 garages are owned by the council

Our contractors complete around 90,000 repair and servicing visits per year – an average of 246 per day

We spend £19m per year on day to day repairs and maintenance – an average of £52,000 per day.

Our customers

We have over 25,000 tenants (this is more than the number of homes as we offer joint tenancies)

2.8% of our tenants are from BME communities compared to 3.9% across all tenures

2.4% of our tenants are under the age of 24 compared to 1.5% across all tenures

22.4% of tenants are 75 years old or more compared to 15% across all tenures

56.8% of council tenants classify themselves as having a disability compared to 30.6% across all tenures

66% of tenants receive housing benefit

6,431 people are currently on the housing register, of which 1,446 are current tenants wishing to transfer.

Challenges for Rotherham

Whilst the Council's initial long term financial forecast under self-financing showed a significant surplus in resources, this has now come under increasing pressure due to ongoing welfare reforms meaning we now have higher rent arrears, a decrease in rent for a four year period and increasing essential investment costs.

The Government's plans for welfare reform are a key risk to this plan because of changing rules which mean that:

- All working age tenants, including those on housing benefit, will be responsible for paying their rent rather than the Department for Work and Pensions paying the council direct. This will be introduced progressively over the next 6 years.
- Tenants who are deemed to be under-occupying only receive benefit for the size of property they need.
- Capping and restrictions on eligibility for housing benefit across multiple age groups

Welfare reform has the potential to have a significant impact on the business plan which is based on 95% of income coming from rents. All tenant services will therefore need to be reviewed to ensure that they are best able to mitigate the effect of welfare reform on the business plan.

The next three years

Funding our priorities

The main areas of investment in the early years, aimed at reducing costs overall, will be:

- Activity to mitigate the impact of poverty and welfare reform
- Making the best use of the homes we have by ongoing improvements to the rehousing process and supporting tenants to sustain their tenancy
- Managing the impact of the Housing and Planning Bill, in particular the requirement to sell or pay a determination based on the value and vacancy rate of Higher Value Properties owed by the Council.

Later sections of this business plan (sections 3-7) serve to provide an overview of how we will achieve the cost savings we need to make over the next three years.

It is important to note that these long term forecasts are the products of a series of assumptions based on information available at a point in time. Extended over 30 years any inaccuracies are magnified and as it is impossible to know the exact financial environment (interest rates, cost inflation etc.) in future years, or the housing needs of future tenants (housing standards, welfare arrangements) so the forecasts we make about future costs and income can only ever serve as an indicative guide which must be subject to regular review.

How does this plan fit with Council's strategic objectives?

The HRA Business Plan will not sit in isolation but will be influenced by and itself influence the council's wider aims and objectives. Council housing is a significant asset to the town and the business plan is a powerful tool for maximising the benefits of that asset for the people of Rotherham.

The business plan's wider benefits are linked to the four priorities in the Council's Corporate Plan 2016-19. The table over page explains how the HRA will support delivery of these priorities:

Every child making the best start in life	Every adult secure, responsible and empowered
--	--

<p>Children require safe and warm homes to grow up in if they are to learn and fulfil their potential. Housing cuts across each of themes identified to ensure Rotherham is a child centred borough, for example:</p> <ul style="list-style-type: none"> -We fund a worker within the Early Help team to support families with children -Staff and construction partners are training in safeguarding and tackling child sexual exploitation so they can spot the early signs and make referrals 	<p>Decent housing underpins positive physical and mental health and can help older people to remain in their own homes for longer, potentially reducing costs in health and social care services.</p>
<p>A strong community in a clean, safe environment</p> <p>Housing can have a significant impact on one's feeling of well-being, and sense of security and community. In 2016-17 we plan to invest over £30m in improvements to our estates and the properties we own.</p>	<p>Extending opportunity, prosperity and planning for the future</p> <p>The delivery of the housing growth plan will contribute significantly to the overall economic growth of Rotherham, by providing homes for people, meeting local need and creating jobs and training opportunities.</p>
<p>A modern, efficient council</p> <p>The housing service have plans to make cost savings of circa £20m by 2018-19. This will be delivered by reviewing how we operate introducing new technologies that will reduce operating costs and improve services to our tenants.</p>	

Alongside delivering against the Council's Strategic Objectives the plan also links into delivering key aims of The Housing Strategy. The HRA Business plan supports the vision for the Housing by 2019 in the following ways:

<p>Enough social rented homes available for local people</p>	<p>The council will continue to purchase new properties to ensure we minimise the impact of Right to Buy on the existing social housing stock owned. This will ensure we continue to have sufficient houses available for those residents in most housing need.</p>
<p>High levels of resident satisfaction</p>	<p>The council will continue to invest in services that tenants want through regular consultation. We will monitor tenant satisfaction with the services we offer bi-annually through the industry recognised STAR survey.</p>
<p>Nobody trapped in housing that fails to meet their needs</p>	<p>A robust business plan will allow funding for Housing Options to continue offering</p>

	advice to residents on the most appropriate housing for their needs
Better more joined up working between RMBC Housing, Adult Services and Children and Young People Services	<p>We will continue to work with Adult Services to expand the housing offer for elderly and vulnerable residents so they remain independent for longer so reducing the burden on social care budgets.</p> <p>We will continue to fund a family Support worker in Children's and Young People Services to support families in crisis.</p>
Continuing to alleviate fuel poverty for our most vulnerable households	Between 2016-17 and 2018-19 we plan to invest over £75m in improvements to our housing stock that will alleviate fuel poverty.

This Business Plan will be reviewed annually against the Housing Strategy and other legislation and corporate policies so that the changing needs and expectations of tenants can be reflected in the plan.

The chart below illustrates the policy framework within which the HRA 30 year Business Plan operates.



2. Governance

The Council needs a robust HRA Business Plan in order to ensure resources are optimised over the next 30 years for the benefit of council tenants. Strong governance of the business plan will be the key to its success and must be led by Councillors. Strong governance must also include; tenant and leaseholder scrutiny, and officer responsibility, and the council has systems in place to ensure this occurs.

Governance of the HRA Business Plan includes three key structures; political governance, tenant governance & scrutiny and the officer structure. This section sets out arrangements for governance of the plan which will be further developed during the course of 2016-17 in partnership with Councillors, tenants and stakeholders. This will be set out fully in the next update of this plan.

i. Councillor governance

The Cabinet will monitor performance against the HRA Business Plan and make decisions on matters relating to strategic service and service planning, contracts, partnership & consultation and property.

A financial report will be reported to Cabinet, these reports will include both revenue and capital aspects of the business plan.

The Cabinet will be involved where there is a need to discuss and take decisions on the most significant issues facing the Council. These include issues about the direction of the Council, its policies and strategies, as well as Rotherham wide decisions and those which affect more than one Council service.

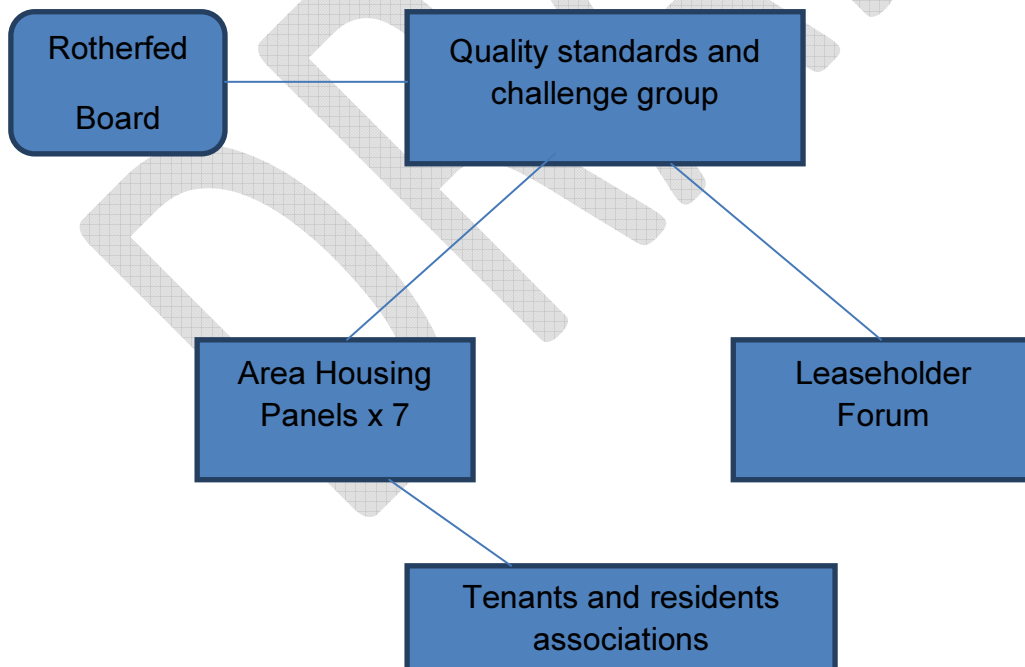
The Improving Places Select Commission will undertake scrutiny of the Business Plan. The scrutiny committees help to ensure that local government is effective and accountable. The central purpose of scrutiny is to monitor and examine services provided by the Council and its partners, as well as to carry out in-depth reviews into specific service areas. The aim of these scrutiny functions is to continuously improve the delivery of local public services to residents.

The Audit Committee may also wish to review the HRA Business Plan in performing its remit to ensure effective corporate governance of the HRA Business Plan.

iii. Tenant and resident involvement and scrutiny

Tenants and resident involvement is key to ensuring the Business Plan reflects the priorities of our tenants and leaseholders. Below is an outline of our current engagement structure with tenants and leaseholders:

Tenant and Leaseholder Engagement Structures



In the future, tenant priorities will be fed into the HRA Business Plan through our Local Offers that will continue to be reviewed and developed in partnership with tenants, leaseholders and residents at service level through the Area Housing Panels and Leaseholder forums. Performance against the Local Offers will continue to be monitored with and reported to tenants through the structure detailed.

Customers must be able to monitor and challenge performance against the business plan in the spirit of co-regulation.

The Annual Report to Tenants will continue to be agreed annually and will set out the targets including key performance indicators, the risk management plan, improvement plans, customer satisfaction measures, service review updates and information on tenant and resident involvement.

The Annual Report to Tenants will be available on the Council's website for tenants and residents to monitor performance.

The Annual Report to Tenants will provide feedback to all tenants on the performance of the Council against the Government's regulatory framework and the HRA Business Plan. The Annual Report will be published each year.

iii. Officer governance

Responsibility for the HRA Business Plan will sit with the Assistant Director of Housing and Neighbourhoods in consultation with the Assistant Director of Finance. The Business and Commercial Programme Manager will support the governance of all activity relating to council housing under the HRA Business plan.

The Business and Commercial Programme Manager is responsible for monitoring performance against the plan, updating the plan together with annual budget and performance setting. The Assistant Director of Housing and Neighbourhoods and the Assistant Director of Finance will be responsible for monitoring and challenging the use of council housing resources, ensuring value for money and monitoring risks.

There will be scrutiny of revenue and capital monitoring and target setting under the business plan's key themes:

- Income and Resources
- Investment
- Housing and Estate services
- Value for money
- Treasury management, and
- Risk management.

Performance against the business plan will be monitored through the HRA Business Plan monitoring report.

Contract and Service Development will provide contract advice and support to both the revenue and capital teams on the repairs, maintenance and investment contracts.

The HRA Business Plan will be updated on an annual basis so that changes such as rent increases/ decreases, charges, cost savings, budget pressures and policy can

be reflected in the plan. The updated business plan will be approved by Full Council in January/ February each year. Any in-year policy changes will be approved by Cabinet as required.

The HRA Business Plan will include revenue and capital resources and activity. The Council Housing Investment Programme will continue to be part of the Council's overall Capital Programme which will be approved by Commissioners and Full Council in February each year.

Within the Council, aspects of the Housing Revenue Account will also be reported routinely to the officer groups responsible for day to day delivery and management of the plan.

3. Income and resources

i. Overview

This part of the business plan is concerned with income into the Housing Revenue Account. It includes rent setting, service charges, re-charges and other charges payable by tenants to the Council as landlord.

All aspects of council housing delivery - services, investment, support costs, debt interest payments etc. - must be funded through the income the Council is able to raise locally. Therefore, it is important to ensure our income is at the right level to provide the right services and the investment needed in Council homes.

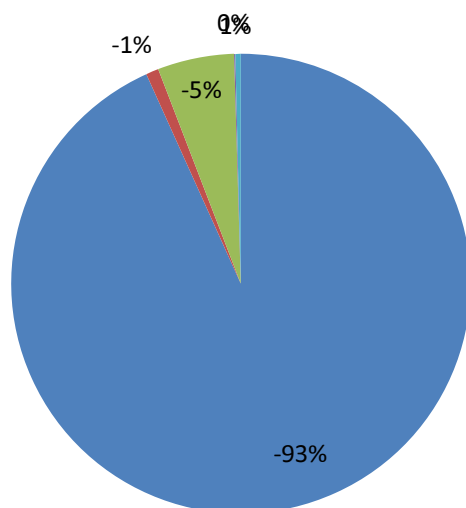
ii. Income breakdown

The following chart shows the items which make up the £83.5m income expected into the HRA in 2016-17. The chart shows that over 93% of income into the HRA is rental income from council homes. The chart does not include capital receipts (for land or Right-to-Buy sales) which are reviewed annually as part of the wider Capital Programme.

HRA income breakdown 2016-17

HRA Income 20016-17 Budget

■ Dwelling Rents
 ■ Non-dwelling Rents
■ Charges for Services and facilities
 ■ Leaseholder Income
■ Other fees and charges



iii. Key risks

1. Welfare Reform

A significant proportion (66%) of Rotherham housing tenants rely on Housing benefit. Consequently the single biggest risk to the business plan overall is the Government's welfare reform proposals. This section explains the policy changes and the estimate financial risk to the HRA of each proposal.

Benefits Cap

The Welfare Reform Act was passed by Parliament in March 2012 which introduced the concept of a Benefits Cap. The amount at which the cap would be introduced was reduced as part of the Summer Budget 2015, the details of how groups will be affected are below:

	£ per week now	£ per week Autumn 2016	£ per anum now	£ per anum Autumn 2016
Single	350.00	257.69	18,200	13,400
Lone Parent	500.00	384.62	26,000	20,000
Couple	500.00	384.62	26,000	20,000
Couple with children	500.00	384.62	26,000	20,000

Housing benefit is the first payment to be cut if a household is affected by the benefit cap. From data provided by the DWP approximately 191 council tenancies will be affected in Rotherham with a total of 541 children living in these properties.

Whilst this does not directly affect the HRA, it will mean that a number of tenants will have no immediate means to pay their rent, causing significant strain on bad debts over the medium to long term as well as increase in void rates as tenants seek to move to smaller properties. Based on current data, the estimated financial risk through tenants no longer receiving all or part of their rent paid through Housing Benefit will be circa £390,000 per annum based on 2016-17 rent charges. In the affected client group 32 tenants currently pay their rent in full by Housing Benefit and will no longer receive any Housing Benefit entitlement due to the Benefit Cap (assuming no change in circumstances).

Other potential affects that will impact the HRA Business Plan include:

- Households in private rent accommodation may apply for re-housing to more affordable council accommodation.
- Affected council tenants may require money advice to assist them with budgeting. At the current time there is insufficient staffing to deal with this as the Housing Income restructure report is awaiting approval.
- Rent arrears may increase from larger households in receipt of welfare benefits

Given this significant risk, it is proposed to increase the number of Tenancy Support Officers to offer advice and support to these families so they can maintain their tenancies and minimise rent arrears.

Spare Room Subsidy

The Spare room subsidy commenced in April 2013. There are currently 3,022 tenancies affected of which 1,739 tenants are in arrears with an average balance of £268.02. Total arrears balances have increased by 23% over the past 12 months to £466,096 as at the end of June 2016. The largest value of arrears are attributable to tenants under the age of 35 who owe circa £173,000.

Universal Credit

The way in which benefits will be paid to tenants in the future poses a risk. At the current time 64% of HRA income is received via direct payment of Housing Benefit, with the remainder paid direct by tenants.

Universal Credit commenced in Rotherham on 7 December 2015, in that time there have been a total of 159 tenants claim Universal Credit. At the current time the Council receives an income of £39,535.70 per annum through the Delivery Partnership for providing support to Universal Credit Claimants.

As at July 2016 the arrears balance of tenants on Universal Credit stood at £137,788; an average balance of £918.59. This is £595.82 higher than tenants whose rent is paid by Housing Benefit or fully themselves.

In setting budget projections beyond the short term these changes to benefits make accurate estimation difficult. There is a lack of information to accurately assess the scale of bad debt provision required which means over the coming years there is a need to regularly review the impact on:

- Rent payment levels
- Cost of collection
- Tenancy turnover

If tenants on Universal credit do not pay their rent, in addition to an Alternative Payment Arrangement, the landlord will also be able to apply for a direct deduction of up to 20% for the non-housing element of their claim. This allows some degree of certainty that rent will be paid eventually so at the current time bad debt provision has been left at 2% up to year 10 of the plan.

Back dating of Housing Benefit

As of 1 April 2016 Housing Benefit claims were only eligible to be back dated by 4 weeks. This will impact rent payments where a tenant was eligible for Housing Benefit but did not submit an earlier claim. As a result the Housing Income team now attend all tenancy sign up meetings to ensure that Housing Benefit claims are submitted at the start of a tenancy to minimise the detrimental impact this may have on income collection. Clearly this may also impact existing tenants when there is a change in circumstances, which will be dealt with when identified through the arrears management process.

Restriction of Housing benefit for 18 to 21 year olds

From April 2017 18-21 year olds submitting a claim for Universal Credit will not be automatically eligible for the housing cost element (equivalent of Housing Benefit). There will be some exceptions for:

- Parents whose children live with them
- Vulnerable groups
- Those who have previously been living independently and working continuously for 6 months

The HRA has 214 tenancies that fall into this category for which £10,592 income per week is received via Housing Benefit. Based on an average tenancy duration of 13 months for this client group it is inevitable there will be a risk that some of the £550,000 annual income would not be recovered from April 2018 onwards. This will lead to further pressure on HRA income and bad debt provision.

Local Housing Allowance

As part of the 2015 Autumn statement it was announced that for new tenancies Housing Benefit in the social rented sector will be paid up to the Local Housing Allowance (LHA) rate – the rate that applies to the private sector. In particular this means for single people aged under 35 without children will be restricted to shared

accommodation rates. These rates are below typical council rents for one bed properties.

The policy applies to all tenancies signed from 1 April 2016, with the new rate commencing on 1 April 2018.

In such cases we therefore require tenants to make up the shortfall from other sources, with the subsequent increase in bad debts as a result.

LHA rates have been frozen since April 2016 and are detailed below for Rotherham:

	Rates £ per week	Average Council rent £ per week
Shared accommodation	58.50	49.34
One bedroom rate	80.00	66.77
Two bedroom rate	92.31	76.20
Three bedroom rate	100.38	79.00
Four bedroom rate	144.23	87.24

This policy is not restricted by age therefore Pensioners will also be affected, with the exception of the Shared accommodation rate.

