OVERVIEW AND SCRUTINY MANAGEMENT BOARD

Date:- **Friday, 13 January 2017 at 9.00 a.m.**

Venue:- **Town Hall, Moorgate Street, Rotherham.**

Membership:- **Councillors Albiston, Allcock, Clark, Cowles, Mallinder, Price, Sansome, Short, Steele (Chair) , Julie Turner, Walsh and Wyatt**

AGENDA

1. Apologies for Absence.

2. To consider whether the press and public should be excluded from the meeting during consideration of any part of the agenda.

3. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.

4. Declarations of Interest

5. Minutes of Meeting held on 16 December 2016 (Pages 1 - 9)

6. Questions from Members of the Public and the Press

For Discussion/Decision:-

7. Health Select Commission sub-group: Older People's Housing (Pages 10 - 18)

8. November Financial Monitoring Report 2016/17 and Mid-Year Treasury Review (Pages 19 - 77)

9. Budget Pressures in relation to Older People Services (Pages 78 - 85)

10. Budget pressures in relation to Looked After Children (Pages 86 - 96)

For Information/Monitoring:-

11. Issues Referred from the Area Assemblies

12. Youth Cabinet/Young People's Issues

13. Work in Progress (Chairs of Select Commissions to report)

14. Call-in Issues - to consider any issues referred for call-in

15. Date and time of next meeting - Friday 3 February 2017 at 9.00 a.m.

SHARON KEMP,
Chief Executive.

OVERVIEW AND SCRUTINY MANAGEMENT BOARD
16th December, 2016

Present:- Councillor Steele (in the Chair); Councillors Albiston, Allcock, Cowles, Mallinder, Short and Walsh.

Councillors Lelliott, Roche and Yasseen were in attendance for Minute No. 54 (Budget 2017/18 and MTFS Progress).

Apologies for absence:- Apologies were received from Councillors Clark, Sansome, Julie Turner and Wyatt.

50. 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).

51. ASR03 - REVIEW OF HOUSING RELATED SUPPORT CONTRACTS

In accordance with Minute No. 46 of 2nd December, 2017, the Strategic Director of Adult Care and Housing submitted further information as requested with regard to the Review of Housing Related Support contracts.

The report set out the background to the review, the number of people served by the programme, budget/savings, the future vision for Housing Related Support, consultation and the timetable for implementation of the decision.

Resolved;- (1) That the existing and future provision of Housing Related Support in Rotherham be noted.

(2) That the Board receive further updates on the Housing Related Support Review in 6 months.

(The remainder of the agenda items were then considered in the public session.)

52. DECLARATIONS OF INTEREST

The following Declarations of Interest were made:-

Councillor Steele	Non-Pecuniary interest	R&E11
	Personal Interest	R&E4
Councillor Allcock	Personal Interest	R&E20

53. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

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

54. BUDGET 2017/18 AND MTFS PROGRESS UPDATE

Further to Minute No. 46 of the meeting held on 2nd December, 2017, the Strategic Director of Finance and Customer Services presented an update on progress to identify potential budget savings to deliver the initial estimated financial challenge of £41.861M over the three years 2017/18 to 2019/20 with £13.125M being the estimated financial challenge for 2017/18.

At previous meetings held on 18th November and 2nd December, the Board had considered budget proposals amounting to £7.724M in 2017/17 and £8.475M over the 3 years. Appendix 1 of the report submitted set out further savings proposals amounting to £3.506M and £8.475M over the 3 years.

It was proposed that where it was appropriate to do so and where there was no external consultation required, the savings included in Appendix 1 be implemented during 2016/17 in order to assist with mitigating the current in-year forecast overspend as well as ensuring that the savings could be delivered with full year effect in 2017/18.

The previously considered budget proposals as well as those set out in Appendix 1 had been released for public consultation on the Council's website on 1st December, 2016. The consultation closed on 3rd January, 2017.