The table below details the annual income received from tenants under 35, single with no dependants:

Number of tenants in receipt full HB	Annual Income £	Number of tenants in receipt of part HB	Annual Income £
534	2,295,696	505	1,891,864

Given this client group will in future be restricted to a maximum LHA rate of £58.50 per week and an average tenancy duration of 4 years 4 months, it is reasonable to assume by 2020 the client group will lose equivalent to £24.35 per week (£1.3m annually) HB entitlement. This will subsequently have a further impact on HRA finances and it is highly probable this will manifest itself through increasing rent arrears and bad debts.

Impact of the LHA Cap on Furnished Homes and the General Fund

There will be an adverse impact on Council tenancies that are offered as 'furnished' through the Rotherham Furniture Solutions (RFS) scheme. The scheme is paid for by primarily housing benefit income to the HRA but delivered as a service within the General Fund. Extensive modelling of the impact the new LHA rates will have on the future viability of the RFS scheme has been undertaken. In summary whilst the service can continue to be delivered with some changes to packages offered, there will no longer be the ability to generate significant surpluses on an annual basis.. This may have an impact on the Council's Medium Term Financial Strategy as £1.35m income is factored into this plan in 2017/18.

2. Social Rent Policy – 1% rent reduction

This was introduced in April 2016 and will operate until 2019-20. After this time the Government states they will return to an inflation based formula but have not defined what this will be. Future Business Plan assumptions after 2019-20 are based on rent increases at CPI rather than the old rent formula of CPI + 1%. This is in line with most other social housing provider's assumptions. This change has resulted in a loss of £638m income over the life of the business plan.

3. Housing and Planning Bill

Pay to Stay

Tenants in social housing who earn more than £31,000 outside of London are expected to pay market rent from April 2017 onwards. The increase in rent will be tapered at rate of 15 pence to the pound. i.e. for every extra pound of earnings over £31,000 the tenant will be expected to pay an extra 15 pence per week rent until they reach average market rent (for Rotherham).

In 2017-18 only additional rent collected less reasonable Local Authority administration costs (still to be determined by Department for Local Government and Communities) will be paid to the Treasury. This will be reviewed in 2017-18 and an annual determination may be introduced instead.

In addition to the extra administrative burden this policy places on the Housing Service such as income verification for all 20,500 tenancies and calculation of market rents annually by property type. This policy is also expected to increase the rate of Right to Buy given this may be a far more financially attractive option when the Right to Buy discount is applied for those tenants able to access mortgage finance.

The policy will also directly place council properties in competition with the private sector. This may result in an increase in tenancy turnover rate for those affected who may see private sector rented as a more desirable option.

Until final regulations are published it is difficult to estimate the full financial implications of this policy. That said it is clear there are significant financial risks as the government may move to an annual determination after Year 1 dependant on the amount of additional income this policy generates for the Treasury.

There will be an administration allowance but this is likely to be less than the cost of implementation.

Lifetime Tenancies

The Housing and Planning Bill has introduced the requirement for fixed term tenancies of up to 10 years for social housing with the aim of making best use of the stock so only people in housing need remain. Whilst this will not reduce income to

the HRA, it will probably increase the turnover rate for stock so increasing housing management and void costs at a time when cost savings are required.

This policy would also apply to succession rights, with the exception of the partner or spouse inheriting the tenancy.

Higher Value Property Sales

The Housing and Planning Bill has introduced a requirement on Local Authorities to consider the sale of high value properties that become vacant.

This duty is a result of the introduction of Right to Buy for Housing Association tenants. Originally it was intended that this would be funded by the sale of high value council properties when they became vacant. As the bill has progressed it is now clear that Local Authorities will receive an annual determination from the DCLG which may or may not reflect the actual turnover of higher value properties.

It will be for Rotherham MBC to consider if it wishes to sell a higher value property when it becomes vacant. No guidance has been issued yet to define what is meant by higher value. Irrespective of whether the council chooses to sell or not, it will be required to make a payment from the HRA each year to the DCLG based on the determination it receives.

Previous estimates, assuming the 10% highest value properties by bedroom size would be subject to review and therefore captured by the levy/ determination this could cost the HRA up to £3.1m per annum.

As of July 2016 no detailed regulations have been issued. For planning purposes it has been assumed the HRA will incur a charge of £2m per annum under this policy. Once the regulations have been published a review of this assumption will take place. This is a significant risk to the HRA Business Plan.

4. Right to Buy

The final key risk to the income of the HRA is the Government's policy on Right-to-Buy receipts which continue to be pooled nationally. Whilst reducing numbers of dwellings and reduced rental income as a result of Right-to-Buy have been factored into the business plan, the number of sales over 30 years is only an assumption based on recent averages. If Right-to-Buy sales rise above their forecast numbers over the next 30 years, the business plan will be inadequately compensated for lost rental income. This risk is even greater given the Government's increase in Right-to-Buy discount, providing a 70% discount to many tenants.

iv. Income for 2016-17

a. Rent setting

In 2016-17 rent charges decreased by -1%, resulting in an average weekly rent of £73.71 over 52 weeks.

The rent levels in the business plan for 2017-18 to 2019-20 will reduce by -1% per year. Thereafter they increase by CPI for the life of the plan. This is assumed to be 2% based on HM Treasury forecasts. These assumptions will be reviewed at annual budget setting and HRA Business Plan update reports.

b. Target rent

The amended national social rent policy removed the Council's ability to achieve rent convergence.

The revised social rent policy does still allow for the Council to move rent to convergence at re-let. It is the intention for the council to continue implementing this guidance. It is anticipated this will help to raise an additional £93.6 million income to the HRA over the life of the business plan and sustain continued investment in council housing. If we had not chosen to take this approach it would have meant less investment in our housing stock and a deterioration in the quality of our homes over the life of the business plan as we would not have been able to afford the investment necessary to maintain our houses to the standards tenants want.

c. Rotherham Furniture Solutions

Tenants have the option to enter into a furnished tenancy as part of our housing offer. We currently have 3,653 furnished tenancies for which an additional charge is made. In 2016-17 these charges were reduced by -1% in line with the Government's national rent policy. This meant the average additional charge for a furnished tenancy reduced to £18.22 per week.

d. Garage Rents

Garage rents for 2016-17 were frozen as CPI for September (the month used for determining increase in rent charges) was -0.1%. By freezing garage rents the average weekly charge remained at £5.09.

e. Service Charges

Currently, the Council sets separate service charges for district heating and sheltered housing (which includes Rothercare alarms service and/ or communal area charge) because these are services that not everyone receives and so not everyone should pay for through their rent. Guidance from Government recommends that other types of service charges are separated from rents so that charges are more transparent and fair.

For 2016-17 all Service Charges have been frozen at 2015-16 prices. However where we continue to operate some District Heating services at a deficit a review of costs will take place to ensure these are fully recovered by charges by 2018.

f. Right-to-Buy Receipts

Under the Government's determination, 25% Right-to-Buy (RTB) receipts will continue to be retained by the local authority. The amount of receipt the authority keeps is ring-fenced by Government for use on regeneration or providing affordable housing, or for paying off HRA debt.

The Council has a total HRA debt of £304.125 million. This debt must be serviced from the rental income from council dwellings. As homes are lost from the HRA through RTB then so is the rental income from the property but not the debt that is associated with that home. Therefore under self-financing the first call on any income received from Right to Buy receipts should be a payment to the HRA equivalent to the HRA debt associated with that property.

g. Other Income

During the life of the business plan, the Council will continue to look at other ways of bringing in income. This will include potential contributions from our partner organisations, e.g. health, where they will benefit from outcomes from council housing projects. The Council will also consider ways of maximising our assets for example through short lease properties, neighbourhood centres and garages. Also where possible any grants available for council housing investment will be maximised.

Homes and Communities Agency

Within 2016-17 we anticipate receiving grant income from the Homes and Communities Agency of £118,125 for the acquisition of new council housing.

v. Financial Impact of proposals

The proposals above will have a variety of different impacts on income coming into the HRA. For the year 2016-17 forecast income will be £1,316,270 less than in 2015-16.

As set out above, moving all properties to target rent at re-let and reviewing service charges are two options for additional income and it is the Council's intention that wherever possible all charges will be fair, reasonable and transparent.

4. Investment

i. Overview

The Asset Management Strategy sets out how the Council will prioritise works to its homes and estates to ensure they are places where residents want to live while remaining cognisant of the financial policy and regulatory constraints that affect the housing sector.

Approximately £43 million is invested by Rotherham Council annually in maintaining and improving our properties. The budget is currently split £24m in Planned replacements and £19 million in Responsive repairs; a ratio of 55% planned to 45% responsive. Sound asset management is about providing a quality service whilst achieving value for money therefore it follows that the aspiration should be to further invest in planned works with a view to reducing the need for reactive repairs.

These fundamental changes will require the Council to continually review its assets, in order to make sure our homes are desirable, meet people's changing needs, and create increased value for money efficiency within our business.

The Council has pledged to improve the environment for the people of Rotherham where residents live in safe and healthy communities. This investment contributes to those pledges by seeking to improve the energy efficiency of our homes and ensuring the estates follow the latest design good practice for safety and the environment being free from trips and falls for example.

In summary the Asset Management strategy seeks to maintain:

- The Decent Homes Standard
- Various Health and Safety Legislation including compliance including but not restricted to:
 - Gas Safety
 - Asbestos Management
 - Fire Safety

The 'Rotherham Standard' will:

- Meet all Health and Safety Standards
- Have repairs carried out in a timely fashion to a high standard
- Have key items such as kitchens and boilers replaced and updated based upon an enhanced industry standard

In addition we will also:

- Improve the energy efficiency of our homes

- Invest in the communal and external environment

Future Investment

It is our intention during 2016-17 to further refine the 30 year investment model so we can explore opportunities including:

- Review provision of Disabled Persons Units and specialist accommodation for older people
- Review provision of housing to support the requirements of CPYS.
- Review our ability to work towards achieving Lifetime homes standards through improvements to the accessibility of our housing stock
- Review implications of the Care Act 2014 on the services we provide

Given the significant changes to the policy environment in which the HRA operates there have been substantial reductions in resources available to invest in properties the council owns. Appendix A details the proposed funds available for investment in the housing stock over the next 30 years.

ii. Cost breakdown

Proposals for 2016 -19

This section explains how investment will be prioritised over the next three years. The aim of the investment programme is to create an affordable plan to match expected resources.

Proposed 3 year investment programme

The table below sets out priorities for our investment strategy and costs over the next 3 years of this business plan:

3 Year Housing Investment Plan

Area	Spend 2016-17 (‘000)	Spend 2017-18 (‘000)	Spend 2018-19 (‘000)
Repairs and Maintenance	19,075	19,395	19,714
Capital	24,563	28,743	22,361
Total Spend	43,368	48,138	42,075

It is anticipated that with the continuing trends for welfare reform and the 1% year on year rent reduction until 2019-20, it will become increasingly challenging to deliver high quality services with the available funding.

We recognise that there is a risk of the available budgets not matching the amount we are predicting to spend on repairs and planned works. We must therefore manage our budgets to reflect the available budgets and if necessary smooth out peaks in demand by delaying some replacements. In order to achieve this it is important that we are able to extend the life of a building component which can only be achieved by careful planning in advance.

In the future we aim to deliver a greater proportion of our investment in a planned way. Best practice suggests that the split should be 70:30 Planned to Reactive maintenance. Historically this balance has not been achieved as the policy has been to repair or renew components rather than maintain components for the future. It is proposed that to achieve this target we will increase the number planned cyclical maintenance programmes examples will include external painting and clearing of rainwater goods. The Council Housing Investment programme will be funded from a set charge from revenue plus an annual Revenue Contribution to Capital Outlay generated as a result of efficiency savings.

Full details of our approach to investment within our housing portfolio is detailed in our Housing Asset Management Plan 2016-2019.

iii) Other proposals

The Council has undertaken a review of Garage sites during 2015-16 to address the under occupancy and disrepair of garage sites across Rotherham. The initial findings are showing that over 500 vacant garages from a total stock of over 3500 within the Borough. The 500 vacant garages are predominately located in the north of the Borough, where lower levels of satisfaction have been reported

5. Housing and Estate Services

i. Overview

This part of the business plan is concerned with the services provided to tenants. It includes services such as tenancy management, income management and re-housing services together with tenancy enforcement (ASB), estate services, governance and involvement.

Good services are important to our customers and impact on our housing offer and ability to let homes. This business plan depends on our income from rents, so we need to collect as much of the rental income as possible. We also need to ensure that our most high cost services (estate services and rehousing) are as efficient and cost effective as possible.

ii. Cost breakdown

The pie chart below shows the proportion of the HRA budget spent on Supervision and Management including overhead/ support costs, split by service type. The chart shows that the highest cost area is Central Services. Each area has a key role in ensuring we deliver high quality services to our tenants and is expanded on below:

Housing Options is responsible for managing the housing allocation process, housing register and preventing homelessness.

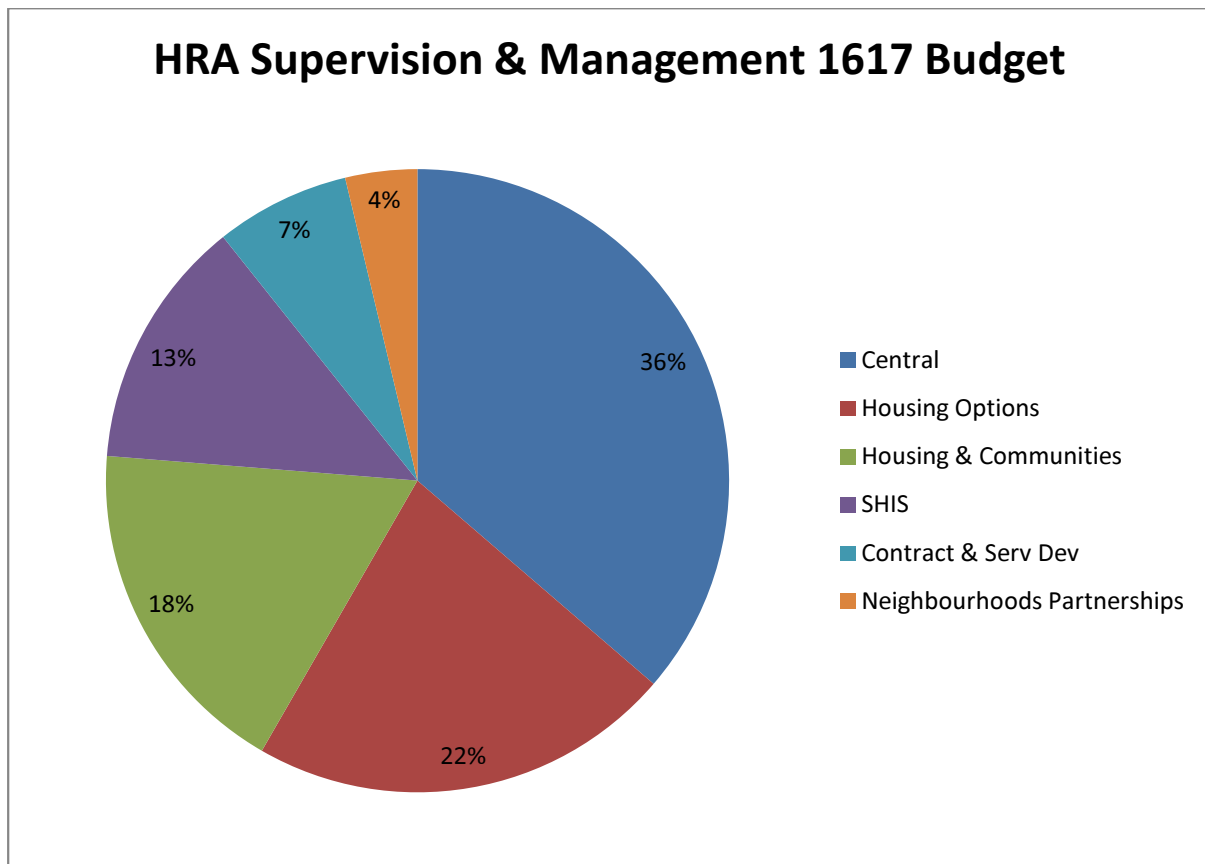
Housing and Estates Services is responsible for post-letting tenancy and estate management functions, including tenancy enforcement and tenancy associated service requests (excluding repairs and maintenance), dealing with anti-social behaviour, management of the general estate environment and housing revenue account administered non-residential assets, such as garage sites. The service also supports the Safer Rotherham Partnership and community safety functions. The service also has close working relationships with the Safer Rotherham Partnership and community safety functions, particularly the Anti-Social Behaviour Team.

Central Services is area of expenditure responsible for managing income to the HRA and commissioning other services that support effective delivery of the Housing service such as accountancy support, ICT, Corporate Governance and Human Resources etc.

Strategic Housing is responsible for the management of our housing assets, deciding how we will invest in our assets to ensure they are places tenants want to rent.

Repairs Management is seen by tenants as one of the most important and is responsible for day to day management of the repairs and maintenance contractors ensuring repairs are carried out right first time.

HRA breakdown of proposed expenditure on Supervision and Management 2016-17



iii. Risks

There are a number of risks to this area of the plan, the most significant being welfare reform. As set out in section 3 on Income, the Housing Revenue Account is forecast to receive around £50 million income paid directly from housing benefit. This benefit will progressively be paid direct to eligible tenants under the housing cost element of Universal Credit. So far single new claimants are automatically processed as a Universal Credit Claim in Rotherham. There is still no detailed timeline for Universal Credit to be rolled out to other groups. Recently the government indicated it would be at least 2022 until the roll out of Universal Credit was complete nationally. Even with only single new claimants being placed on Universal credit still represents a significant challenge for the Income Management Service. This risk has been factored into future HRA bad debt provisions.

Under the continuing reforms more tenants are finding it harder to pay their rent because of the effects of the welfare reforms on household income. This has led to an increase rent arrears, which have increased by over 60% since the on-set of welfare reforms. Consequently this has also resulted in higher tenancy turnover. There is also a higher demand on the re-housing and tenancy support services, an increased demand for additional downsizing support and a growing need for early support for vulnerable tenants which includes money, debt and welfare advice.

Any additional demands on council housing as a partner in addressing vulnerability, safeguarding, preventing homelessness and in reducing demand for care services are likely to be exacerbated by the continued challenging local economic environment.

iv. Proposals for 2016-17

This section explains how tenant services will be developed over the next three years. The aim is to develop tenant services to ensure they align to the business planning objectives and also that they are tailored to meet emerging need, which includes the ongoing impact of welfare reform.

a) Tenancy Standard

Ensure all income owed is collected

A key priority is the ongoing work mitigating the impact of welfare reform and recent above inflation rent increases. The Council is committed to minimising any effects of welfare reform on tenants and to do this through continuing early intervention and arrears prevention. Our efforts will continue to be in supporting tenants to continue to pay their rent; by offering additional support to vulnerable tenants to help with money, benefits and debt advice, this is being done through our in-house services through continued funding for a Furnished Homes Support Officer and two Intervention and Advice Officers. We are also supporting the Advocacy and Appeals service through funding for Money Advice Officers to support tenants in rent arrears manage priority debts.

We have also commissioned a review of the Housing Income Service, which recommends significant investment to enhance tenancy support and maximise income. A decision on this proposal is imminent and would mean a transformation to how arrears are managed. Alongside the initial changes to staffing resources this would be followed by a 2 – 3 year cultural transition to developing an approach which can be summarised as having a commercial mind and social heart.

We also have active partnerships with the following organisations and Directorates aimed at supporting tenants maximise income thereby increasing their ability to pay rent:

1. Age UK, Rotherham
2. Laser Credit Union
3. Rush House
4. Children's and Young Persons Service

We have also offered and will continue to offer funding for vocational training and apprenticeships for tenants so improving their ability to successfully secure employment and become independent. These projects include:

1. HR Employability Project
2. Employability Support Officer

Allocations Policy

The Housing Options service has a key role to play in making best use of homes by quickly rehousing customers to the right home for them i.e. one which allows for a sustained tenancy. Significant resources are applied to the rehousing service and so ensuring this service is value for money is a priority for the business plan.

The Council's lettings policy has a part to play in both of these objectives. A review of the Council's lettings policy was undertaken in 2014 and went live in October 2014. The review simplified the lettings process and ensures the sustainability of future tenancies through an affordability check prior to letting. All new tenants are now expected to pay one week's rent in advance prior to the letting.

On 6th August 2015, the letting policy was revised again to take into account that the Council had a number of 'low demand' properties that were not being let; this was the driver for the amendments to the policy in summer 2015. A new priority band 4 was created to allow people who are not in housing need, to bid for low-demand properties. During 2016/17 further amendments are recommended, to take into account lessons learned over the past 12 months and changes brought about by the Welfare Reform and Work Act 2016.

b. Neighbourhood and Community Standard

We will continue to adopt a rolling programme of tenancy verification visits ensuring tenants are adhering to tenancy conditions and providing support where issues are identified.

A key focus for the service in 2016-17 is developing support to sustain new and existing tenancies, this includes effective up front assessment of prospective tenants to ensure they meet the new allocations criteria and can afford the properties. To ensure this support is focused, achieves outcomes for tenants and is delivered as efficiently as possible a service review will be undertaken to agree how best to deliver the provision across Housing allocations, Tenancy Management and the Housing Income Service.

The review of neighbourhood centres across the borough has been completed. A key outcome is that we only retain centres that tenants want and are financially viable. 12 centres were identified for conversion to residential units, which will provide much needed new homes and a rental income stream. Phase 2 of the conversion programme is currently underway. We anticipate this will save £30k per annum in running costs and ensure we are able to invest cost savings into other parts of the business. The intention of running the remaining centres is for them to be vibrant hives of activity which residents take pleasure visiting. Of the centres to be retained, 8 have been identified for investment works and are currently being

surveyed. A review will also be completed during 2016/17 of the remaining communal laundry facilities within neighbourhood centres. We will also fund investment in communal areas to include the upgrade of lighting, heating systems and windows to reduce long term running costs.

During 2016-17 a review will also be undertaken of the Council's garage sites. Many are suffering from low demand and asset rationalisation could present opportunities for unsustainable sites to be released, for example, to support new affordable house building or generate capital receipts to support our capital investment programme. We will continue to invest in those garage sites that are well used and in demand.

An enhanced grounds maintenance service offer to housing land and communal areas surrounding older person's accommodation will continue to be sustained during 2016-17 at a cost of £280,000. This will be reviewed within the year to ensure it remains a tenant priority and offers value for money.

Delivering effective tenancy management will also be a foundation of our work in 2016-17 ensuring we continue to be responsive to key tenancy issues such as ASB.

c. Tenancy involvement and Empowerment Standard

Involving our tenants in the future direction of the housing service is a key principle of the business plan. To ensure we deliver the services tenants want we will be undertaking the following activities during the year:

We will be reviewing the Tenant Involvement function as part of the Neighbourhood Working Review to ensure it is adequately resourced to meet the needs of the tenants.

- Strengthen tenant engagement through delivery of the Tenant Involvement Strategy and securing TPAS accreditation to ensure we deliver the priorities to demonstrate excellence in Tenant Involvement and it is embedded across our service. We will seek to increase membership to get broader involvement that reflects tenant demographics/under- represented groups and capturing impact. This will include working closely with Rother Fed and building capacity and presentation of the Area Housing Panels, Housing Advisory Panel and the Quality and Standards Challenge Group to enable tenants to make environmental improvements in their local areas, have strategic influence and scrutiny of our services and monitoring of Local Offer.

Improve feedback and communication to tenants to demonstrate service improvements and celebrate good news stories through Home Matters Newsletter and website.

- Better understand our tenant profile through refreshing tenant data as part of contacts with tenants.

- Developing a modern approach to tenant engagement that reflects the new media platforms that our tenants choose to use such as social media

Continue to use the STAR Survey to monitor and evaluate tenant satisfaction levels with our housing services and continue to make necessary improvements to address areas for improvement e.g. young people, Rotherham North etc.

- Piloting public access wi-fi in our Neighbourhood Centres to allow tenants access to online services and reduce isolation some of our most vulnerable tenants experience.

d. Integrated Housing Management & Digital Inclusion

The Council is currently in the process of implementing a new Integrated Housing Management System. The first phase of the implementation covering income, tenancy and estate management went live in October 2015. The second phase of the implementation covering Repairs and Asset Management is currently under development. The third phase will include Lettings and online access for Tenants.

As part of phase 2, business processes have been reviewed through a series of 18 workshops. These involved both business and contractor stakeholders to reflect national best practice in the new system. This has provided agreement to change the way the business operates to create greater efficiencies and improved customer service. For example, appointments going forward will be made directly into the contractors' appointment system. This approach will prove invaluable for future service development.

The Council has also set aside a budget of £50,000 for implementation of proposals supporting the 'Channel Shift'/ Digital Inclusion agenda. A Digital Inclusion action plan has been developed and costs have been factored into the Supervision & Management budgets. It is the intended implementation of these proposals will in the long term reduce our management costs through reduced transaction costs with tenants.

6. Debt and Treasury Management

The financing of the HRA's asset base critically underpins the delivery of the Business Plan.

Therefore the HRA's debt portfolio will be actively managed to minimise the financial risks associated with past and future financing of the HRA's asset base.

When self-financing was introduced on 1st April 2012 the HRA's borrowing need/ debt level was £303.959m and was £304.125m at 31st March 2016. The HRA's maximum borrowing limit is £336.623m.

i. Overview

One of the principles of self-financing is that the HRA is responsible for managing its debt portfolio without Government support and will bear all of the risk and also the opportunity.

It should be borne in mind that even with the new freedoms under self-financing, the debt of the HRA remains the debt of the authority and all treasury management decisions are still ultimately the responsibility of the section 151 officer. Decisions on debt, funding and cash flow investment are therefore those of the authority not the HRA alone.

Treasury management is the term used to describe the way a council manages the cash it needs to meet both its day-to-day running costs and the borrowing for capital expenditure.

ii. Capital Programme

The Capital budget (programme) covers the money spent on investing in buildings, infrastructure and expensive pieces of equipment and to count as capital expenditure, new assets or improvements to assets must have a life of more than one year.

Councils finance capital spending in a number of ways, including:

- Use of revenue funds – known as direct revenue financing
- Capital receipts – money received from the disposal of capital assets can only be used for debt repayment or to finance new capital expenditure
- Grants and contributions – can come from central government or other organisations
- Major Repairs Reserve – this is a special reserve that provides capital funding for the Housing Revenue Account
- Borrowing – councils can borrow money to pay for capital assets, this was traditionally the most important source of financing

iii. Prudential Code

April 2004 saw the introduction of CIPFA's Prudential Code for Capital Finance in Local Authorities. It is given statutory backing, which means that councils are required to 'have regard' to it, by the Local Government Act 2003 (in England and Wales)

The Prudential Code provides a framework to judge whether capital investment is affordable, prudent and sustainable in the year in question and in future years and it

requires thought about six things when agreeing the capital programme. Relating this to the HRA these would be:

- The HRA's service objectives – are the capital spending plans consistent with the local council's strategic plan and its future plans for its services?
- The stewardship of the council's assets – is the capital expenditure being spent on new assets at the cost of maintaining existing assets?
- The value for money offered by the plans – have all the options for investment been considered and do the benefits outweigh the cost?
- The prudence and sustainability of its plans – can the HRA afford the borrowing now and in the future?
- The affordability of its plans – what are the implications for housing rents?
- The practicality of the capital expenditure plan – does the HRA have the resources to manage the project and does the total programme look sensible?

Councils prove that they are complying with the Prudential Code and this is done through a series of prudential indicators that are set locally and approved at the same time as the Council sets its budget for the following year.

The Key Prudential Indicators as they affect the HRA are:

- Estimate of the ratio of the capital financing costs to the net revenue stream of the HRA over the next three years
- Actual ratio of the capital financing costs of the HRA's net revenue stream - the current value of the indicator above
- Estimates of the incremental impact of the capital investment decisions on housing rents for three years, or longer - because all HRA borrowing is secured against future income
- Debt compared to the capital financing requirement

iv. Capital Financing Requirement & Borrowing

The Capital Financing Requirement (CFR) indicates the theoretical need to borrow and the HRA has a share of this need but it will be no more than the borrowing cap. At 31/03/16 the HRA's CFR was £304.125m and in the short-term is not expected to increase. Over the longer-term the CFR is expected to rise up to the level of the borrowing limit (cap) of £336.623m as new capital investments are made.

The HRA's share of the Council's loans outstanding stood at £260.384m at 31/03/16, borrowed from the Public Works Loans Board (PWLB) and Market sources (e.g. Banks, Pension Funds, etc.), but this is less than the CFR/borrowing need. The

'under-borrowing' of £43.741m is funded by borrowing internally from the General Fund, i.e. the HRA is assumed to be fully borrowed at its CFR/borrowing need level. The rate of interest on the internal borrowing is calculated by reference to the annual weighted average of the Council's overall debt portfolio.

This is considered to be an equitable approach as the Council's existing debt portfolio reflects the Council's investment in the HRA's asset base pre self-financing whilst also sharing any future interest rate risk between the General Fund and HRA arising out of the Council's existing 'under-borrowed' position.

The HRA's debt portfolio at 31st March 2016 was as follows:

HRA DEBT PORTFOLIO AS AT 31ST MARCH 2016

<u>Maturity, EIP or Annuity</u>		<u>Fixed, Variable or LOBO</u>	<u>Total</u>	<u>< 12 Months</u>	<u>12 Months to 2 Years</u>	<u>2 to 5 Years</u>	<u>5 to 10 Years</u>	<u>10 to 20 Years</u>	<u>20 to 30 Years</u>	<u>30 to 40 Years</u>	<u>40 to 50 Years</u>	<u>Above 50 Years</u>	<u>Not Known</u>
Public Works Loans Board													
<u>Apportioned Loans</u>													
Maturity	Fixed		121,520,253	3,204,037	12,816,150	16,020,187	16,020,187	0	18,134,851	36,100,618	19,224,223		
EIP	Fixed		6,408,075	1,281,615	1,281,615	3,844,845							
Maturity	Variable		6,408,075	6,408,075									
			134,336,403	10,893,727	14,097,765	19,865,032	16,020,187	0	18,134,851	36,100,618	19,224,223	0	0
<u>HRA only Loans</u>													
Maturity	Fixed		15,188,000					10,000,000	5,188,000				
			15,188,000	0	0	0	0	10,000,000	5,188,000	0	0	0	0
			149,524,403	10,893,727	14,097,765	19,865,032	16,020,187	10,000,000	23,322,851	36,100,618	19,224,223	0	0
<u>Market Apportioned Loans</u>													
Maturity	LOBO - Callable 16/17		45,497,330			640,807					9,612,112	35,244,411	
Maturity	LOBO - Not Callable 16/17		65,362,362								6,408,075	58,954,287	
			110,859,692	0	0	640,807	0	0	0	0	16,020,187	94,198,698	0
			260,384,095	10,893,727	14,097,765	19,865,032	16,660,994	10,000,000	23,322,851	36,100,618	35,244,410	94,198,698	0
Un-funded CFR - Internal Borrowing			43,740,905										43,740,905
Maturity Structure based on debt maturity dates			304,125,000	10,893,727	14,097,765	19,865,032	16,660,994	10,000,000	23,322,851	36,100,618	35,244,410	94,198,698	43,740,905
			304,125,000	3.58%	4.64%	6.53%	5.48%	3.29%	7.67%	11.87%	11.59%	30.97%	14.38%
Adjusted for Market Debt with possible calls in 16/17			45,497,330			-640,807					-9,612,112	-35,244,411	
Maturity Structure based on interest rate risk			56,391,057	14,097,765	19,865,032	16,020,187	10,000,000	23,322,851	36,100,618	25,632,298	58,954,287	43,740,905	
				18.54%	4.64%	6.53%	5.27%	3.29%	7.67%	11.87%	8.43%	19.38%	14.38%

Strategic borrowing considerations take account of the level of debt, the type of debt (short/long-term, variable/fixed rate) and whether it is affordable, sustainable and prudent to borrow. The debt strategy also impacts on level of investments i.e. if the Council borrows its investment levels will be temporarily inflated.

In previous years the Council has taken the opportunity to reschedule debt by repaying more expensive debt and replacing this with cheaper debt. However in the current climate it is unlikely that these opportunities will be available. A change in the October 2010 Comprehensive Spending Review which affected on-going PWLB rates combined with the current market conditions means previous advantages which could be gained from rescheduling PWLB debt are no longer available. In

addition the market conditions also mean the Banks are less willing to consider rescheduling Market debt.

The Council is required to provide an amount in its General Fund revenue budget for the repayment of debt and this is referred to as the Minimum Revenue Provision (MRP). Whilst the debt is not physically repaid as this will occur when debt matures, the amount set aside reduces the Council's underlying need to borrow (i.e. the CFR). The HRA is not required to provide for MRP although it can budget to repay debt if this is so desired and thereby reduce the CFR.

v. Investment of Surplus Funds

Surplus funds available to the Council are invested to achieve a return. This is principally over the short-term but can be longer if cash projections indicate this may be possible and advantageous.

The primary governing principle remains security of the Council's investments and this takes precedence over liquidity (i.e. having funds readily available) and the return on investments. The criteria for selecting investment counterparties reflect this principle.

Current investment counterparty risk has been minimised further by adopting a stricter operational guidance. Investments are currently restricted to the Debt Management Office, top rated Banks and other large Local Authorities. As a consequence investment returns remain low and are unlikely to increase in the near future.

The HRA is paid interest on its notional cash balances as these would be available for investment thereby partially reducing the rate charged on internal borrowing (unfunded CFR).

vi. Forecasts

It is difficult to forecast debt costs for the HRA over the course of the business plan as borrowing rates will fluctuate and the regulatory and operating environment will change. The financial impact of fluctuations in borrowing rates is mitigated through the effective management of the debt portfolio and control of risk (see vii below).

The weighted average rate of interest for 2015/16 was 4.33% and this is expected to remain low over the short-term as a result of low interest rates generally. In 2016-17 the currently forecasted rate of 4.30% will equate to an interest charge of around £13.650m.

However for modelling purposes which covers the long-term it has been forecast that the average rate of the HRA's borrowing over the course of the 30 year plan will be approximately 4.75%. This rate, which will be subject to continual review, takes account of both the current average rate of existing borrowing and the forecast rate

at which new debt will be taken on to refinance maturing debt and to fund any new capital expenditure over the longer-term.

vii. **Managing Risk**

The HRA will face four principal types of risk in relation to its treasury-management activities over the course of its business plan:

- Credit risk;
 - Liquidity risk;
 - Interest rate risk; and,
 - Default risk
- (a) **Credit risk** – the HRA will face the possibility that other parties might fail to pay amounts due to it. Credit risk arises from deposits of cash balances as well as credit exposures to its customers.
- (b) **Liquidity risk** – the HRA's cash balances are identifiable on an on-going basis to ensure the impact of positive and negative cash-flows can be readily determined and factored into the financing of the business plan.
- (c) **Interest-rate risk** – the debt portfolio will be managed so as to ensure interest rate risk is effectively controlled. Maturity dates will be chosen to ensure the amount of debt falling due for re-financing is manageable when set against the portfolio as a whole and the uncertainty of re-financing rates in the future.

Exposure to the possible impact of interest rate fluctuations arising on variable rate debt including Market Lender Option, Borrowing Option (LOBO) loans will be controlled by ensuring at any one point in time less than 30% of the debt portfolio is subject to the possibility of interest rate change in the 12 months from that point in time.

Uncertainty over the borrowing cost of un-funded CFR will be mitigated by using the average rate on the debt portfolio which will equate more closely to average rates over the longer-term.

- (d) **Default Risk** – The primary governing principle remains security of the cash investments and this takes precedence over liquidity (i.e. having funds readily available) and the return on investments. The criteria for selecting investment counterparties reflect this principle. Investment counterparty risk will be minimised further by adopting a stricter operational guidance when circumstances dictate.

7. Value for money

i. Overview

This section on value for money underpins all aspects of the business plan. The section also reviews overheads and support costs such as management, accommodation and Service Level Agreement (SLA) costs.

Overheads and support costs are an essential part of running a business which directly supports frontline services. However, we need to continue to ensure these costs are value for money. Within the HRA ring-fence, the costs incurred of running council house activity have to be charged to the HRA.

Ongoing support costs include:

- Management and support staff costs e.g. Accountants
- Service Level Agreements (SLAs) for services such as Legal, Contact Centre and ICT
- Accommodation costs such as Riverside House
- The pension valuations from ex-council staff who transferred to Morrison FS and Wilmot Dixon in 2010.
- Other costs including supplies and services e.g. public liability insurance etc.

Given the significant changes to the operating environment in which the HRA now operates, there has to be a renewed focus on ensuring all services offer value for money. To provide assurance that the services we offer provide value for money the HRA benchmarks annually through Housemark. This provides an overview of how costs compare to those of our peers within the sector.

ii. Cost breakdown

The following table illustrates the total costs of running the Council Housing Service, including fixed costs such as interest charges on debt for 2015-16:

Description	Budget £
Contributions to Housing Repairs	18,888,701
Supervision and Management	19,265,261
Rents, Rates and taxes	266,598
Provision for bad debts	960,910
Cost of Capital Charge (Interest payable on debt)	13,783,413
Depreciation of fixed assets	20,068,210
Debt Management Costs	121,278
Revenue Contribution to Capital Outlay	4,742,130
Total	78,096,501

iii. How does Rotherham compare?

Changes to the operating environment may impact on costs and performance in a number of ways. The table below gives some indication of how well Rotherham is facing up to those challenges compared to our peers against a number of industry standards.