Discussion ensued on the proposals with the following issues raised/clarified:-

- Review of the Emergency Planning Shared Service budget
- Support for the engagement of a specialist legal adviser to review the overall Leisure PFI
- Maltby Leisure Centre was to be the pilot for the possible use of LED lighting
- No discussions had taken place as yet with regard to Rothercard
- Savings target achieved by the Civic Theatre
- The additional income through investment in 6 electric boats on the lake at Rother Valley Park had been based on a 6 months period April-September. The estimated projection was derived from examples elsewhere in the country

- In Rotherham's comparator group the highest average spend per head of population on books was £1.33 with the lowest being 88p – the proposed £1 per head placed Rotherham in the middle
- A review had taken place and a Corporate Property Team was to be established. Regular health checks were undertaken on properties deemed surplus to requirements and once completed a corporate landlord approach would be taken
- Current Asset Management Strategy not fit for purpose
- Useful to have corporate community profile for each Ward including community assets
- Assurance that the reduction in the cleaning schedule would not affect public spaces
- The capitalisation of Highway revenue would not impact upon service delivery
- Concern with regard to the cessation of the provision of consumer advice to vulnerable residents by Trading Standards and the possible re-focus of possibly only providing a re-active service. It was felt that a vulnerable person would not know to ring the CAB for advice. Assurances were given that there would be regular dialogue with the CAB
- Capacity of the CAB to take on the additional work. The concerns expressed would be fed into the forthcoming review of the CAB contract
- The standard of the seasonal bedding displays would be maintained
- Increased fees and charges for Pest Control Services although still lower than private companies would impact upon the most vulnerable

It was noted that R&E5 (Environmental Enforcement including the increased use of Fixed Penalty Notices) was to be considered at Pre-Scrutiny on 23rd December, 2016.

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

(2) That the revenue budget savings proposals, as now detailed in the submitted reports, be accepted and referred for further consideration by the Commissioners and by the Council.

(3) That ASR26 (Increase income on Pest Control) be monitored with regard to the take up of the Service following the increased charges.

(4) That a report be submitted in 6 months on the newly formed Rotherham Construction Partnership Framework (R&E15)

(Councillor Steele declared a non-pecuniary interest in R&E11 (Industrial Communities Alliance)

(Councillor Steele declared a personal interest in R&E4 (CAB) and left the room whilst discussion took place.)

(Councillor Cowles assumed the Chair whilst R&E4 was discussed.)

(Councillor Allcock declared a personal interest in R&E20 (Review of Home to School Transport provision) and left the room whilst discussion took place.)

55. ADULT SERVICES BUDGET MONITORING REPORT FOR THE PERIOD ENDING 31ST OCTOBER 2016

Consideration was given to a report, presented by the Finance Manager, Adult Social Care and Housing, containing the forecast outturn position for Adult Care and Support to 31st October, 2016, based on actual income and expenditure to the end of October 2016.

The report stated that the forecast was for an overall overspend of £3.740m against a net revenue budget of £67.792m. The principal budget pressures were due to the increase in demand for services mainly in respect of direct payments, domiciliary and residential care across all client groups. These pressures were being partly reduced by forecast underspends within Assessment and Care Management, Day Care Services and Supported Living provision.

Members' discussion highlighted the following salient issues:-

– Direct Payments were awarded in accordance with the Care Act guidance. There had been issues in the past with regard to the interpretation of the guidance. However, the key was to follow the correct processes and ensure that whatever was offered met the requirements of the individual within a reasonable cost base

– There was a need to maximise the offers available from good quality voluntary sector providers in Rotherham and also improve the information and advice as the web offer currently was not particularly good and difficult for people to navigate through the system. This formed part of the development plan for Adult Care and had a specific workstream.

– Adult Social Care was a demand-led service and, as was seen nationally, the Local Authority was seeing an increased demand. There had been a number of high cost packages in the Borough as well as a legacy of some practice which put cost pressures on the budget and could only be addressed by new systems/processes and retrospectively look at each individual care package. All expenditure/committed spend was being reviewed line by line and the move towards a brokerage team meant that there would be people that had the requisite skills to challenge costs.

– As part of the 2017/18 budget setting process discussions were taking place across all Directorates looking at the pressures, how to mitigate the pressures and how to work collaboratively across Directorates.

There would be a big focus on the transitions work which would benefit both CYPS and ASC. Some of that activity was underway and seeing some immediate benefits around the collection of Continuing Health Care funding from the NHS where there was eligibility. There needed to be cognisance that demands on the budget would ebb and flow and the need for reserve plans.

- Any overspend for the Council would default to come out of reserves. As part of the budget setting process consideration had to be taken as to whether to replenish those reserves. Proposals would be submitted in the New Year.

- Demand pressures increased during the Winter period. There was also pressure around the use of domiciliary care and Direct Payments the latter which formed part of the budget recovery plan.

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

(2) That the latest financial forecast against budget for 2016/17 and the actions being taken to mitigate the budget and demographic pressures facing Adult Services, as described in the report now submitted, be noted.

(3) That a report be submitted in January, 2017 on Older People and in February, 2017 on Physical and Sensory Disabilities.

(4) That discussion take place on the presentation of future reports.

56. CHILDREN'S SERVICES BUDGET MONITORING REPORT FOR THE PERIOD ENDING 31ST OCTOBER 2016

Consideration was given to a report, presented by the Strategic Director for Children and Young People's Services. As part of its performance and control framework, the Council was required to produce regular reports for the Directorate Leadership team and advisors to keep them informed of forecast financial performance on a timely basis such that where necessary, actions can be agreed and implemented to bring spending in line with the approved budget for the financial year. The submitted report contained details of spending against budget by the Children and Young People's Services Directorate covering the first seven months of the 2016/17 financial year.

The October forecast position for the Children and Young People's Directorate was for an overspend of approximately £8.394m.

Members' discussion of this report highlighted the following salient issues:-

- The November financial monitoring report to be considered at the 9th January Cabinet meeting forecast the overspend, after management actions, to be £548,000 which was over and above the investment sum. Of the £548,000, £124K were costs related to new activity from the Police and National Crime Agency investigations which hopefully the Authority would receive additional Government funding contributions.

- LAC numbers were greater than the level of the revised set budget. It was very difficult to accurate predict the numbers but the national trend was an upward projector. The menu of services to mitigate this i.e. Adult Adolescent Response Service and Family Group Conferencing would not commence until March/April 2017; once those services were in place there would be activity the stem to flow. There was also need to ensure that the adoption process found families for children, where appropriate, as quickly as possible together with exit strategies/reunification in place every time a child was taken into care.

- CYPS worked with Housing Services and discussed alternative options for ensuring 16-17 year olds had access to good quality accommodation. As part of the national policy, Putting Children First, CYPS had to publish a care leavers offer and were legally obliged to ensure young people were properly accommodated. Currently 98% of Rotherham care leavers were deemed to be suitably accommodated using the Government metric.

- The Early Help Service in place in Rotherham would have an impact at the threshold where a child was identified as in need and that their health or development would be impaired without a Social Worker being involved in supporting them.

  The Services that would have an impact on a LAC were Family Group Conferencing, Edge of Care Service and multi-systematic therapy focussing on 11-17 year olds. Early Help would only have an impact over a very long period of time because they would prevent some children deteriorating through the various spectrums of care from Children in Need to Looked After status.

- The Early Help Service delivered a raft of delivery at different levels including attendance at school, ensuring that children were not NEETs, had positive activities such as Youth provision. The way the Service was designed was more likely to have an impact on children who may be subject to Section 17 as opposed to LAC. Early Help should have an impact on the Social Care workload as it would reduce those children who were or could be classed as Children in Need.

- Rotherham had more children in care for 4 years or more than found in other places because of historical practice. Due to the change in practice and consideration of reunification/exit strategies, it was expected to see that trend reversed and children spending shorter periods in care than previously. Depending upon the quality of Social Work practice and intervention, families could be kept together rather than children being brought into the care system. However, that required an operating model which Rotherham currently did not have; the Signs of Safety would be rolled out from April 2017

– The Improving Lives Select Commission would be looking at Early Help Services next month.

Resolved:- (1) That the latest financial forecast outturn for 2016/17 and the pressures facing Children and Young People's Services be noted.

(2) That the mitigation and cost avoidance implemented through in-year management actions be noted.

(3) That it be noted that should LAC numbers continue to increase there would be a further pressure on social care budgets and a risk that the reported position would worsen before the end of the financial year.

(4) That the latest Dedicated Schools Grant financial forecast outturn for 2016/17 and Recovery Plan be noted.

(5) That Commissioner Bradwell be invited to a future meeting to discuss the budget situation.

57. ISSUES REFERRED FROM THE AREA ASSEMBLIES

No issues had been referred.

58. YOUTH CABINET/YOUNG PEOPLE'S ISSUES

Janet Spurling, Policy Officer, gave a verbal report on the plans for the Children's Commissioner Takeover Challenge. The Council had supported this for a number of years and OSMB and Scrutiny Officers worked with the Youth Cabinet to undertake a piece of work which often took the form of a spotlight review.

Janet had met with members of the Youth Cabinet on 1st December. Their preferred topic was public transport. The Youth Cabinet had looked at this in the past with OSMB but was in relation to different issues. The young people already done some good work and research and published a report, "Get in Gear: Acccessibility of Public Transport for Young People".

The agreed date for the session would be Tuesday, 21st February 3.30-5.30. p.m.

The young people would determine the witnesses they wished to invite.

Councillor Lelliott would be attending as portfolio holder for Transport.