Cost comparison of the Housing Service 2014-15

Measure	Rotherham Outturn	Peer Average	Group Quartile
Costs			
Overheads as a % of direct revenue	13.8%	15.1%	Second
Total Cost Per Property of Housing Management	£265.11	£332.39	First
Total Cost Per Property of Repairs & Maintenance and Voids Management	£571.27	£759.29	First
Total Cost Per Property of Major Works and Cyclical Maintenance	£1,869.76	£2,037.51	Second
Performance			
Rent collected from current and former tenants as a % of rent due	98.4%	99.4%	Fourth
Average re-let time of standard lets	22.41 days	28.73 days	First
Rent loss due to empty property as a % of rent due	1.11%	1.24%	Second
Tenancy turnover rate	8.61%	7.48%	Third
Average number of days to complete a repair	7.25 days	7.72 days	Second
Percentage of repairs completed at first visit	98.56	97.7%	First
Average SAP rating	63.01	69.00	Fourth
Percentage of dwellings with a	99.98%	99.99%	Third

valid gas safety certificate			
Percentage staff turnover in year	4.1%	8.1%	First
Staff sickness absence, average number of working days lost per employee	12.1 days	9.28 days	Fourth

Key findings and actions:

Rotherham as a Housing Service that is low cost compared to its peers

Repairs and Maintenance performance is good

Investment is required in stock that is not well insulated, hence the low SAP rating, we have a programme to address these issues from 2016-17 onwards

Rent collection performance is poor, proposals to transform this service are being put to Cabinet in October 2016

Tenancy sustainability is lower than our peers. Therefore we incur additional cost through the lettings process. A review of the allocations policy is under way to ensure we provide further support to prospective tenants who have not managed a tenancy before. This is alongside proposals to introduce a Financial Inclusion Strategy to support tenants in their homes.

Sickness is high in comparison to our peers. We will continue to performance manage sickness in accordance with corporate policies.

The number of properties without a gas safety certificate was more than the sector average. We have reviewed our policy to speed up the no access process.

iv. Risks

Risks to achieving maximum value for money include:

- External economic factors, including fluctuating inflation and interest rates, are a risk which will be taken on by the Council
- SLA savings are challenging because there are external contractual obligations to achieve and competing priorities to protect services due to reductions in General Fund budgets
- Savings to support costs would lead to staffing reductions and may reduce capacity to deliver business as usual.

v. Proposals for 2016-17 to 2018-19

Given the significant changes to the operating environment a Financial Action Plan has been developed to track the review of the Housing Service operating costs and income maximisation. This is overseen by monthly officer meetings chaired by the Interim Assistant Director of Housing and Neighbourhoods. Key areas of activity to reduce costs are summarised below:

a. Greater value for money from support costs

We will continue to ensure that the Council's support costs, (for example support staff and Service Level Agreements) are value for money.

We will continue to seek efficiency savings from SLAs where the service is being restructured in view of the current budget pressures to the wider Council General Fund. Where these reductions result in a reduced service to the HRA decisions will be made about whether this is in tenant's interests.

Every three years there is an actuarial review of the HRA's pension liability. The costs of known pension liabilities have been included within the Supervision and Management costs of the service.

b. Greater value for money from Morrison FS and Wilmot Dixon

During 2016, discussions will continue with our contract partners to determine how additional efficiencies can be delivered from the remainder of the contract. We will continue with the same principle as in previous years, in that any cost savings generated through the contract mechanism will be re-invested into council housing. There have been efficiency savings of £1.36m returned to the HRA since the start of the Repairs and maintenance contracts. These savings have so far been invested in the ongoing construction of four disabled person units and we plan to spend a further £350,000 acquiring a residential property which will be leased by Children and Young People's Services to provide accommodation for local children in care. Going forward from 2016-17 the shared savings ratio will move from 70:30 in favour of the contractor to 50:50 so this may increase savings generated to the council to re-invest in the HRA.

It is also recognised that tenants of Rotherham also receive other indirect benefits through the council's partnership with Morrison FS and Wilmot Dixon via their Corporate Social Responsibility (CSR) Programmes operating within the borough. At the time of writing the CSR Strategy for 2016-17 is being developed but recent activities have included ten people employed on Willmott Dixon Apprenticeship Scheme and the Willmott Dixon partnerships Opening Doors, Work Experience program.

c. Procurement Strategy for Construction contracts

The R & M Contracts currently run until April 2019 with the possibility of extension to April 2020 at which point a new arrangement will need to be put in place. This arrangement was procured in 2009-10 under an EU Competitive Dialogue process and involved the transfer of the then internal workforce to the private sector. While the contract gave no guarantee of value or volume an obligation does exist to provide work for the 350 staff that transferred out of the Councils workforce on 1st November 2010. The current approach to this is one of seeking to maximise the use of the existing partnership where it is reasonably possible, offers VfM and remains within the scope of the original OJEU notice. We anticipate when the contracts are renewed there will be potential costs savings to be generated through lower staffing as the TUPE'd work force numbers continue to reduce and replacement staff are employed on lower cost terms and conditions.

Currently approximately £30m is spent on planned works through the Repairs and Maintenance Framework and a further £13 million is procured through competitive tender. This is the largest area of expenditure and is therefore the area of spend that will need to generate the most savings if the forecasts within the HRA Operating Statement are to be achieved. Total savings required over the next 5 years from this area of the business total £45m. A significant proportion of these savings will be achieved by reducing the planned expenditure of circa £48m over the next 5 years acquiring new properties. In future the acquisitions programme will be reduced to circa £10m. This will be kept under review so that any further cost savings from other parts of the business will be invested in this area.

The approach to this will be two-fold:

1. To seek to work with existing framework agreements let by other authorities / organisations where these can be shown to offer VfM and a suitable route to market.
2. To put in place a Rotherham based framework for external works to meet the following objectives:
 - To allow the opportunity for existing contract partners to bid for more works within Rotherham and outside the constraints of the R & M Contract – they may or may not be successful in gaining a place on this framework depending upon the level of market competition.
 - To seek to foster the use of Local businesses both small and large that is unlikely to be represented on national frameworks.
 - To drive competition that sometimes fails to materialise when using national frameworks
 - To speed up the process of commissioning works having only to address the OJEU requirements once at the outset.

- To ensure the contract is available for use on properties held by leaseholders, again reducing consultation times.

Any other unique or specific requirements will be procured in line with RMBC Standing Orders and Financial Regulations.

We recognise as the Council becomes more sophisticated in managing its housing assets, through understanding the Net Present Value of our assets further efficiency savings should be generated. At the current time these cost savings equate to circa £400m over the life of the business plan.

d. Review of Tenant services

Over the next three years a number of initiatives are planned to reduce costs these include:

1. Decommissioning of garage sites as part of the development of the Garage strategy- this will reduce not only repairs and maintenance costs but also costs associated with management of these tenancies within the Housing Management service.
2. Communal area upgrades will be an invest to save in automated lighting, windows and heating systems to reduce long term running costs of communal areas.
3. Land disposals that are currently of low amenity value on estates will be pursued. This will reduce ongoing maintenance costs to the service and also where possible generate capital income to fund future acquisition of new council housing.

vi. Financial impact of proposals

The table below summarises the planned cost of value for money savings over the three years of this business plan. Each figure in the tables represents a one off saving (negative numbers) or cost (positive numbers) compared with the 2016-17 budget and does not take into account inflation.

Description	2016-17	2017-18	2018-19	Total
Review of Support Service SLA's	-£50,000	-£65,000	-£65,000	-£180,000
Supervision and Management	-£400,000	-£392,000	-£384,000	-£1,176,000
Repairs and Shared Maintenance savings	-£250,000	-£250,000	-£250,000	-£750,000
Tenant Services	0	-£30,000	-£30,000	-£60,000
Total	-£700,000	-£737,000	-£729,000	-£2,166,000

These savings will ensure the forecasts in the HRA Operating statement are achieved.

8. Risk Management

Self-financing involved a significant transfer of risk from Central Government to the Council. Variables such as interest rates, cost inflation, number of homes owned etc. are all risks managed by the council.

Any adverse changes in rental income (for example as a result of welfare reform or changes in the number of Right-to-Buy sales) must be managed locally.

The risks associated with the HRA Business Plan demand a smarter approach to risk management. The Council will closely monitor the viability of the HRA Business Plan; through the governance structure described in section 2, by building a HRA Business Plan monitoring report to monitor key variables such as:

- Number of homes
- Rental income
- Rent arrears and bad debts
- Voids and void rent loss
- Debt levels and repayment
- Reserve levels, and
- Maintenance backlog.

The risk management plan for the HRA Business Plan is attached at Appendix D. The plan follows the Council's risk management methodology and approach. It includes a clear description of the risk, an assessment of probability and impact of the risk, a summary of controls and cost consideration and information on when the risk will be reviewed.

The risk management plan is updated, tracked and monitored through the governance structure described under the Governance section. The management plan will be revised as the situation changes - especially regarding interest rates and inflation - in light of Government announcements such as continuing welfare reforms as part of process of monitoring changes in variables and performance.

Significant risks will be placed on the Corporate Risk Register and risk issues will be escalated through the Council to Departmental Leadership Team and Senior Leadership Team as necessary.

The Council has risk based reserves to ensure that HRA reserves are maintained at the appropriate level. The reserves will be maintained at the appropriate level to fund potential future financial pressures from risks such as welfare reform and investment requirements.

The detailed financial model behind the HRA Business Plan includes a number of assumptions we have used to understand what resources will be available for council housing over the next three years in the context of the next thirty years. These baseline assumptions are detailed at Appendix B.

9. Conclusion

The HRA 30 year business plan demonstrates we have a well-run and efficient business. Over the life of the plan we are able to meet the needs of our tenants whilst generating significant surpluses. These surpluses provide the council with enormous opportunities to improve the well-being of our tenants and further enhance our housing stock and neighbourhoods.

Over the life of the business plan total income is expected to be £2,772m and total planned expenditure will be £2,765m. Cumulative surpluses by year 30 of plan will be £35.2m. Over the first 10 years of the business plan there are significant financial pressures to overcome, namely pressure on income due to welfare reform and the annual 1% rent reduction until 2019-20. These pressures are being managed by making costs savings over the first 3 years of £2.2m within Supervision and Management, £0.5m in Repairs & Maintenance and £20m within Capital Investment and using reserve balances of £7.035m. Throughout the period it is planned to maintain a minimum reserve balance of £3m which will mitigate risks associated with welfare reform, this represents a reduction of £3m since the previous Business Plan but is a reflection of the day to day financial pressures facing the HRA. Bad debt provision has been retained at 2% up to Year 10 to mitigate any increase in rent arrears due to ongoing welfare reforms.

Appendices

HRA Financial Information Appendix A

Housing Revenue Operating Account – 30 year projections

HRA 30 Year Investment Plan

HRA Financial Assumptions Appendix B

HRA Statement of Reserves Appendix C

HRA Risk Management Plan Appendix D

Glossary of Key Terms

Term	Definition
Housing Revenue Account (HRA)	The Housing Revenue Account is the financial account used by the local authority for council housing income and expenditure. The HRA is ring fenced for income and expenditure on council housing and funds services for council tenants and investment in council homes. Interest repayments of outstanding council housing debt are also funded by the HRA.
Consumer Price Inflation (CPI)	Consumer Price inflation is the speed at which the prices of the goods and services bought by households rise or fall. Consumer price inflation is estimated by using price indices. One way to understand a price index is to think of a very large shopping basket containing all the goods and services bought by households. The price index estimates changes to the total cost of this basket. Most ONS price indices are published monthly.
Retail Price Inflation (RPI)	Calculated using the Retail Price Index (RPI). It is a measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services.
Interest Rates	An interest rate is the rate at which interest is paid by borrowers (debtors) for the use of money that they borrow from lenders (creditors). Specifically, the interest rate is a percentage of principal paid a certain number of times per period for all periods during the total term of the loan or credit. Interest rates are normally expressed as a percentage of the principal for a period of one year
Income	Income is increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.
Capital Expenditure	Capital Expenditure (under the Local Government Act 2003): Expenditure that falls to be capitalised in accordance with proper practices. The secretary of state may by regulations provide that expenditure may or may not be treated as capital expenditure by authorities (or that particular expenditure is capital expenditure for a specific authority).
Surpluses	Total value of income remaining after all costs (expenditure) have been accounted for.
Deficit	A deficit is an excess of expenditures over revenue in a given time period
Reserves	Unrestricted cash available to fund business costs as required e.g. in periods when the HRA is forecast to operate at a deficit or to mitigate any future risks to the HRA such as welfare reform.
Net Book Value	The value of HRA assets on the council's balance sheet.
Social Housing Adjustment Factor	The percentage reduction in the value of housing assets owned by the council to reflect that properties have sitting tenants, rent increases are subject to social housing regulations and tenants have a Right to buy the freehold on the property.
Self	The objectives of this reform to council housing finance are to give

Financing	councils the resources, incentives and flexibility needed to manage their own housing stock for the long term and to drive up quality and efficiency; as well as giving tenants the information they need to hold their landlord to account.
R & M	Repairs and Maintenance
Service Level Agreements (SLA)	Agreements with other Rotherham MBC departments for the supply of goods and services to assist in the management of council housing.
Audit Committee	<p>The Council has established an Audit Committee comprising five non-executive members of the Council. The Committee will be attended by a representative of the Council's external auditors as well as senior officers of the Council. The Committee's remit is – Revised May 2014</p> <ul style="list-style-type: none"> <input type="checkbox"/> to consider all issues relating to audit matters, both internal and external; <input type="checkbox"/> to monitor and review the effectiveness of risk management systems, including systems of internal control; <input type="checkbox"/> to consider the preparation and monitoring of the internal audit plan; <input type="checkbox"/> to consider summary reports of each internal audit and value for money study undertaken; <input type="checkbox"/> to consider the external audit plan; <input type="checkbox"/> to consider reports from the external auditor, including value for money, systems and final accounts audits; <input type="checkbox"/> to review and monitor the performance of internal audit; <input type="checkbox"/> to review and monitor the anti-fraud strategy and initiatives; <input type="checkbox"/> to ensure the receipt of 'Best Value' from all audit resources; <input type="checkbox"/> to review and monitor corporate governance matters in accordance with audit guidelines. <p>The Audit Committee will consider the external auditor's annual report on the Council's statement of accounts income and expenditure and will also consider the SAS 610 report from the external auditor. However, the external auditor's management letter will be presented to the full Council.</p>
Self Regulation Select Commission	<p>A council committee which locally elected councillors sit on. The remit of the Overview and Scrutiny boards are as set out in Procedure Rules to discharge between them the functions conferred by section 21 of the Local Government Act 2000, namely –</p> <ul style="list-style-type: none"> <input type="checkbox"/> to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the executive; <input type="checkbox"/> to make reports or recommendations to the Council or the Cabinet with respect to the discharge of any functions which are the responsibility of the executive; <input type="checkbox"/> to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are not the responsibility of the executive; <input type="checkbox"/> to make reports or recommendations to the Council or the

	<p>Cabinet with respect to the discharge of any functions which are not the responsibility of the executive;</p> <p><input type="checkbox"/> to make reports or recommendations to the Council or the Cabinet on matters which affect the borough or the inhabitants of the borough.</p>
Housing Excellence Plan	A plan for improving services offered to tenants and leaseholders by Rotherham Council's housing services department.
Dwelling Rents	Income charged on a weekly basis to tenants who reside in council properties and have a tenancy agreement with Rotherham MBC.
Non Dwelling rents	Rent received for land, garages, commercial property etc.
Service Charges	Additional charges to be paid by tenants for additional services such as District Heating.
Furnished Tenancy	A tenancy where furniture is provided for an additional charge.
Right to buy	The regulations that allow council tenants to purchase the leasehold or freehold of their home.
Capital Financing Requirements	The measure from April 2004 used to calculate capital charges. It is introduced and defined in the CIPFA Prudential Code
Revenue Contribution to Capital Outlay	The total value of revenue funding being used to support Capital Expenditure in a given year.
OJEU	Official Journal of the European Union – commonly used for advertising public procurement contracts.
Decent Homes Standard	<p>A government target to ensure that all social housing met set standards of decency by 2010, by reducing the number of households living in social housing that did not meet these standards. A decent home was defined as one that meets the following four criteria:</p> <p>A: It meets the current statutory minimum standard for housing</p> <p>B: It is in a reasonable state of repair</p> <p>C: It has reasonably modern facilities and services</p> <p>Dwellings failing on this point are those that lack three or more of the following:</p> <ul style="list-style-type: none"> ,,, a reasonably modern kitchen (20 years old or less) ,,, a kitchen with adequate space and layout ,,, a reasonably modern bathroom (30 years old or less) ,,, an appropriately located bathroom and WC ,,, adequate noise insulation (where external noise/neighbourhood noise is a problem) ,,, adequate size and layout of common areas for blocks of flats. <p>D: It provides a reasonable degree of thermal comfort.</p>

Appendix B
Rotherham MBC
HRA Business Plan
Operating Account
(expressed in money terms)