Following the launch of the young people's report SYPTE had already been in touch with the Youth Cabinet Support Officer regarding setting up better engagement with young people.

Resolved:- That the report be noted.

59. WORK IN PROGRESS

Improving Places Select Commission
Councillor Mallinder reported that the Commission had met and discussed:-

Tenancy Agreement
Housing Allocation Policy
Housing Income Review
Policy requested for Families of Deceased RMBC Tenants
Tenants were to have a Housing Options Interview as they joined the Housing Register
Impact Assessment to review the outcomes of the Benefit Cap
Looking at Town Centre
Chair to visit to Lambeth to look at Scrutiny
Dignity had shared refurbishment plans and update on the Services they provided
Task and Finish Group – planned training exercise to see if plans in place for emergency plans were viable
Training from Centre for Public Scrutiny
RIDO performance management

Health Select Commission
Councillor Short reported that the Commission had met and discussed:-

3 sub-groups had met in the last month
6 monthly updates on Foundation Trust and RDaSH – both Trusts awaiting outcomes from recent CQC inspections
Older People's Housing
Adult Social Care performance, final year benchmarking and progress on the local measures for commissioning
Sustainability and Transformation Plan
3 updates on transforming Services for people with Learning Disabilities and Autism

Joint Health and Overview Scrutiny
Councillor Short reported on the meeting that was held on 21st November:-

Update on the consultation
Ambulance Service provided information on staff training, response times and stroke care

Improving Lives Select Commission
Councillor Allcock reported that the Commission had met and discussed:-

Domestic Abuse
Adult Safeguarding

Resolved:- That the reports be noted.

60. CALL-IN ISSUES

No issues had been referred for call-in.

61. DATE AND TIME OF NEXT MEETING

Resolved:- That a further meeting be held on Friday, 23rd December, 2016, at 9.00am

Rotherham Metropolitan Borough Council

Public Report
Overview and Scrutiny Management Board

Summary Sheet

Council Report
Overview and Scrutiny Management Board 13 January 2017

Title
Health Select Commission sub-group: Older People's Housing

Is this a Key Decision and has it been included on the Forward Plan?
It is in relation to a key decision on the Forward Plan.

Strategic Director Approving Submission of the Report
Shokat Lal, Assistant Chief Executive

Report Author(s)
Janet Spurling, Scrutiny Officer, Assistant Chief Executive's Directorate
janet.spurling@rotherham.gov.uk 01709 254421

Ward(s) Affected
All

Executive Summary
A sub-group of the Health Select Commission undertook a scrutiny session regarding housing for older people in Rotherham. Members wished to carry out this work given the close links between housing, adult social care and health in terms of maintaining people's independence and enabling them to live in their own home. This report outlines the recommendations and includes the response from Housing and Neighbourhood Services.

Recommendations

That the Overview and Scrutiny Management Board:

1. Considers and comments on the report.
2. Agrees that as Improving Places Select Commission scrutinises delivery of the Housing Strategy this will incorporate progress on delivery of older people's housing.

Appendices Included
Appendix 1 – Response to HSC sub-group recommendations

Background Papers
- Rotherham's Housing Strategy 2016-19
- Presentation and notes from sub-group meeting 24 November 2016

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No

Exempt from the Press and Public
No

Health Select Commission sub-group: Older People's Housing

1. Recommendations

That the Overview and Scrutiny Management Board:

1.1 Considers and comments on the report.

1.2 Agrees that as Improving Places Select Commission scrutinises delivery of the Housing Strategy this will incorporate progress on delivery of older people's housing.

2. Background

2.1 Central to the work programme for the Health Select Commission (HSC) is transformation and integration of health and adult care services. Members also wished to include older people's housing in the programme, given the close links between housing, adult social care and health in terms of maintaining people's independence and enabling people to live in their own home with the right care and support in place.

2.2 On 24 November 2016 a sub-group of the Health Select Commission (HSC) undertook a scrutiny workshop session regarding increasing the number of homes that are suitable for older people in the borough. At the workshop Members received a presentation from Housing and Neighbourhood Services, followed by a detailed question and answer session.

2.3 The purpose of the session was for HSC members to develop a clear understanding of the key issues involved in increasing the number of homes suitable for older people and to make recommendations to inform future plans for older people's housing.

2.4 Members identified a number of important matters to be considered in the planning and delivery of housing for older people, summarised below, and formulated ten recommendations following the workshop (see section 4).

3. Key Issues

3.1 **Rotherham context**
The borough has an ageing population, including significant increases in people aged over 65 and also over 85, plus growing demand for health and social care. Consultation and the recent strategic housing market assessment indicate insufficient specialist housing for older people and there is a growing waiting list for extra care housing. Therefore housing growth plans need to take account of the demographic needs of the community.

3.2 **Mixed communities**
It was clarified that older people tend to prefer to live in mixed communities and to be part of the wider community rather than only living near to or with other older people. Most prefer to remain in their current property with their care needs met through aids and adaptations, Rothercare and/or assistive technology, but around 25% want or need to move. Options for developing

small pockets of specialist housing for older people within wider communities are explored by the Housing Team in addition to larger scale initiatives.

3.3 **Features of housing and housing schemes for older people**

The presentation outlined a number of factors identified as important for older people, including:

- One level – bungalows or apartments
- Two bedrooms and adaptable spaces
- Transport, shops, services and green spaces
- Parking space
- Safe and secure location with good road and pedestrian access
- Easy and inexpensive to heat and run
- Communal space (including outdoor) for socialising and activities
- Guest units for relatives to stay (in housing schemes)
- Play facilities in communal areas for when children visit

3.4 **Housing design**

The concept of developing more “life time housing” was discussed i.e. housing designed to be more adaptable to changing needs as people get older, which would also widen the scope of where people could live, but this has to be considered in the context of price and viability.

3.5 **Bungalows**

Bungalows are a popular choice with older people but are relatively expensive and also “land hungry”. Under the allocation policy they are not allocated solely to older people, although a percentage are for people aged 60+ with another percentage for people with a medical priority need who may be younger. Members agreed that the public might not be aware of this policy and therefore might not recognise why younger people had been allocated such housing.

3.6 **Extra care housing**

This may consist of blocks of low rise flats and/or bungalows, or as elsewhere in the country, retirement villages. It differs from sheltered housing in that people have access to personal care and it may also be a viable alternative to residential care. Tenure may be mixed, including shared ownership as well as rented property.

The benefits of extra care housing highlighted in the session were:

- Enabling people to downsize from homes that were too large, unaffordable or unsuitable for their needs
- Enabling people to be independent and live in the community
- Communal facilities help people to be socially and physically active, reducing isolation and improving health and wellbeing
- Supporting people to feel safe
- Aiding the hospital discharge process
- Efficiency savings for health and social care budgets
- Freeing up family accommodation and stimulating the wider housing market
- Maintaining balanced and sustainable communities

Ideally any 60-80 unit extra care housing scheme would be divided into three groups ranging from people with lower care needs through to high care needs, allowing people to move within a scheme as their needs might change.

3.7 **Branding and marketing schemes**
This links in with 3.2 in terms of attracting younger older people to schemes, which can be difficult, through well-presented show flats and good interior design. Members recommended that if schemes were for mixed age ranges it was important that the housing did not look as though it was purely housing for older people and this might also make it less of a target, for example for fraudsters.

It was also agreed that a positive approach to branding and marketing housing options for older people should be adopted, such as promoting the third age. Older people should be consulted on branding and also on the use of the term “extra care” and what that meant to people as it could potentially be misleading.

3.8 **Public transport**
Reflecting the importance of transport links for older people, HSC were keen to ensure dialogue took place with transport providers, including Community Transport, regarding services to any proposed new sites at an early stage.

4. Options considered and recommended proposal

4.1 Following the issues identified in the scrutiny workshop, which are summarised in section 3 above, ten recommendations resulted and the response from Housing and Neighbourhood Services to each of these has been included in Appendix A.

4.2 Recommendations:

1) That an article be included in the tenant newsletter explaining how bungalows are allocated to different groups of people, not only older people, based on need.

2) That discussion takes place with transport providers, including Community Transport, regarding:
   - services for proposed sites before building commences;
   - maintaining transport links to those sites in the future.

3) That the importance of family pets for older people’s health and wellbeing is considered in developing housing options.

4) That consultation is undertaken with older people currently living in three storey buildings to capture their views on how suitable this housing is for their needs, to feed in to decisions about future models.

5) That consultation is undertaken with older people to ascertain their views on the term extra care and how housing schemes should be branded.

6) That the approach to branding and marketing housing options for older people should be a positive one such as promoting the third age rather than one of moving towards the end of a person's life.

7) That new housing schemes are designed to look more generic, rather than looking like they are only for older people:
   - to reduce the risk of older people being targeted;
   - to reflect mixed communities and reduce negative perceptions.

8) That Shaftesbury House undergoes external renovation and is made more secure for residents.