		Income				Expenditure														Surplus (Deficit) for the Year		Surplus (Deficit) b/fwd		Surplus (Deficit) c/fwd	
		Net rent	Other	Misc	Total	HRA					Other	Cost of	Misc	Total	Capital	Net Operating	Repayment of	Transfer	RCCO			Interest			
Year	Year	Income	income	Income	Income	Managt.	Depreciation	Responsive &	Revenue	Rent	expenses	expenses	Charges	(Expenditure)	loans	from / (to)	MRR	£,000	£,000	£,000	£,000	£,000	£,000		
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000		
1	2016.17	76,272	195	5,601	82,068	(20,683)	(19,975)	(19,101)	(210)	0	0	(59,970)	(13,951)	8,147	0	0	(8,160)	(13)	27,932	92	28,011				
2	2017.18	75,164	221	5,905	81,290	(20,860)	(20,277)	(19,395)	(214)	0	0	(60,746)	(13,953)	6,591	(0)	0	(13,300)	(6,709)	28,011	72	21,374				
3	2018.19	73,881	248	6,194	80,322	(21,054)	(20,612)	(19,714)	(219)	0	0	(61,599)	(14,003)	4,721	0	0	(5,178)	(457)	21,374	59	20,976				
4	2019.20	72,446	261	6,458	79,165	(21,216)	(20,881)	(20,013)	(224)	0	0	(62,333)	(14,119)	2,712	0	0	(4,488)	(1,776)	20,976	56	19,257				
5	2020.21	73,166	262	6,819	80,247	(21,377)	(21,140)	(20,311)	(229)	0	0	(63,057)	(14,234)	2,956	0	0	(9,919)	(6,963)	19,257	44	12,338				
6	2021.22	73,886	263	7,204	81,352	(21,750)	(21,401)	(20,613)	(229)	0	0	(63,998)	(14,289)	3,064	0	0	(7,270)	(4,205)	12,338	29	8,161				
7	2022.23	74,605	263	7,574	82,443	(22,130)	(21,663)	(20,918)	(239)	0	0	(64,950)	(14,296)	3,196	0	0	(7,937)	(4,741)	8,161	16	3,436				
8	2023.24	75,324	264	7,942	83,529	(22,516)	(21,926)	(21,226)	(245)	0	0	(65,913)	(14,267)	3,350	0	0	(3,290)	61	3,436	10	3,507				
9	2024.25	76,787	265	8,305	85,357	(22,908)	(22,189)	(21,537)	(250)	0	0	(66,885)	(14,135)	4,337	0	0	(4,268)	69	3,507	10	3,586				
10	2025.26	77,510	265	8,663	86,438	(23,306)	(22,454)	(21,852)	(256)	0	0	(67,868)	(14,128)	4,442	0	0	(4,224)	218	3,586	10	3,814				
11	2026.27	78,232	266	9,019	87,517	(23,711)	(22,719)	(22,170)	(262)	0	0	(68,862)	(14,128)	4,527	0	0	(4,578)	(50)	3,814	11	3,774				
12	2027.28	78,951	267	9,379	88,597	(24,122)	(22,985)	(22,492)	(268)	0	0	(69,866)	(14,128)	4,603	0	0	(4,555)	48	3,774	11	3,833				
13	2028.29	79,668	267	9,735	89,670	(24,539)	(23,251)	(22,816)	(274)	0	0	(70,880)	(14,128)	4,663	0	0	(4,587)	75	3,833	11	3,919				
14	2029.30	80,382	268	10,081	90,731	(24,963)	(23,517)	(23,144)	(280)	0	0	(71,904)	(14,128)	4,699	0	0	(4,622)	77	3,919	11	4,008				
15	2030.31	81,092	269	10,415	91,776	(25,394)	(23,784)	(23,475)	(286)	0	0	(72,939)	(14,129)	4,709	0	0	(4,630)	79	4,008	11	4,098				
16	2031.32	81,799	269	10,748	92,817	(25,831)	(24,050)	(23,809)	(292)	0	0	(73,984)	(14,197)	4,636	0	0	(4,555)	81	4,098	12	4,190				
17	2032.33	82,502	270	11,092	93,864	(26,276)	(24,317)	(24,147)	(299)	0	0	(75,039)	(14,197)	4,628	0	0	(4,546)	82	4,190	12	4,284				
18	2033.34	83,200	271	11,448	94,919	(26,727)	(24,584)	(24,487)	(306)	0	0	(76,104)	(14,198)	4,617	0	0	(4,533)	84	4,284	12	4,381				
19	2034.35	83,893	271	11,816	95,980	(27,185)	(24,850)	(24,831)	(313)	0	0	(77,178)	(14,261)	4,541	0	0	(4,454)	86	4,381	12	4,479				
20	2035.36	84,580	272	12,160	97,012	(27,650)	(25,116)	(25,177)	(320)	0	0	(78,263)	(14,261)	4,488	0	0	(4,400)	88	4,479	13	4,580				
21	2036.37	85,262	273	12,476	98,011	(28,123)	(25,381)	(25,527)	(327)	0	0	(79,357)	(14,262)	4,391	0	0	(1,578)	2,813	4,580	17	7,410				
22	2037.38	85,936	273	12,801	99,011	(28,602)	(25,645)	(25,880)	(334)	0	0	(80,461)	(14,205)	4,345	0	0	(1,751)	2,594	7,410	24	10,028				
23	2038.39	86,604	274	13,135	100,013	(29,090)	(25,908)	(26,235)	(342)	0	0	(81,575)	(14,089)	4,349	0	0	(1,932)	2,417	10,028	31	12,477				
24	2039.40	87,264	275	13,478	101,016	(29,584)	(26,171)	(26,594)	(349)	0	0	(82,698)	(14,090)	4,228	0	0	(2,119)	2,109	12,477	38	14,624				
25	2040.41	87,916	275	13,830	102,021	(30,086)	(26,432)	(26,955)	(357)	0	0	(83,830)	(14,090)	4,101	0	0	(2,315)	1,786	14,624	43	16,454				
26	2041.42	88,558	276	14,191	103,026	(30,596)	(26,691)	(27,319)	(365)	0	0	(84,971)	(14,090)	3,965	0	0	0	3,965	16,454	58	20,476				
27	2042.43	89,192	277	14,563	104,031	(31,113)	(26,949)	(27,686)	(374)	0	0	(86,122)	(14,090)	3,820	0	0	0	3,820	20,476	80	24,375				
28	2043.44	89,815	277	14,944	105,037	(31,638)	(27,204)	(28,056)	(382)	0	0	(87,280)	(14,095)	3,661	0	0	0	3,661	24,375	101	28,138				
29	2044.45	90,428	278	15,335	106,041	(32,171)	(27,458)	(28,428)	(391)	0	0	(88,448)	(14,098)	3,495	0	0	0	3,495	28,138	123	31,756				
30	2045.46	91,029	279	15,738	107,046	(32,712)	(27,709)	(28,803)	(399)	0	0	(89,624)	(14,098)	3,324	0	0	0	3,324	31,756	143	35,222				

Appendix C

Planned 30 Year Investment Programme 2016-17													
				Decent Homes	Non-Decent Homes	External Works	Communal Blocks	Responsive & Cyclical	Voids	Disabled Adaps	Garages	Other	Totals
Survey Years				£	£	£	£	£	£	£	£	£	£
1	to	1		3,204,900	333,000	9,585,000	1,800,000	19,075,000	2,340,000	2,070,000	225,000	4,735,800	43,368,700
2	to	2		3,204,900	333,000	9,990,000	1,800,000	19,075,000	2,340,000	2,250,000	225,000	8,920,800	48,138,700
3	to	3		767,528	0	12,649,209	2,247,019	19,075,000	2,340,000	2,250,000	486,000	2,260,800	42,075,557
4	to	4		2,839,933	0	10,437,786	2,247,019	19,075,000	2,340,000	2,250,000	486,000	1,585,800	41,261,538
5	to	5		8,919,120	337,730	9,278,032	2,717,350	19,075,000	2,080,000	2,000,000	432,000	1,409,600	46,248,832
6	to	6		5,576,445	982,550	9,278,032	2,717,350	19,075,000	2,080,000	2,000,000	432,000	1,409,600	43,550,978
7	to	7		2,637,364	215,188	14,429,873	2,317,350	19,075,000	2,080,000	2,000,000	432,000	1,409,600	44,596,375
8	to	8		2,255,399	0	14,429,873	2,317,350	19,075,000	2,080,000	2,000,000	432,000	1,409,600	43,999,222
9	to	9		1,937,095	0	13,528,006	2,172,516	19,075,000	1,950,000	1,875,000	405,000	1,321,500	42,264,117
10	to	10		1,425,976	434,929	10,794,479	2,397,350	19,075,000	2,080,000	2,000,000	432,000	1,457,600	40,097,334
11	to	15		10,487,026	2,075,752	50,218,037	12,306,750	95,375,000	10,400,000	10,000,000	2,160,000	7,240,000	200,262,565
16	to	20		31,375,881	1,982,168	28,527,667	12,367,744	95,375,000	9,620,000	9,250,000	1,998,000	6,519,400	197,015,860
21	to	25		52,600,866	2,552,096	1,550,902	8,630,726	95,375,000	7,280,000	7,000,000	1,512,000	4,933,600	181,435,190
26	to	30		18,136,468	0	410,850	13,186,752	95,375,000	10,400,000	10,000,000	2,160,000	7,048,000	156,717,070
Total				145,368,901	9,246,413	195,107,745	69,225,278	572,250,000	59,410,000	56,945,000	11,817,000	51,661,700	1,171,032,037

Rotherham MBC

HRA Business Plan – Review

July 2016



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1. Introduction

- 1.1 Rotherham Metropolitan Borough Council is in the process of preparing its HRA business plan financial model for the period beginning 2016/17. Capita's Housing & Consultancy practice has been commissioned to provide specific assistance, as follows:
- Review the council's inputs to determine whether they have been correctly entered into the model
 - Transfer data onto the latest Capita HRA Business Plan financial model;
 - Review the Council's inputs and recommend any changes where appropriate.
- 1.2 This paper is being provided along with a populated version of the latest business plan model.

2. Changes to assumptions

- 2.1 We have populated the new business plan model using the same inputs as the council have used in populating the previous version of the model but with the following exceptions:
1. Imp 2 – Rent Model Data (cells D11:D40, E11:E40, F11:F40, R11:R40 and T11:T40) – we have entered the annual rents, in money terms on a 52 week basis, for the three property categories used in the model as well as the average target rent and limit rent. The opening rents and real growth/reductions automatically feed through to the relevant input cells in Inc 1- Stock & Rent. The limit rents feed through into the relevant input cells in Exp 4 – Rent Rebates.
 2. Inc 3 – Misc Income (cells L54:L83) – we have updated the additional income generated from letting new tenancies at target with the latest information provided by the council.
 3. Inc 5 – Other Stock Changes (cells H12:H16) – the original model included 475 new dwellings in these input cells. These have been removed from here and entered into New Build and Acquisition inputs which will the use of RTB receipts to finance up to 30% of eligible development or acquisition costs.
 4. Exp 1 – Management & Serv (cell I35) – we have amended the variable management cost per unit from £1,007 to £1,000 and added this to N-Build and SYHA Leased stock categories. The revised management cost of £1,000 per unit is based upon the annual budget of £20,658,200 divided by the average housing stock in year 1 of 20,656 dwellings.
 5. Exp 3 – Misc Expences (cells L10:L39) – These cells in the original contained £2.0m per year at current prices to account for the requirement to pay the high value voids levy to the government. This has been moved to a new input sheet Fin 2 – High Value Voids Levy which ensures that the payments to government are treated as capital expenditure.
 6. R&M 1 – Assumptions (cells AB11:AB14) – Expenditure of £44.375m on the acquisition of new dwellings was removed and entered as expenditure eligible for retained RTB receipt financing in New Build and Acquisition Inputs (cells J95:M95).

7. R&M 1 – Assumptions (cells X69:X82 and T79:T82) – Repairs and maintenance expenditure of £500 per unit was added to the N-Build stock category along with decent homes expenditure of £1,000 per unit from year 11.
8. New Build and Acquisition Inputs (cells I277:N277, I307:N307, I322:N322, I328:N328) – management costs of £1,000 per unit and repairs and maintenance of £500 per unit were added the acquired properties. Major repairs of £1,000 per unit were also added after 10 years.
9. Inc 4 - RTB (Maximum RTB Discount) – we have used £77,900 being the figure for 2016/17. The council's model included an assumption that the maximum discount would be £77,000. However, this won't have an impact while average RTB valuations remain significantly below the maximum discount.
10. Inc 4 - RTB (Other Changes) – The RTB inputs have been taken from Report 5 of the RTB Model which has also been updated and supplied as part of this review. The inputs reflect the quarterly and rather complex calculations required by the local authority capital finance regulations, as they pertain to RTB receipts. The new model has been populated in accordance with the updated RTB Model. These include:

Assumption	New Model	Old Model
Cumulative Attributable Debt (Cell M137)	£8,288,323	£2,820,268
Cum. Assumed Debt B/fwd (Cell M172)	£3,406,180	£1,523,595
Cum. Allowable Debt B/fwd (Cell M177)	£4,882,143	£1,296,673
LA Share from previous qtr (Cell N213)	£191,258	£159,990
Prior Year receipts and expenditure (row 233)	Populated as per Report 5 of RTB Model	Not populated

3. Comparison of financial projections

- 3.1 The new model is provided along with this report and is named 'RMBC-HRA SF Model 2016 v1 – Scenario 1a'.
- 3.2 The outputs from the models are compared in the table below:

Ouput	New Model £'000	Old Model £'000
HRA Balances at Year 30	154,237	174,412
Major Repairs Reserve Balance at Year 30	8,385	30,643
Capital Financing Shortfall In Years	31,044 4 to 8	36,260 3 to 8

- 3.3 In the new model the cumulative HRA balances in year 30 have fallen by £20.175m from £174.412m to £154.237m as a result of the changes made to the assumptions. This is illustrated in the following reconciliation:

	£'000
HRA Balances - Original Model	174,412
HRA Balances – New Model	154,237
Reduction in Balances	20,175

Analysis of Variances:	£'000	£'000	Notes
Rental income		(121)	Bad debts on new build 1% lower for years 1 to 8 in new model
Relet rents		38	Latest estimate of income from relets at target in new model
Management costs:			
• Existing stock	2,716		£1,000 per unit added to N-Build and SYHA Leased units in new model
• New build units	17,168		£1,000 per unit added to new build inputs in new model
		19,884	
Repairs costs:			
• Existing N-Build units	2,677		£500 per unit added in new model
• New build units	8,923		£500 per unit added to new build inputs in new model
		11,600	
High value void levy		(81,136)	Treated as capital expenditure in new model
RCCO		71,888	Additional RCCO to finance high value void levy and additional capital expenditure on new build properties subject to minimum working balance
Interest on RTB receipts		(1,748)	Reduced interest on returned RTB receipts in new model as receipts now used to finance new build
Interest on balances		(231)	Additional interest in new model due to changes above
Total Reduction in Balances		20,175	

- 3.4 The unused balance on the Major Repairs Reserve (MRR) after 30 years has also fallen by £22.258m from £30.643m in the old model to £8.385m in the latest version. This is because the MRR has been used to finance additional capital expenditure in years 26 to 30 on works to acquired properties and the high value voids levy.
- 3.5 The capital programme is not fully financed in either the new or old models. Both models assume that there will be no additional borrowing to finance the capital programme and the annual direct revenue financing is constrained by the minimum working balance specified in the model inputs. The shortfall in resources is show in the table below:

Year	Year	New Model £'000	Old Model £'000
3	2018/19	-	2,576
4	2019/20	10,725	13,262
5	2020/21	11,847	13,695
6	2021/22	2,394	1,780
7	2022/23	3,446	2,872
8	2023/24	2,632	2,075
Total		31,044	36,260

- 3.6 The HRA borrowing remains constant at £304.125m throughout the 30 year business plan. The HRA debt cap is £336.623m and so the HRA has unused borrowing capacity of £32.498m. However, this does not mean that HRA capital resources could be increased by £32.498m because the financing costs of any additional borrowing would reduce the HRA's capacity to use direct revenue financing.
- 3.7 By using additional borrowing to finance the capital programme in the new model the shortfall could be reduced from £31.044m in years 4 to 8 to just £5.034m arising in years 8 to 9. The HRA debt would remain at the debt cap in years 4 to 9 after which the additional borrowing could be repaid in year 23. Thereafter the HRA debt would continue at the current level of £304.125m. HRA balances after 30 years would be £104.253m with the MRR balance unchanged at £8.385m.
- 3.8 A fully financed capital programme could be achieved by deferring some of the capital expenditure in years 8 and 9 until later years. This is illustrated in the following table:

Years	Re-phased Capital Spend £'000
8	-3,327
9	-1,035
10	+1,218
11 to 15	+3,144

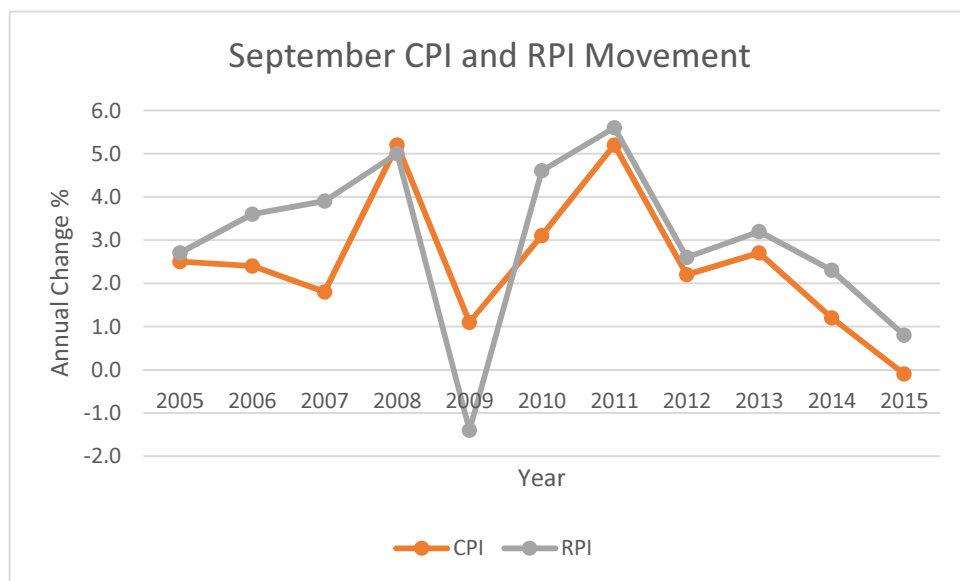
Note: Costs shown at current prices

- 3.9 Reducing the capital programme by £3.327m in year 8 and by £1.035m in year 9 and reinstating this expenditure in years 10 to 15 would allow the programme to be fully financed by using the existing HRA borrowing capacity. In this scenario HRA borrowing would increase to reach the cap in year 8 and remain there until year 11 with all of this additional borrowing repaid in year 23. HRA balances at year 30 would fall to £93.973m because of the additional borrowing costs and MRR balance after 30 years would remain at £8.385m.

4. Observations

- 4.1 During the process of populating the new model we have identified the following areas for review which potentially impact on the projections provided by the business plan model.
- 4.2 **Inflation** – The model currently assumes that inflation measured by the Consumer Prices Index (CPI) is line with the government’s inflation target of 2.0% per year. The model also assumes that inflation measured by the Retail Prices Index (RPI) will be the same. The distinction between these measures of inflation is important because future rent increases after the enforced 1% rent reductions for 4 years are likely to be linked to the September CPI while cost inflation is often driven by movements in the RPI. This is particularly true for repairs contracts.

The RPI generally increases at a faster rate than the CPI so that costs increase relative to rental income. The annual increases in both the CPI and RPI from September 2005 to September 2015 are compared in the Following chart.



Since 2005 the annual increase in the RPI has been higher than the increase in the CPI in all but 2 years, 2008 and 2009. Since then the average increase in the RPI has been 0.8% higher than the CPI. The gap in September 2015 was 0.9% down from 1.1 in September 2014.

Future inflation forecasts are published by HM Treasury in “Forecasts for the UK economy”. The latest version of this document was published in July 2016 and contains details of 26 independent forecasts including the Office for Budget Responsibility (OBR). The forecasts for the 4th quarter of 2016 and 2017 are summarised in the table below. The median forecast anticipates that that gap in the 4th quarter of 2016 will be 0.8% which falls slightly to 0.6% in the 4th quarter of 2017. The OBR forecast suggests the gap will be 0.9% in 2016 and 2017.

As a rule of thumb Capita Asset Services generally recommend a gap of 0.5% in the long term for housing association business planning purposes.

Year	Forecast	RPI % Increase	CPI % Increase	Gap %
2016	Highest	3.4	3.0	0.4
2016	Lowest	1.1	0.2	0.9
2016	Median	2.1	1.3	0.8
2016	OBR	1.9	1.0	0.9
2017	Highest	4.5	4.0	0.5
2017	Lowest	2.1	1.5	0.6
2017	Median	2.9	2.3	0.6
2017	OBR	2.6	1.7	0.9

Assuming a gap of 0.5% per year between the RPI and CPI from year 2 onwards reduces HRA balances to £29.132m at year at year 30 with a MRR balance of £9.705m. The shortfall in capital resources increases significantly to £43.678m from year 7 to year 25.

- 4.3 **Rental growth** – the business plan assumes that rents will reduce by 1% per year in nominal terms in line with the requirements of the Welfare reform and Work Act 2016. The final rent reduction takes effect from 1 April 2019. Thereafter, the business plan assumes that rents will increase by the CPI without any real growth. This is a reasonable assumption given that we do not know how the national rent policy will be look from 1 April 2020.
- 4.4 **Interest on returned RTB receipts** – The business plan currently assumes that the HRA will acquire 475 new properties during the first 5 years which will be partly financed 1-4-1 RTB receipts for replacement homes. Unspent receipts retained for 1-4-1 replacement of RTB sales need to be paid to the government after 3 years along with interest at 4.5%. The HRA cashflows include interest charged at 4.5% on RTB receipts returned to the government with effect from year 10. The total interest charged to the HRA is £15.052m.

To avoid the interest charge in future years the Council would either need to use retained receipts to finance new homes in the HRA, grant the receipts to another social landlord for them to finance new homes or to terminate the retention agreement with the government.

By assuming that the retention agreement terminates on 31st March 2022 the HRA would be subject to any interest payments on returned receipts. This would increase the HRA balances to £168.491m after 30 years. The MRR balance would remain unchanged at £8.385m and the shortfall in capital resources would be £31,044 in years 4 to 8.

- 4.5 **Management costs** – the business plan assumes that all of the management costs vary with stock numbers and so management costs are reducing annually, in real terms, by the impact of RTB sales. There is also a 1% real reduction applied to the management cost per unit in years 2 to 5 inclusive and the Council needs to ensure that these cost reductions can be delivered. If the real reductions are removed from the plan the HRA balances after 30 years would fall by £20.942m to £133.295m and the shortfall in capital resources would increase to £36.173m in years 4 to 9.

The variability of management costs is always difficult to gauge but in reality the costs are likely to be stepped. Some costs, like postage, will vary with the stock numbers while the cost of housing management staff is unlikely to vary unless there is a significant shift in housing stock numbers. Assuming that management costs are 80% fixed and 20% variable the HRA balances after 30 years would fall by £94.403m to £59.834m and the shortfall in capital resources would increase to £36.485m in years 4 to 9.

- 4.6 **Repairs and maintenance** – The revenue repairs and maintenance are assumed to vary with stock numbers but the costs within the capital programme are fixed, apart from void repairs, and do not vary with the impact of RTB sales. It seems reasonable to assume that any costs that relate to the fabric of the dwellings, such as the structure or other building components, will vary with the stock numbers while costs such as environmental improvements will not.

By making all of the costs 100% variable apart from disabled adaptations, garages and other costs the HRA balances after 30 years would increase by £55.363m to £209.600m and the shortfall in capital resources would fall to £25.278m in years 4 to 8. The MRR balance would also increase to by £14.292m to £22.677m.

- 4.7 **Higher value voids levy** – The last official advice from the DCLG on Higher Value Assets was: “Ministers have been considering when to publish some information about HVA. Publication before Parliamentary recess is now very tight. We will therefore explore options for publishing the information in the Autumn.” It is possible that the levy won’t be imposed until 2017/18 rather than 2016/17 as originally expected and so there may be a saving of £2.0m in the year 1 cashflows.

The HRA business assumes a levy of £2.0m per year at current prices. Brandon Lewis, when he was the Housing Minister, suggested that up to a third of local authority housing stock could be classed as higher value. Based upon the housing stock of 20,599 units at 1st April 2016 there could be potentially 6,866 higher value properties in the HRA. Assuming that void turnover rates are 5% would mean that 343 dwellings would be subject to the levy. Using the average RTB valuation of £70,136 per property the levy in year 1 of the scheme could be £24.057m (343 void dwellings x £70,136 per dwelling). Clearly, a levy of this magnitude would not be sustainable without the sale of higher value void properties. Due to the uncertainty we would recommend that the Council continues with the current assumption and updates the business plan once further information has been provided by the government.

- 4.8 **Pay to stay** - In a similar vein to the higher value voids levy, we understand that records from the Inland Revenue (in a suitable format) are unlikely to be available in advance of 2017/18 and there is a reluctance to try and implement the scheme during the year and so the commencement of pay to stay may be deferred until 2018/19, unless the local authorities are in a position to obtain the necessary data by some other means. At the moment the business does not include any additional costs associated with pay to stay but the position should be reviewed as more concrete information becomes available.
- 4.9 **New property acquisition costs in year 1** – we were unable to identify the costs of acquiring 50 new dwellings in year 1 of the business plan. It may be that this is included within the Repairs and Maintenance Inputs sheet (R&M1). The costs either need to be added to the business plan or identified separately in the new build input sheet.

5. Suggested changes to the base case

- 5.1 Based upon the review of the current assumptions we would recommend the following changes to the base case business plan:
1. RPI – Increase the RPI by 0.25% per year to reflect the potential gap between RPI and CPI. This is less than suggested by independent forecasters but it does add some protection against cost inflation.
 2. Management cost – assume that 50% of management costs are fixed to reduce the risk of failing to drive through cost reductions needed as a result of RTB sales;

3. Repairs and maintenance – assume that all repairs and maintenance costs are variable with stock numbers apart from disabled adaptations, garages and other costs. This should largely reflect the potential savings from stock losses.
 4. RTB retention agreement – assume that the agreement ends on 31st March 2022 to ensure that the HRA does not incur interest costs on unspent 1-4-1 receipts for replacement homes that need to be returned to the government.
- 5.2 The impact of these changes will be as follows:
- HRA balances at Year 30 of £99.244m;
 - MRR balance at year 30 of £24.165m;
 - Capital shortfall of £31.401m in years 4 to 8.
- 5.3 Additional borrowing subject to the debt cap would then have the following impact:
- HRA balances at Year 30 of £45.098m;
 - MRR balance at year 30 of £24.165m;
 - Capital shortfall of £5.755m in years 8 to 9;
 - Additional borrowing of £32.498 m to reach debt cap;
 - Additional borrowing could be repaid in year 25.
- 5.4 A copy of the model using these assumptions is attached with this report. See the “Inc 7 – Self Financing” input sheet for additional borrowing and repayments.

Appendix E – Scenario Assumptions

	Scenario 1	Scenario 2	Scenario 3	Scenario 4 – Base 2016-17	Scenario 5
Assumptions	<p>-Rents -1% to 2019-20 then CPI</p> <p>-CPI – 2%</p> <p>-RPI – 2%</p> <p>-RTB – 200 per anum from Year 5</p> <p>-Supervision & Management and Repairs Expenditure not linked to RTB sales</p> <p>- Capital expenditure will reduce by 10% until 2019-20 and by a further 10% for the remainder of the plan, except years 21 to 25 where there is a 50% reduction</p> <p>-Acquisitions until 2020-21</p> <p>-Capital funding shortfall £90m</p> <p>-Higher value property levy £2m per anum</p>	<p>-Rents -1% to 2019-20 then CPI</p> <p>-CPI – 2%</p> <p>-RPI – 2%</p> <p>-RTB – 200 per anum from Year 5</p> <p>-Supervision & Management and Repairs Expenditure not linked to RTB sales</p> <p>- Capital expenditure will reduce by 10% until 2019-20 and by a further 10% for the remainder of the plan, except years 21 to 25 where there is a 50% reduction</p> <p>-Higher value property levy £2m per anum</p> <p>-Capital Funding shortfall £31.5m</p> <p>-Higher value property levy £2m per anum</p>	<p>-Rents -1% to 2019-20 then CPI</p> <p>-CPI – 2%</p> <p>-RPI – as CPI +0.25%</p> <p>-RTB – 200 per anum from Year 5</p> <p>-Supervision and Management expenditure flexed at 50%</p> <p>-Repairs and Maintenance expenditure (excluding disabled adaptation and garages) flexed at 100% in proportion to RTB sales.</p> <p>- Capital expenditure will reduce by 10% until 2019-20 and by a further 10% for the remainder of the plan, except years 21 to 25 where there is a 50% reduction</p> <p>-Acquisitions of £5.06m in 2017-18.</p> <p>-Capital Funding shortfall £3.7m</p> <p>-Higher value property levy £2m per anum</p>	<p>Rents -1% to 2019-20 then CPI</p> <p>-CPI – 2%</p> <p>-RPI – as CPI +0.25%</p> <p>-RTB – 200 per anum from Year 5</p> <p>-Supervision and Management expenditure flexed at 50%</p> <p>-Repairs and Maintenance expenditure (excluding disabled adaptation and garages) flexed at 75% in proportion to RTB sales.</p> <p>- Capital expenditure will reduce by 10% until 2019-20 and by a further 10% for the remainder of the plan, except years 21 to 25 where there is a 50% reduction</p> <p>-Acquisitions of £5.06m in 2017-18.</p> <p>-Capital Funding shortfall £13.6m</p> <p>-Higher value property levy £2m per anum</p>	<p>-Rents -1% to 2019-20 then CPI</p> <p>-CPI – 2%</p> <p>-RPI – 2%</p> <p>RTB – 200 per anum from Year 5</p> <p>-Supervision and Management expenditure flexed at 100%</p> <p>-Repairs and Maintenance expenditure (excluding disabled adaptation and garages) flexed at 100% in proportion to RTB sales.</p> <p>- Capital expenditure will reduce by 10% until 2019-20 and by a further 10% for the remainder of the plan, except years 21 to 25 where there is a 50% reduction</p> <p>-£48m spent on acquisitions until 2020-21.</p> <p>- £16m additional borrowing</p> <p>- Capital funding shortfall of £-Higher value property levy £2m per anum19.9m</p>
Year 30 Operating Surplus/ Deficit	-£28.9m	£154.5m	£75.3m	£35.3m	£79.6m

STANDARDS AND ETHICS COMMITTEE
Thursday 29 September 2016

Present:- Councillor McNeely (in the Chair); Councillors Allen, Ireland, Khan, and Simpson (RMBC Members)

Councillors Bates, Rowley and Swann (Parish Council representatives).

Also present:- Ms. A. Dowdall (Co-opted Member) and Mr. P. Beavers (Independent Person).

Apologies for absence were received from Councillor Allcock, Mr P. Edler (Co-opted Member) and Mr. D. Roper-Newman (Independent Person).

9. TO CONSIDER WHETHER THE PRESS AND PUBLIC SHOULD BE EXCLUDED FROM THE MEETING DURING CONSIDERATION OF ANY PART OF THE AGENDA.

It was reported that there were no items on the agenda that would require the exclusion of the press and public from the meeting.

10. MINUTES OF THE PREVIOUS MEETING HELD ON 9 JUNE 2016

Resolved:-

That the minutes of the meeting of the Standards and Ethics Committee held on 9 June 2016 be approved as a true and correct record of the proceedings.

11. DECLARATIONS OF INTEREST

There were no declarations of interest.

12. REVIEW OF THE OPERATION OF THE WHISTLEBLOWING POLICY

Consideration was given to a report detailing a review of the operation of the Whistleblowing Policy by the Council's Internal Audit service.

It was reported that the review had found that appropriate risk registers were available for recording risks relating to whistleblowing arrangements, and consequently no significant specific risks were identified. It was also noted that appropriate assurance was in place in respect of the availability of the policy to staff and contractors.

Further assurances were provided in respect of the robustness of the policy and its application during the 2015/16 financial year. However, the review had highlighted issues in respect of the reporting of whistleblowing concerns to the council. Members noted that a central whistleblowing log had been established within Legal Services to respond to this concern.

Consideration was given to the public availability of the whistleblowing policy and the Committee concluded that it would be appropriate to make the policy publicly available with the inclusion of the following wording:

Whistleblowing by members of the public

Unlike disclosures by employees, PIDA (Public Interest Disclosure Act 1998) does not offer legal protection for disclosures made by members of the public. However, the Council will take reasonable and appropriate action to protect members of the public when they make a disclosure.

The Council considers that any disclosure made by members of the public in respect of serious misconduct should be handled in the same way as disclosures made by employees.

Once a disclosure from a member of the public has been received by the Council, it will be handled in the same way as a disclosure made by an employee under PIDA and the provisions of section xx shall apply.

Resolved:-

1. That the outcome of the review and the steps taken to implement the findings be noted.
2. That the Whistleblowing cases received since September 2015 be noted.
3. That the wording of the Whistleblowing Policy be amended in order for the document to be made publicly available.

13. ROTHERHAM MBC ANNUAL COMPLAINT REPORT 2015-16

Consideration was given to a report detailing information about complaints made to the Council between 1 April 2015 and 31 March 2016 under the Corporate Complaints Procedure, Housing Complaint Procedure and the Adult and Children's Services Complaint Regulations.

It was noted that the report provided an analysis on the particular trends in the complaints received, by service area, and in terms of the timescales in which responses were provided; as well as about the escalation of complaints. The report also highlighted examples of key learning points from the complaints received, which had been used over the year in regular reports to senior managers to address or correct any mistakes and improve services or procedures as a result.

Having queried why the report had been submitted to the committee, it was explained that paper had been referred to other work that was relevant to the committee. Members noted the number of complaints arising from officer behaviour and conduct and queried whether training was provided to remind staff of the need to maintain the highest standards in dealings with the public. It was explained that the new values and behaviours for staff had recently been refreshed and communicated to all employees.

Members also questioned whether it would be of value for members of the Standards and Ethics Committee to attend future management team meetings to emphasise the importance placed on responding to and learning from complaints. Whilst further thought needed to be given to the idea, the initial response indicated that this approach could prove to be helpful.

Resolved:-

That the content and key messages of the Annual Complaint Report 2015-16 be noted.

14. AMENDED MEMBER/OFFICER PROTOCOL

Consideration was given to a report which outlined some suggested changes to the Member/Officer Protocol arising from discussions at the previous meeting on 9 June 2016.

It was noted that consultation had taken place with Human Resources to confirm the most appropriate term by which officers/employees should be referred to. Members were supported of the term "officers" being used rather than employees.

The proposed amendments were considered by the committee in detail. Specific reference was made to a protocol for decision making planning and the availability of public speaking during Planning Board meetings.

Resolved:-

1. That the changes identified by noted.
2. That the full Council be recommended to adopt the changes to the Member/Officer Protocol.

4B

STANDARDS AND ETHICS COMMITTEE - 29/09/16

15. UPDATE FROM THE MONITORING OFFICER REGARDING COMPLAINTS

The Monitoring Officer provided an update on complaints received in respect of the conduct of town and parish councillors in the borough. Progress in respect of each matter was detailed for committee Members.

Resolved:-

That the Monitoring Officer's update in respect of complaints be noted.

16. GIFTS AND HOSPITALITY BOOK

The Monitoring Officer provided a brief overview of the content of the Gifts and Hospitality Book. A copy of the Members' Gifts and Hospitality Book and the Mayor's Gifts and Hospitality Book were circulated in the meeting for committee members to review.

In the brief discussion on the use of the book, parish council members were invited to suggest that similar arrangements be introduced at that tier of local government in the borough when returning to their parishes.

Resolved:-

That the Gifts and Hospitality Book be noted.

17. KEY UPDATES ON STANDARDS AND ETHICS

Consideration was given to a briefing paper which provided an update on developments in respect of standards and ethics in local government.

Reference was made to two public interest reports in governance issues at Derby City Council and York City Council. The specific case at Derby City Council related to failures of governance in the management of major projects and in relation to Member conduct for the financial year ending 31 March 2014 and 31 March 2015. The issues at York City Council related to the remuneration of Council officers for work as Directors of City of York Trading Ltd for the financial year ended 31 March 2015.

Information was also provided in respect of case law, a House of Commons Briefing Paper and the Annual Report of the Committee on Standards in Public Life from 2015-16. Reflecting on the latter, Members felt it important to make representations to the government regarding the lack of sanctions available to local standards bodies following the reforms introduced by the Localism Act 2011. There was recognition that a different approach would be needed to influence the Secretary of State and it was proposed that the Chair seek a meeting with the Lead Commissioner at Rotherham Council, Sir Derek Myers, to request that he raise the issue specifically with the government.

Resolved:

1. That the updates on standards and ethics be noted.
2. That the Chair seek to arrange a meeting with Commissioner Sir Derek Myers to request that he raise the committee's concern over the lack of sanctions available to local standards committees following the Localism Act 2011.

18. TO DETERMINE ANY ITEM WHICH THE CHAIRMAN IS OF THE OPINION SHOULD BE CONSIDERED AS A MATTER OF URGENCY.

It was noted that there no items requiring urgent consideration by the Committee.

AUDIT COMMITTEE
21st September, 2016

Present:- Councillor Wyatt (in the Chair); Councillors Allen, Ellis, Walsh and Bernard Coleman (Independent Person).

Mr. T. Cutler and Mrs. D. Chamberlain (KPMG) were also present.

16. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the public or press present at the meeting.

17. MINUTES OF THE PREVIOUS MEETING HELD ON 20TH JULY, 2016

Consideration was given to the minutes of the meeting held on 20th July, 2016.

Resolved:- That the minutes of the previous meeting be approved as a correct record for signature by the Chairman subject to the following clerical correction:-

Minute No. 7 (External Audit 2015-16 – Progress) “.... Necessary to present an interim audit report” and not internal as stated.

18. STATEMENT OF ACCOUNTS 2015/16

Consideration was given to a report presented by Simon Tompkins, Finance Manager, which advised on matters arising from the external audit of the Council's 2015/16 Statement of Accounts as presented in the External Auditor's ISA260 report and, in acknowledging these findings, requested that the Audit Committee approve both the Letter of Management Representations and the audited Statement of Accounts 2015/16.

In relation to the “value for money” conclusion, KPMG had acknowledged that a considerable amount of progress had been achieved during 2015/16 in line with the Corporate Improvement Plan. However, because further work remained to be done for all the required improvements to be completed and become fully embedded, it had been necessary to issue an adverse opinion in 2015/16 as was the case in 2014/15.

Debra Chamberlain, KPMG, reported that the unaudited Statement of Accounts had now been subject to audit and no audit adjustments had been necessary other than a small number of presentation changes. All of these changes had been incorporated into the final version of the Statement of Accounts and none affected the financial performance or financial position of the Council previously reported in the unaudited Statement of Accounts.

The Auditor's ISA 260 report also confirmed that working papers were of a good standard and that audit queries were dealt with efficiently. In terms of the areas of significant audit risk and areas of audit focus, KPMG had confirmed that no issues had been identified and that reasonable professional judgement had been exercised. Two recommendations had been made in relation to the accounts production and audit process.

Section 4 of the ISA 260 set out the approach, risks, work and conclusion reached by KPMG on whether the Council had satisfactory arrangements in place to secure the economy, efficiency and effectiveness in the use of its resources. The conclusion reached was that the Council had not had proper arrangements in place during 2015/16. However, this was in the context of significant progress having been made in 2015/16 towards delivery of the Corporate Improvement Plan and recognition that the new senior management team were driving through continuing improvement in 2016/17.