9) That action is taken to maintain high quality in current older people's housing to avoid the development of a "two tier" system with differences in quality and experience between current and new provision.

10) That all multiple storey buildings for extra care housing should have lifts.

5. Consultation

5.1 Rotherham's 30 year vision for housing was established in December 2012 following extensive consultation with residents. Further consultation was carried out in 2015 during the development of the Housing Strategy 2016-19.

5.2 HSC made two specific recommendations regarding consultation, 4 and 5 above.

6. Timetable and Accountability for Implementing this Decision

6.1 The recommendations from the sub-group will inform a report from Housing and Neighbourhood Services to the Cabinet and Commissioners Decision Making meeting in February 2017 regarding increasing older people's housing in the borough. That report will be shared with the HSC sub-group for final comments as part of pre-decision scrutiny.

7. Financial and Procurement Implications

7.1 As options for older people's housing are developed the recommendations may require further exploration by Commissioners, Cabinet, the Strategic Leadership Team and partner agencies on the financial or procurement implications of implementation.

8. Legal Implications

8.1 There are no legal implications arising from this report.

9. Human Resources Implications

9.1 There are no human resources implications.

10. Implications for Children and Young People and Vulnerable Adults

10.1 Safety and security has been raised as a concern by older people during consultation, which is one of the reasons for trying to maintain mixed communities and also prompted recommendations 7 and 8.

10.2 Extra care housing has a 24:7 staff presence on site which may make older people feel more safe and secure.

10.3 Important factors are ensuring the suitability of older people’s housing for children to visit family members and including play facilities on sites to support being a child-centred borough.

11. Equalities and Human Rights Implications

11.1 The Housing Strategy focuses on ensuring the availability of a range of specialist housing suitable for older people and other groups with particular housing needs.

11.2 The Decent Homes programme is in place to refresh housing stock.

12. Implications for Partners and Other Directorates

12.1 Housing, social care and health services are closely linked together in maintaining older people’s health and wellbeing and enabling people to remain independent and involved in their local community.

12.2 The voluntary and community sector also plays an important role, for example through the social prescribing initiative.

12.3 Housing and Neighbourhood Services are likely to work with a range of developers and housing providers in delivering the Housing Strategy.

13. Risks and Mitigation

13.1 It is a challenge to provide sufficient housing to meet the needs of Rotherham’s growing ageing population, enabling people to live independently as long as possible, and reducing the number of people having to move into expensive residential care placements.

13.2 Closer links between health and care services with housing; increased partnership working between agencies; and proactive work with developers and providers such as the summit in 2016 and strategic housing market assessment ensures a focused and integrated approach in Rotherham.

14. Accountable Officer(s)
James McLaughlin, Democratic Services Manager

Approvals Obtained from:
Strategic Director of Finance and Corporate Services: N/A
Director of Legal Services: N/A
Head of Procurement: N/A

This report is published on the Council's website or can be found at:-
http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=

Response to Health Select Commission subgroup - Older People's Housing

	Recommendation	**Decision** *(Accepted/ Rejected/ Deferred)*	**Response** *(detailing proposed action if accepted, rationale for rejection, and why and when issue will be reconsidered if deferred)*	**Officer Responsible**	**Action by** ***(Date)***
1.	That an article be included in the tenant newsletter explaining how bungalows are allocated to different groups of people, not only older people, based on need.	Accepted	This will be included in the Spring edition of *Home Matters*, tenants newsletter.	Jane Davies	March 17
2.	That discussions take place with transport providers, including Community Transport, regarding services for proposed sites before building commences and maintaining transport links to those sites in the future.	Accepted	This has been discussed at the Specialist Housing Group meeting and once Cabinet have considered the forthcoming older people housing report, a meeting will be arranged with Ian Ashmore – Transportation Highways and Design Manager to ensure appropriate public transport links are in place.	Jane Davies	March 17
3.	That the importance of family pets for older people's health and wellbeing is considered in developing housing options.	Accepted	We will adopt a pet friendly strategy when designing and developing new housing for older people. There are local examples, which can be adopted as examples of good practise.	Jane Davies	July 17