Discussion ensued on the report with the following issues raised/highlighted:-

- There had been a lot of investment into frontline services and support services within Children's Services but still felt to be gaps
- A report would be submitted to the Cabinet reviewing the Medium Term Financial Strategy, a significant amount of which would relate to CYPS and what was required for a sustainable position
- It was not known if a qualified Value for Money statement would be achieved for 2016/17. The first self-assessment would be submitted shortly and that would be tested through the document and discussions
- The failure of the restoration of powers to the Council would not necessarily impact upon the view of KPMG: the bigger impact was in relation to the governance arrangements particularly for CYPS

Resolved:- (1) That the Auditor's ISA260 report to those charged with governance attached at Appendix 1 be approved.

(2) That the Statement of Accounts 2015/16 be approved for publication.

(3) That KPMG be issued with the Letter of Management Representations.

19. 2015/16 FINAL ANNUAL GOVERNANCE STATEMENT

Colin Earl, Assistant Director Audit, ICT and Procurement, presented the final Annual Governance Statement 2015/16.

Since the draft Statement had been considered at the meeting on 20th July, 2016 (Minute No. 5 refers), there had only been a few minor updates to reflect developments, the most notable being the completion of the external audit of the accounts and the external auditor's Value for Money conclusion. KPMG would be issuing an unqualified opinion on the Council's accounts. The Council's own overall conclusion on its governance arrangements was that, although there had been much positive progress over the last year, the Council was not demonstrating good governance and meeting its Best Value duty throughout the whole of the year.

Consultation had been carried out with the Commissioners' Office, Cabinet Members and the external auditor in producing the Annual Governance Statement.

In line with the Accounts and Audit Regulations, the final Statement would be signed by the Leader and Chief Executive.

Discussion ensued with the following issues raised/highlighted:-

- Assessments were being carried out with regard to major project development which had not been as robust as would be expected in the past
- There were a number of methodologies for officers to use which had been reviewed to ensure there was a minimum standard adopted
- The newly appointed Assistant Director for Information and Digital Information Services would commence employment on 10th October. He would be reviewing and ensuring a corporate, rather than a departmental, approach to IT projects

Resolved:- (1) That the certification of the final Annual Governance Statement by the Leader of the Council and the Chief Executive, as required by the Accounts and Audit Regulations and related Guidance, be noted.

(2) That the attached final Annual Governance Statement 2015/16, amended for the updated Section 5.3.2., be approved.

20. ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY

Colin Earl, Assistant Director of Audit, ICT and Procurement, submitted a proposed update to the Council's Anti-Fraud and Corruption Policy and Strategy following an annual review process designed to ensure that the Policy and Strategy were up-to-date with current best practice and to take into account any changes to the Council's organisation structure.

The report also provided a summary of proposals to further strengthen the Council's fraud and corruption arrangements following a refresh of the self-assessment against the CIPFA Code of Practice on managing the risk of fraud and corruption.

The main changes to the documents were:-

- Update on the roles and responsibilities
- Update on the procedure for reporting suspected fraud and corruption including reference to the provisions of the Public Concern at Work resources
- Inclusion of a procedure on the investigation of suspected fraud and corruption
- Updated assessment of the Council's arrangements compared with the CIPFA Code on Managing the Risk of Fraud
- Reflect the assessment needed to ensure the Council meets the expectations of the Fighting Fraud Locally best practice guidance
- Inclusion of requirements relating to the Government's Transparency Code

The updated Anti-Fraud and Corruption Policy was attached at Appendix A and the updated Strategy at Appendix B. Appendix C of the report contained an update to the self-assessment against the CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and Appendix D was an update to the Council's action plan for Managing the Risk of Fraud. It was important that the arrangements continued to be reviewed and updated where necessary to ensure the risk of fraud continued to be minimised.

It was noted that Veritau Ltd.'s Deputy Head of Internal Audit had examined the report and stated that the Council was picking up the areas they would expect across the Policy and Strategy and using the right approach for the Strategy. Some of the work being undertaken was more advanced than he had seen at some other organisations.

Discussion ensued on the report with the following issues highlighted/clarified:-

- A training session with all middle managers had been held to raise their awareness of fraud risks, how to spot signs, how to ensure appropriate controls in place etc. which was then followed up with actual workshops. This had led to identification of a significant number of fraud risks across all areas
- Amendment to 4.9 "... are reported to him/herself"

Resolved:- (1) That the proposed revisions to the Anti-Fraud and Corruption Policy and Strategy be approved.

(2) That the proposed actions intended to strengthen the Council's Fraud and Corruption arrangements.

21. INTERNAL AUDIT CHARTER AND STRATEGY

Further to Minute No. 19 of the meeting held on 23rd September, 2015, Colin Earl, Assistant Director Audit, ICT and Procurement, presented the revised Charter which had been updated following the recent restructure in Internal Audit and the work Internal Audit had carried out in order to comply with the PSIAS in other areas.

Following the presentation of the PWC review of Internal Audit in February 2016, Veritau Ltd. was commissioned to independently review and provide commentary on reports submitted to the Audit Committee. The draft revised Charter had been reviewed by Veritau Ltd. who had concluded that in their opinion the Internal Audit Charter was compliant with the PSIAS.

The main changes were:-

- Reflected the appointment and responsibilities of the new Head of Internal Audit
- Mission of Internal Audit had now been incorporated in line with changes to the auditing standards introduced in April, 2016
- Addition of the new core principles introduced by the April 2016 changes to the standards
- Requirements for auditor independence from activities they may have previously been involved in
- Limits and purposes of any internal audit work done for external bodies
- Internal Audit's responsibilities relating to risk management
- Extension of Internal Auditor requirements to comply with ethical standards
- Extended reference to Internal Audit's involvement in dealing with suspected cases of fraud and corruption and its liaison with others as appropriate
- New Section 18 explaining how the Charter absorbed the former separate Audit Strategy and Audit Terms of Reference

An issue was raised regarding Internal Audit undertaking work for third parties. Initially the Head of Internal Audit would make a judgement as to how much of the work could be covered by the team. The view now was that the Authority would complete its current contractual arrangements but would not be actively seeking any more work of this type.

Veritau Ltd. had reviewed the Charter and concluded that, in their opinion, it was compliant with the PSIAS.

Resolved:- That the Internal Audit Charter be approved.

22. INTERNAL AUDIT - PWC ACTION PLAN UPDATE

Further to Minute No. 64 of the meeting held on 25th February, Colin Earl, Assistant Director Audit, ICT and Procurement, submitted the second progress report on the implementation of the recommendations made in the PWC review of Internal Audit.

Internal Audit had operated with a high vacancy level during most of 2016 to date. In addition there had been significant change since production of the PWC report including a refresh of procedures, a full service restructure and the subsequent recruitment to the Head of Internal Audit and a vacant senior auditor post.

Appendix 1 contained a full update of progress against the PWC recommendations with the key points being:-

Actions completed/certain to be completed as at July, 2016

- 19 actions, spread across 17 recommendations, 10 of which had been completed, 2 rated green (certain to be achieved) and 7 were amber rated (in progress/on target). There were no red rated actions
- 2015/16 audit plan was successfully delivered (with 95% delivery achieved against the final plan)
- Completed service review and a restructure determined
- Audit structure and budget set up to provide for specialist audit resources to be engaged as required to carry out specified work in the audit plan
- Audit agreement between Rotherham and Doncaster Councils terminated on 30th September, 2016

Key progress since July report

- Recruitment to the new structure
- PDRs completed and a team development plan produced/implementation commenced
- Revised Audit Charter and Strategy
- Streamlined and improved audit review process
- New risk based style of audit report
- Proposed implementation of an electronic audit system

Key actions in progress:-

- Regular review and reporting to Audit Committee of Audit plan
- Embedding of new audit scoping, reporting and performance monitoring and management processes
- Implementation of electronic audit system, streamlining of administration and reduction of non-productive time
- Development of assurance mapping

There remained a significant amount of development and improvement to bring the Service up to full compliance with standards and to where it could better add value to the development of the Council's control arrangements.

Progress against the action plan would be reported to the Audit Committee during 2016/17. Veritau Ltd. had been asked to comment on the progress reports and commented that it was an accurate reflection of the current position.

Discussion ensued with the following points raised/highlighted:-

- Was there a different way of evaluating the process from a stakeholder's perspective?
- A review of inspections should be conducted identifying the client's views of the services provided
- The Team were receiving a high level of referrals by management and whistleblowing which was an indicator of the organisation seeing the Service as a valuable resource

Resolved:- That the progress made in implementing the recommendations included in the PWC review of Internal Audit be noted.

23. INTERNAL AUDIT COMPLIANCE WITH AUDITING STANDARDS UPDATE

Further to Minute No. 9 of 20th July, 2016, Colin Earl, Assistant Director of Audit, ICT and Procurement, submitted an update on progress made against the recommendations in the recent Price Waterhouse Coopers' (PWC) review of Internal Audit.

Internal Audit had continued to implement actions to bring the Service back towards full compliance. An updated assessment of progress in implementing the necessary improvements was shown in the action plan (Appendix 1).

There were 76 actions in total; the current assessment was that there were 29 amber rated actions and 47 green rated actions. There were no red rated actions.

The report set out the key progress made since the previous update submitted to the July, 2016 Audit Committee meeting together with the next steps.

This represented a continually improving position although there remained a significant amount of work to complete the action plan and more importantly embed the requirements into the audit processes and procedures.

A full re-assessment of Internal Audit's compliance with the standards was due to be completed by December, 2016.

Veritau Ltd. had carried out a light touch review of the update and had stated that the action plan reflected the work being done by the Service to ensure compliance with the standards although some of the actions were clearly a work in progress.

It was suggested that for future reports the table setting out the key next steps include actions not completed to enable the Committee to monitor the key actions.

Resolved:- (1) That the progress made on the action plan in place to achieve compliance with Public Sector Internal Audit Standards be noted.

(2) That Veritau Ltd.'s comments on progress be noted.

24. INTERNAL AUDIT PROGRESS REPORT APRIL TO AUGUST 2016

Consideration was given to a report presented by Colin Earl, Assistant Director Audit, ICT and Procurement which provided a summary of Internal Audit work and performance for the period April to August, 2016.

Performance against key indicators was generally positive although delivery of the planned programme of work remained behind schedule (19% against an expected 26%) due mainly to vacancies and other service priorities. Two new members of staff would commence in October including the new Head of Internal Audit and it was anticipated that the additional resources would enable the Service to get on target against the plan by December.

Despite the challenges it faced, Internal Audit was exceeding other key performance targets and feedback on several pieces of work completed demonstrated value added by the Service.

Details of the work undertaken during the period in question were included in Appendix 1 of the report submitted.

Veritau Ltd. had reviewed the report and had confirmed that the content was a reasonable reflection of Internal Audit work done for the first 5 months.

There was a commitment in the Service and Team to complete the Audit work programme and achieving the Performance Indicators alongside the additional demands being placed upon the Service.

Discussion ensued with the following issues raised/highlighted:-

- IT issues relating to historical projects/schemes
- Suggested mid-year review report setting out progress against the issues flagged for improvement in the Annual Governance Statement
- Staffing of the Licensing Enforcement Section

Resolved:- (1) That the Internal Audit work undertaken during the 5 months ending 31st August, 2016, and the key issues that had arisen therefrom be noted.

(2) That the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of the performance be noted.

(3) That the independent assurance provided by Veritau Ltd. on the report be noted.

(4) That the Committee's appreciation of the hard work of the Internal Audit Team be placed on record.

25. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

26. CHILDREN AND YOUNG PEOPLE SERVICES - RISK REGISTER UPDATE

Ian Thomas, Strategic Director, presented the current Strategic Risk Register and risk management activity for Children and Young People's Services.

The current Register had 8 registered risks. A regular scheduled programme of reviewing and updating Service area and Directorate level risk registers had been implemented across CYPS and risks regularly discussed and reviewed at the Directorate Leadership Team. Where necessary risks were escalated to the next strategic level tier for inclusion on the risk register.

Discussion ensued on:-

- Staff resilience
- Use of agency staff
- Supporting the workforce

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- Customer Service Excellence
- Liquid Logic
- Corporate Parenting Panel
- Embedding of risk management
- Budget/overspend
- Moratorium on spend

It was suggested that the Register template should include progress achieved with regard to the new target score. It was noted that the template was currently being reviewed by the Risk Manager.

Resolved:- (1) That the updated Strategic Risk Register be noted.

(2) That the next “deep dives” be Adult Social Care and Health with the respective Cabinet Member and Strategic Director invited to attend the meeting

(3) That the Risk Manager consult with the Audit Committee as a key stakeholder with regard to the revised Risk Register template.

(Councillor Wyatt vacated the Chair mid-way through this item. Councillor Walsh assumed the Chair.)

27. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

28. COLIN EARL, ASSISTANT DIRECTOR, AUDIT, ICT AND PROCUREMENT

The Chairman reported that this would be Colin’s last meeting as he was leaving the employment of the Authority.

Resolved:- The Committee thanked Colin for all his good work whilst he had been at the Authority and wished him all the best for the future.

29. DATE OF NEXT MEETING:-

Resolved:- (1) That a further meeting be held on Wednesday, 23rd November, 2016.

(2) That the Cabinet Member and Strategic Director be invited to present the Adult Social Care and Health Risk Register.

**HEALTH AND WELLBEING BOARD
21st September, 2016**

Present:-

Councillor Roche	Cabinet Member for Adult Social Care and Health (in the Chair)
Tony Clabby	Healthwatch Rotherham
Richard Cullen	Governance Lead, Rotherham CCG
Chris Edwards	Chief Officer, Rotherham CCG
Chris Holt	TRFT (representing Louise Barnett)
Shafiq Hussain	VAR (representing Janet Wheatley)
Anne Marie Lubanski	Strategic Director of Adult Care and Housing
Councillor Mallinder	Chair, Improving Lives Select Commission
Zena Robertson	NHS England (representing Carole Lavelle)
Terri Roche	Director of Public Health
Kathryn Singh	RDaSH
Ian Thomas	Strategic Director, CYPS
Councillor Watson	Deputy Leader

Report Presenters:-

Dominic Blaydon	Rotherham CCG
Christine Cassell	Chair, Rotherham Local Safeguarding Children Board
Lydia George	Rotherham CCG

Officers:-

Kate Green	Policy Officer, RMBC
Gordon Laidlaw	Communications, Rotherham CCG
Dawn Mitchell	Democratic Services, RMBC
Phil Morris	Business Manager, Rotherham Local Safeguarding Children Board

Observers:-

Chris Bland	Rotherham Pharmaceutical Committee
Councillor Short	Vice-Chairman, Health Select Commission
Janet Spurling	Scrutiny Officer, RMBC

Apologies were received from Louise Barnett (TRFT), Sharon Kemp (RMBC), Julie Kitlowski (Rotherham CCG), Carole Lavelle (NHS England), Robert Odell (SYP), Councillor Sansome, Janet Wheatley (VAR) and Councillor Yasseen.

21. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at this meeting.

22. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

There were no members of the public or the press in attendance.

23. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Health and Wellbeing Board, held on 13th July, 2016, were considered.

Resolved:- That the minutes of the previous meeting of the Board, held on 13th July, 2016, be approved as a correct record with the inclusion of Councillor Watson's apologies.

24. HEALTH AND WELLBEING STRATEGY

The Chairman reported that the presentation on Aim 1 – All children get the best start in life – was to be deferred to a future meeting.

Ian Thomas, Strategic Director, Children and Young People's Service, and Shafiq Hussain, VAR, gave the following powerpoint presentation on Aim 2: Children and young people achieve their potential and have a healthy adolescence and early adulthood:-

Board Sponsor: Ian Thomas RMBC

Supported by: Shafiq Hussain, VAR, and Tracy Guest, YWCA

- Reduce the number of young people at risk of child sexual exploitation
- Reduce the number of young people experiencing neglect
- Reduce the risk of self-harm and suicide among young people
- Increase the number of young people in education, employment or training
- Reduce the number of young people who are overweight and obese
- Reduce risky healthy behaviours in young people

The story in Rotherham

Reduce the number of young people at risk of child sexual exploitation

- The Jay Report (2014) Independent Rotherham CSE Inquiry (1997-2013)
- Responding to historical shortcomings
- Some indications that 'on line' and street grooming increasing
- Number of children and young people presenting at risk of CSE: 352 (2015/16)
- Governance: Improvement Board/Plan, Safeguarding Children's Board, CSE sub-group
- Services: MASH, Evolve, VCS commissioned services, Barnardos 'Reach Out'

Reduce the number of young people experiencing neglect

- Approximately 10% of new referrals to Social Care have primary reason neglect (455 in 2015/16)
- Reality much higher. Other factors for neglect: domestic violence, parental substance misuse and mental health issues
- Neglect: 'rungs of ladder/ continuum of need

- 2,231 open children's social care cases at the end of 2015/16 (1,430 Children in Need, 369 Child Protection Plans, 432 Looked After Children)
- Child Protection Plans (CPPs) started in the year where neglect is main category or a feature, 304 (2015/16) 51.9% of all new CPPs
- Services not specifically designed for 'neglect'

Reduce the risk of self-harm and suicide among young people

- Mortality from Suicide and Injury Undetermined 2010-2014 in 0-19 years: 5 males 0 females
- Self-harm is recognised in Rotherham as an area of concern particularly among healthy professionals and young people
- However, nationally data collected suggests we do well compared to England averages for self-harm although suicide is slightly above average

Increase the number of young people in education, employment or training

2015/16	2016/17 (June, 2016)
Rotherham 5.26%	5.6%
Statistical neighbours 5.16%	5.6%
Regional 4.76%	4.9%
National 4.2%	4.5%

Rotherham NEET Cohort as at 1st August, 2016

525: 273 (52%) male
252 (48%) female

Reduce the number of young people who are overweight and obese

- In Rotherham 9.9% of 4-5 year olds were identified as obese (2014/15) higher than the England average of 9.1%
- This figure more than doubles at Year 6 as 21.6% of 10-11 year old pupils in Rotherham were identified as obese, worse than the England average of 19.1%
- Rotherham ranks similarly among Children's Services statistical neighbours (6th of 11 including Rotherham at Reception, 2nd highest at Year 6)

Reduce risky health behaviours in young people

Some of the contributory factors:

- Sexual Health – Chlamydia 1,738 per 100K (national average 1,887, target 2,300) aged 15-24 in 2015
- Teenage pregnancy – 28.9 per 1,000 (national average 26.4) aged 15-17 in 2014
- Alcohol and Drugs – 3 year average 21.4 hospital admissions for alcohol per 100K (national average 36.6) aged 0-17, 2012/15
- Smoking – 7.2% regular smokers (national average 5.5%) aged 15, 2014/15
- Self-esteem

HEALTH AND WELLBEING BOARD - 21/09/16

- Self-harm – 312 hospital admissions per 100K (national average 399) aged 10-24 in 2014/15
- School absence – 5.3% (national average 4.6%) aged 5-15 in 2014/15
- Domestic abuse (general) – 30 per 1,000 population (national average 20.4) aged 16+ 2014/15

Aim 2: Workshop 5th August, 2016

- Over 40 attendees from across partnership including representatives from RMBC, Police, Healthwatch, Public Health, voluntary and community sector and training providers
- Six focus group workshops considered each objective:
What's the situation in Rotherham
What currently works well
Are there any gaps
Priority area
- Participants came up with key actions for each objective:-

Reduce the number of children and young people experiencing neglect

- Develop a consistent understanding of identifying neglect
- Develop assessment tool/shared responsibility
- Think Family Model

Reduce the risk of self-harm and suicide amongst young people

- Targeting young people at key transition points in their lives by linking through peer support

Increase the number of young people in education, employment or training

- NEETs case conference approach supported by Early Help
- All providers 'around the table' focusing on NEETs
- Pre-16 alternative provision – partners around the table working collaboratively to provide a suitable offer

Reduce the number of children and young people who are overweight and obese

- School Pilot: a different approach than the existing weight screening programme using a 'whole school approach'

Reduce risky health behaviours in young people

- Campaign that addresses 'respect' both for self and others: e.g. personal space, community
- Resilience: encourage all adults in child's life to address resilience with young people
- Organise a similar event as today's workshop with schools: open dialogue and encourage conversation

Discussion

- Do these actions feel correct?
- Is there one or two areas that the Board think should be prioritised?
- What can partners offer to support the priorities?