4.	That consultation is undertaken with older people currently living in three storey buildings to capture their views on how suitable this is for their needs, to feed in to decisions about future models.	Accepted	This will be included in the consultation plan – we will talk to residents and providers of sheltered and supported housing in 3+storey blocks to share their experience and offer visits / provide virtual tours.	Jane Davies	April 17
5.	That consultation is undertaken with older people to ascertain their views on the term extra care and how housing schemes should be branded.	Accepted	This will be included in the detailed consultation plan.	Jane Davies	April 17
6.	That the approach to branding and marketing housing options for older people should be a positive one such as promoting the third age rather than one of moving towards the end of a person's life.	Accepted	This will be included in the detailed consultation plan.	Jane Davies	April 17
7.	That new housing schemes are designed to look more generic, rather than looking like they are only for older people: - to reduce the risk of older people being targeted - to reflect mixed communities and reduce negative perceptions	Accepted	We will ensure high quality design and appearance is integral to all design specifications, and that older people's housing is complementary to existing housing in the locality. Excellent security will be an important aspect of the specification.	Jane Davies	Ongoing
8.	That Shaftesbury House undergoes external renovation and is made more secure for residents.	Accepted	Following Cabinet's consideration of the report – detailed plans will be developed to improve Shaftesbury House.	Jane Davies	Mar 18
9.	That action is taken to maintain high quality in current older people's housing to avoid the development of a "two tier" system with differences in quality and experience between current and new provision.	Accepted	The local authority owned older peoples schemes are under review and through the HRA Capital Programme, existing schemes will be updated and improved.	Jane Davies	Ongoing
10.	That all multiple storey buildings for extra care housing should have lifts.	Accepted	All multi-storey extra care housing will have lifts, this will be an automatic requirement in any design brief.	Jane Davies	Ongoing

Rotherham Metropolitan Borough Council

Public Report
Cabinet and Commissioners' Decision Making Meeting

Summary Sheet
Cabinet and Commissioners' Decision Making Meeting – 9 January 2017
Overview and Scrutiny Management Board – 13 January 2017

Title
November Financial Monitoring Report 2016/17 and Mid-Year Treasury Review

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

Strategic Director Approving Submission of the Report
Judith Badger – Strategic Director of Finance and Customer Services

Report Author(s)
Pete Hudson – Chief Finance Manager, Finance & Customer Services
Email: peter.hudson@rotherham.gov.uk

Ward(s) Affected
All

Executive Summary
This report sets out the financial position for both the Revenue Budget and the Capital Programme at the end of November and is based on actual costs and income for the first eight months of the financial year and forecast costs and income for the remaining four months of 2016/17. The report also includes a mid-year Treasury Review which incorporates changes to 2016/17 prudential indicators for subsequent consideration and approval by Council.

The revenue position, before adjusting for the additional budget allocation approved by Council on 7th December, shows a forecast overspend of £9.623m after currently identified management actions. The additional in year budget approval has reduced the forecast overspend down to £1.775m, however this additional budget approval has to be funded and the extent to which in year revenue spend across the whole Council cannot be reduced, will inevitably impact the Council's reserves and future financial sustainability.

The Council report approved additional in-year funding to address pressures, predominantly in Children's services (£7.848m) and £608k for new investments for Adults, Children's and Corporate services which will enable the delivery of significant savings in future years. The report also approved additional funding for 2017/18 of £11.005m which will be built into the Medium Term Financial Strategy and specific budget plans for next year.

To help mitigate the potential impact on reserves, robust controls have been implemented to drive down costs over the remaining months of the financial year. All Directorates are considering what spend could be stopped, scaled back or delayed. The key controls implemented are:

- The newly established Workforce Management Board which will scrutinise and decide on all requests for recruitment, the engagement of agency staff and consultants, and overtime requests.
- Procurement controls – all orders in respect of revenue spend on the Council's procurement system now require senior management (M3 or above) approval. The senior manager is also required to provide reasons to justify their authorisation.
- Budget 'deep dives' to look at all planned spend which has not yet happened but is included in Directorate's forecast outturns to determine what spend could potentially be stopped, scaled back or delayed.

The above actions will have due regard for the safeguarding of vulnerable children and adults, the needs of clients and the potential impact on the citizens of Rotherham.

The majority of the approved budget savings for 2016/17 have or are being achieved, the main exception being the £1 million saving from the review of staff terms and conditions of employment agreed by Council in March 2016 which will not now be delivered in 2016/17. Further work is in train to bring forward options for consideration in due course. There is a further £1m to be achieved within 2017/18 (£2m full year effect). The non-delivery of this saving is reflected in the forecast outturn in this report.

There is also a significant forecast overspend (£5.505m) on the Dedicated Schools Grant (DSG) High Needs Block. This is a forecast increase of £4.5m in an eight month period. Whilst this doesn't affect the Council's financial position directly at this time it is imperative that the recovery strategy reported in September Financial Monitoring Report to Cabinet is implemented in order to address this position and avoid any risk to the Council in the future. Options for consultation regarding addressing the High Needs overspend were taken to Schools Forum on the 9th December. A detailed Sufficiency Strategy and Financial Plan to address funding and provision will be discussed and consulted upon at the 13th January 2017 Schools Forum meeting.