Discussion ensued with the following issues raised/highlighted:-

- Testing for Chlamydia was still carried out but there were fewer numbers of young people who had contracted it which was why the target had not been reached
- Schools should be encouraged to be more proactive with regard to PHSE; the Council had been lobbying the Government to make age appropriate PHSE compulsory rather than mandatory. This also contributed to raising self-esteem in young people
- Concern regarding the hidden levels of self-harm which did not present itself in the statistics of hospital admissions
- The national obesity rate which doubled between the ages of 5-10 years. Increased work was required at a much earlier stage including the ante-natal pathway
- Emerging theme of raising aspirations and self-esteem that the Board may wish to look at in more detail with links into children's mental health

Resolved:- (1) That the plan for Aim 2 be noted.

(2) That the Board sponsor and lead officers develop the plan in relation to Aim 2 including actions for improving self-esteem and report this to the Children and Young People's Partnership Board.

ACTION: Ian Thomas

25. BETTER CARE FUND

Chris Edwards, Rotherham CCG, presented the first quarterly report to NHS England regarding the performance of Rotherham's Better Care Fund in 2016/17.

Rotherham was fully meeting 7 out of the 8 national conditions as follows:-

- Plans were still jointly agreed between the Local Authority and the Clinical Commissioning Group
- Maintaining provision of Social Care Services (not spending)
- A joint approach to assessments and care planning were taking place and, where funding was being used for integrated packages of care, there was an accountable professional
- An agreement on the consequential impact of changes on the providers that were predicted to be substantially affected by the plans
- Agreement to invest in NHS commissioned out-of-hospital services
- Agreement on a local target for Delayed Transfers of Care (DTOC) and develop a joint local action plan

- 7 day services to support patients being discharged and prevents unnecessary admissions at weekends in place

Rotherham was currently partly meeting 1 out of the 8 national conditions which comprised of 2 elements as follows:-

- The first element (fully met) included better data sharing between Health and Social Care based on the NHS Number (NHSN). This was being used as primary identifier for Health and Social Care Services and work was now complete to ensure better sharing between the 2.
- The second element (partly met) was better data sharing including whether it was ensured that patients/service users had clarity about how data about them was used, who may have access and how they could exercise their legal rights. This second element had been introduced since August, 2016

It was noted that Rotherham's plan was being used as best practice in the Yorkshire and Humber district.

Performance showed that emergency re-admissions to hospital was currently off track and required further investigation. However, this was a similar picture across the country. Work was taking place in Rotherham to ascertain the cause for the increased numbers. The outcome of the investigations would be reported to the BCF Executive Group.

Resolved:- That the report be noted.

NO ACTION

26. SUSTAINABILITY AND TRANSFORMATION PLAN

The Chairman reported that some initial feedback had been received from the LGA and it was hoped to have a further report back to the next meeting. They had been very impressed by the dedication, investment and commitment of partners to move forward on the locality plan. Rotherham was one of the leaders in the country on this initiative.

Chris Edwards, Rotherham CCG, presented an update on the development of the latest version of Rotherham's Integrated Health and Social Care Place Plan which formed part of the wider South Yorkshire and Bassetlaw Sustainability and Transformation Plan (STP).

It had been submitted in accordance with the 30th June deadline. The next stage was to present a business case by 21st October. It was noted that currently that all plans were confidential as imposed by NHS England; it was anticipated that they would become public documents after the October deadline.

The latest version demonstrated the commitment across the STP partners in Rotherham to the direction of travel for Rotherham. The Plan provided for the continuation of collaborative and transformational activity across the whole health and care system. Additional transformation funding from the STP would enable the proposed priority areas to go further and faster.

Lydia George, Rotherham CCG, presented the Rotherham Integrated Health and Social Care Place Plan which would form part of the STP to be submitted to NHS England in October.

The Chairman commented that he was pleased that a full copy of the Plan would be submitted to a future meeting as there was a lot of concern that the Plan was confidential and there had been heavy criticism by the Unions.

It was noted that the draft governance of the Locality Plan would be submitted to the Board; the Board would play a key role in driving forward the accountability of the Plan.

There was concern nationally that local authorities would have to sign off their part of the STP which had had very little involvement of Elected Member in the development thereof.

It was noted that an All Member Seminar was to be held on 13th October on Locality Working (Health and Social Care).

A lot of work had already taken place in terms of how the Plan was going to be communicated to the general public.

Tony Clabby, Healthwatch Rotherham, commented that it might be a public friendly document but it was after the event; there was concern that there had been no public involvement because of the timescales. You could not publicise a plan to the public when they had not been involved and not expect resistance and protest. The positive consultation and development that had taken place previously would need to be stressed.

Chris Edwards replied that it had not been possible because of the timescales and the confidentiality imposed by NHS England. There was nothing in the Local Plan that would be of a surprise or concern but it may be not the same for the regional plan.

Dr. Cullen also expressed concern that GPs had not had involvement in the Plan.

Chris Edwards undertook to feed back the concerns regarding the lack of consultation to the STP Executive Group.

Resolved:- (1) That the progress be noted and responsibility be delegated to the individual organisations to sign off the October submission.

Action:- Chris Edwards/Sharon Kemp

(2) That a draft proposed governance structure for the Locality Plan be submitted to the next Board meeting.

Action:- Chris Edwards/Sharon Kemp

(3) That Chris Edwards feed back to the STP Executive Group the concerns regarding the lack of consultation and that the Board would like consultation to take place as soon as possible.

Action:- Chris Edwards

(4) That the Board discuss the STP in detail once the document was in the public domain.

Action:- Chris Edwards/Kate Green

27. COMMUNITY TRANSFORMATION

Dominic Blaydon, Rotherham CCG, reported on the progress of the Community Transformation Programme.

The Programme was set up in 2013 to facilitate the transfer of care from hospital to the community. The priorities reflected many of those already identified in the Better Care Fund Plan and was overseen by a multi-agency Transformation Board.

The Board was focussing on the following key workstreams:-

- Integrated Health and Social Care Teams
- A Reablement Hub incorporating Intermediate Care
- A Multi-Disciplinary Integrated Rapid Response Service
- A single Health and Social Care Plan for People with Long Term Conditions
- A joint approach to Care Home Support
- A shared approach to Delayed Transfers of Care

The report submitted highlighted the work taking place under each workstream.

Discussion ensued with the following issues raised/highlighted:-

- NHSE were very interested in the integrated localities model being implemented in Rotherham and was putting it forward as the second wave of vanguards
- Consideration was being given to having Care Co-ordinators/Key Workers who would take overall responsibility for those clients who were at high risk of hospital admission and provide them with continuity. It was not thought that additional resources would be required but would be an issue of skill

Resolved:- That the report be noted.

No Action

28. SAFEGUARDING CHILDREN ANNUAL REPORT

Christine Cassell, Chair of the Rotherham Local Safeguarding Children's Board, presented the Board's annual report 2015-16 and a powerpoint presentation:-

The presentation referred to:-

Board Effectiveness

- Partners increased the resources available to the Board
- Comprehensive Performance Management Framework now in place
- Increased audit activity
- Stronger scrutiny and challenge

Safeguarding Improvements

- Strong response to CSE
- 'compliance' with statutory requirements e.g. timeliness of assessments
- MASH arrangements
- Early Help re-launch

Safeguarding Challenges

- Quality of frontline practice
- Decision making
- Multi-agency understanding and application of thresholds
- Organisations leading on delivery of Early Help

Priorities for 2016/17

- Governance and accountability
- Community engagement and the voice of children
- Scrutinising front-line practice including Early Help
- Safeguarding Children Looked After
- CSE and children who go missing
- Neglect

Safeguarding is everybody's business

- Council
- Statutory and non-statutory partners
- Voluntary and community organisations
- The wider community

What should the Health and Wellbeing Board do?

- Ensure a Safeguarding focus in commissioning decisions
- Support LSCB priorities through the implementation of the Health and Wellbeing Strategy

HEALTH AND WELLBEING BOARD - 21/09/16

- Undertake Safeguarding impact assessments on major budget and organisational change
- Reports back to the LSCB on the impact of its works in support of LSCB priorities

Resolved:- (1) That the Board ensure a focus on Safeguarding children in its commissioning decisions.

(2) That the Board supports the Local Safeguarding Children's Board through the implementation of the Health and Wellbeing Strategy.

(3) That the Board undertakes Safeguarding impact assessments on major budget and organisational changes.

(4) That the Executive Group considers how the Board reports back to the Local Safeguarding Children's Board on the impact of its work in support of the LSCB priorities.

Action:- Kate Green/Health and Wellbeing Executive Group

29. HEALTHWATCH ROTHERHAM ANNUAL REPORT

Tony Clabby, Healthwatch Rotherham, presented the organisation's third annual report 2015/16. He drew attention to the following:-

- Investment in a new Customer Management System which had given a massive boost in gaining the views and opinions on Social Care – increase from 1,400 to 4,500
- Signposting clients to other services
- Resolution of cases without the need to proceed to the Local Government Ombudsman/legal action
- Supported 114 advocacy cases
- Extending access to Learning Disability Services
- Discussions taking place with the Council and CCG with regard to the development of an Autism Strategy

Resolved:- That the report be noted.

No Action

30. SEND JOINT COMMISSIONING STRATEGY

This item was deferred to a future meeting.

31. UPDATE FROM SELF-ASSESSMENT WORKSHOP

Kate Green, Policy Officer, presented the outcome of the Board development session held on 13th July, 2016.

Board members had discussed the responses to the questionnaire looking at the strengths, weaknesses and challengers. A summary was attached at Appendix A of the report.

A draft action plan was also attached at Appendix B for discussion around timescales and resources.

Chris Edwards felt that the reference to 'Navigators/Champions' should be followed by the words "subject to funding".

Terri Roche stated that discussions had taken place with Janet Wheatley, VAR, regarding Navigators and it had been felt that there was a need for more support generally and that consideration should be given to linking in with Social Prescribing. A plan would be submitted to the November meeting.

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

(2) That a report be submitted to the November Board meeting on the alternative model to Navigators and possible resources.

Action: Terri Roche

(3) That a Task and Finish Group be established comprising Councillor Mallinder, Director of Adult Social Services, Director of Public Health, Healthwatch Rotherham, CCG, VAR and a communications lead to consider the action plan.

Action: Kate Green

32. COMMUNICATIONS

Older Person's Month - October

Healthwatch Rotherham and Age UK were to hold a conference on 1st October.

There was to be an Older People's Summit held on 7th October at the New York Stadium.

Crossroads

Crossroads, a local care provider, had been nominated as a finalist as the best care provider. One of their officers has also been nominated as best officer in their field.

Parliamentary Review – A Year in Perspective

The Rotherham CCG featured in the 2015/16 Healthcare edition.

33. DATE, TIME AND VENUE OF THE NEXT MEETING

Resolved:- (1) That the next meeting of the Health and Wellbeing Board be held on Wednesday 16th November, 2016, commencing at 9.00 a.m. venue to be confirmed.

(2) That future meetings take place on: -

- 11th January, 2017;
- 8th March, 2017.

**PLANNING BOARD
15th September, 2016**

Present:- Councillor Atkin (in the Chair); Councillors Andrews, Bird, Dave Cutts, Khan, Sansome, John Turner, Walsh and Whysall together with Councillors Jarvis and Short (substitutes for Councillors Tweed and M. Elliott respectively).

Apologies for absence were received from Councillors M. Elliott, Fenwick-Green, Ireland, Price and Tweed.

25. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at this meeting.

26. MINUTES OF THE PREVIOUS MEETING HELD ON 25TH AUGUST, 2016

Resolved:- That the minutes of the previous meeting of the Planning Regulatory Board held on Thursday, 25th August, 2016, be approved as a correct record for signature by the Chairman.

27. DEFERMENTS/SITE VISITS

There were no site visits nor deferments recommended.

28. DEVELOPMENT PROPOSALS

Resolved:- (1) That, on the development proposals now considered, the requisite notices be issued and be made available on the Council's website and that the time limits specified in Sections 91 and 92 of the Town and Country Planning Act 1990 apply.

(2) That applications RB2016/0673, RB2016/0803 and RB2016/0863 be granted for the reasons adopted by Members at the meeting and subject to the relevant conditions listed in the submitted report.

29. UPDATES

Discussion took place on the following items:-

(a) for the purposes of clarity, there was brief discussion relating to the arrangements for consideration of representations made by Parish Councils on applications for planning permission (Minute No. 19(d) of the meeting of the Planning Board held on 4th August, 2016, refers);

PLANNING BOARD - 15/09/16

(b) in advance of the submission to this Local Planning Authority of any such application for planning permission, a specific training session about hydraulic fracturing (commonly known as “fracking”) will be arranged for Members of the Planning Board and is scheduled to take place on Tuesday morning, 18th October, 2016;

(c) Gulliver’s Theme Park (impending application for planning permission) – it was agreed that Members of the Planning Board would make no further visit of inspection to a Gulliver’s Theme Park;

(d) Members of the Planning Board will be making the annual tour of completed developments on Thursday, 29th September, 2016;

(e) Waverley new development – arrangements were being made for the developer to provide a pre-application presentation to the Planning Board on 6th October, 2016.

**PLANNING BOARD
6th October, 2016**

Present:- Councillor Atkin (in the Chair); Councillors Andrews, Dave Cutts, Sansome, John Turner, Tweed, Walsh and Whysall together with Councillors Fenwick-Green, Jarvis and Short (as substitutes for Councillors Khan, Ireland and M. Elliott respectively).

Apologies for absence were received from Councillors Bird, M. Elliott, Ireland and Khan.

30. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at this meeting.

31. MINUTES OF THE PREVIOUS MEETING HELD ON 15TH SEPTEMBER, 2016

Resolved:- That the minutes of the previous meeting of the Planning Regulatory Board held on Thursday, 15th September, 2016, be approved as a correct record for signature by the Chairman.

32. DEFERMENTS/SITE VISITS

There were no site visits nor deferments recommended.

33. DEVELOPMENT PROPOSALS

Resolved:- (1) That, on the development proposals now considered, the requisite notices be issued and be made available on the Council's website and that the time limits specified in Sections 91 and 92 of the Town and Country Planning Act 1990 apply.

In accordance with the right to speak procedure, the following people attended the meeting and spoke about the application shown below:-

- Demolition of existing buildings and erection of a Renewable Energy Centre (gasification plant) and a Mechanical Treatment Facility with associated access, parking, buildings (including a weighbridge office and education facility), plant and equipment, external works and services and landscaping at land at former Templeborough Steel Works, Sheffield Road, Templeborough for Rolton Kilbride (Rotherham) Ltd. (RB2016/0891)

Mr. A. Needham (on behalf of the applicant Company)

Mr. A. Ballard (objector, on behalf of the Magna Centre)

Mr. J. Silker (objector, on behalf of the Magna Centre)

Mr. S. Mohammed (objector)

Mr. G. Whitfield (objector, on behalf of the Tinsley Community Forum)

- Three storey side extension with associated alterations to car parking and landscaping at the Brecks Beefeater and Premier Inn, East Bawtry Road, Whiston for Premier Inn Hotels Ltd. (RB2016/0901)

Mr. J. McLeod (agent for the applicant)

Mr. D. Mitchell (objector)

Mrs. F. Broadhead (objector)

(2) That applications RB2016/0676 and RB2016/0901 be granted for the reasons adopted by Members at the meeting and subject to the relevant conditions listed in the submitted report.

(3) That application RB2016/0891 be granted for the reasons adopted by Members at the meeting and subject to the relevant conditions listed in the submitted report and to the following amended and new conditions:-

Condition 02 to include

Street scene 4138-A403 Rev P1 (received 09 September 2016)

Reworded condition 06

Before the development is brought into use, a plan indicating the positions, design, materials and type of boundary treatment to be erected shall be submitted to and approved in writing by the Local Planning Authority. The boundary treatment shall be completed before the first operation of the development and thereafter retained.

New condition number 28

The applicant shall submit information of a Community Liaison Group which will include details on the formation of the group, how the group will operate, who the group will consist of including a main contact number, an indication of how complaints will be actioned along with details of a regular report back to the Local Planning Authority. This information must be submitted to and approved by the Local Planning Authority and then implemented prior to the approved use becoming operational.

Reason

In order to minimise disruption and disturbance to the surrounding community in accordance with the NPPF.

(4)(a) That, with regard to application RB2016/0745, the Council shall enter into a Legal Agreement with the developer under Section 106 of the Town and Country Planning Act 1990 for the purposes of securing:-

- The delivery of 16% affordable housing across the application site, comprising of 6 No. two bed apartments and 3 No. three bed dwellings to be offered for rent, based on 52% open market value;

- The offer to provide the First Occupier with a Travel Card with the effect that each Dwelling is offered one Travel Card irrespective of the number of occupiers living in the relevant Dwelling; and

(b) That, subject to the signing of the Section 106 Legal Agreement, planning permission be granted for the proposed development subject to the conditions set out in the submitted report.

34. CONTINUATION OF TREE PRESERVATION ORDER NO. 7 1990, HOOTON CLIFF WOOD, DONCASTER ROAD, HOOTON ROBERTS

Consideration of this matter was deferred until the meeting of the Planning Board to be held on Thursday, 27th October, 2016 (Minute No. 1506 of the meeting of the Planning and Development Committee held on 18th October 1990, refers).

35. UPDATES

It was reported that, in advance of the submission to this Local Planning Authority of any such application for planning permission, a specific training session about determining applications for planning permission for hydraulic fracturing (commonly known as “fracking”) will be arranged for Members of the Planning Board and is scheduled to take place on Tuesday morning, 18th October, 2016.