Clifton Community School is scheduled to convert to a sponsored Academy in February 2017 and the school currently has a deficit of £1.2m. A reserve of £1.2m was created in finalising the 2015/16 accounts specifically to mitigate deficit balances falling on the Council as a result of sponsored academy conversions during 2016/17.

In response to reduced Government funding, the Council needs to reduce its net spending by around £42m over the next 3 years with at least £13m of that falling in 2017/18. Following Council approval of the MTFS update report on 7th December, the 2017/18 funding gap has increased by a further £11m; from £13m to £24m. Financial planning assumptions are currently being reviewed and revised where appropriate along with consideration of savings options which are currently out to public consultation. The intention is to propose a robust budget for 2017/18 for consideration by Cabinet in February and Council in March along with an updated medium term financial strategy setting out the clear direction for the future.

Control over spending is critical to a robust medium term financial strategy as unplanned spending impacts on reserves levels which are the bedrock of a financially stable organisation and unplanned spending depletes reserves..

Appendix 1 to this report shows the detailed reasons for forecast revenue under and over spends by Directorate after management actions which have/are already being implemented.

The Capital Programme is currently on target to deliver within the overall approved budget. This report provides a detailed update and seeks Cabinet support to recommend to Council the inclusion of £277k costs capitalisation in the 2016/17 programme and the re-profiling of some approved budgets to reflect revised timescales for project delivery.

Appendix 2 to this report provides details of key forecast variations by project within the Capital Programme and Appendix 3 provides details of variations for which approval is sought.

Appendix 4 to the report incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). It is a requirement that changes to the PIs for 2016/17 are approved by Council.

Recommendations for Cabinet

Revenue

That Cabinet:

- Notes the current 2016/17 forecast overspend of £1.775m, after management actions and the allocation of additional in year budget. (Paragraph 3.1)

- Notes and endorses the specific actions being implemented to challenge planned spend between now and the end of March to reduce the forecast overspend and minimise the call on reserves. (Paragraph 2.7)

- Recommend any additional actions which could be implemented to help manage down the current forecast overspend.

- Notes that a detailed Dedicated Schools Grant (DSG) High Needs Sufficiency Strategy and Financial Plan to address funding and provision will be discussed and consulted upon at the 13th January 2017 Schools Forum meeting. (Paragraph 3.16)

Capital & Mid-Year Treasury Review
That Cabinet:

- Recommends to Council the inclusion of the following schemes in the 2016/17 Capital Programme (paragraphs 2.13):

    - Capitalisation of Building Repair and Maintenance Costs - £157,000
    - Capitalisation of costs relating to Pit House West - £85,000
    - Capitalisation of Grass Cutter - Rother Valley Country Park - £35,000

- Recommends to Council the approval of changes to budgets identified in Appendix 3 for projects which are already included in the Approved Capital Programme.

- Notes the position in respect of the Mid-Year Treasury Review and recommends that Council approves the changes to the 2016/17 prudential indicators.

List of Appendices Included

Appendix 1 – Detailed Directorate analysis of revenue forecast under and overspends
Appendix 2 – Summary of key variances to the Capital Programme by Directorate
Appendix 3 – Summary of Budget Variations seeking Cabinet approval 2016/17 to 2020/21
Appendix 4 – Mid-Year Prudential Indicators and Treasury Management Monitoring

Background Papers
Revenue Budget and Council Tax Setting Report for 2016/17 to Council 2nd March 2016
Capital Programme Budget Setting Report - 2016/17 to 2020/21 to Council on 2nd March 2016
October 2016/17 Financial Monitoring Report to Cabinet – 12th December 2016
MTFS Update Report to Cabinet and Council - 14th November 2016 and 7th December respectively
Consultation with Strategic Directors

Consideration by any other Council Committee, Scrutiny or Advisory Panel
Yes – Overview and Scrutiny Management Board – 13 January 2017

Council Approval Required
No

Exempt from the Press and Public
No

November Financial Monitoring Report 2016/17 and Mid-Year Treasury Review

1. Recommendations for Cabinet

That Cabinet:

1.1 Notes the current 2016/17 forecast overspend of £1.775m, after management actions and the allocation of additional in year budget. (Paragraph 3.1)

1.2 Notes and endorses the specific actions being implemented to challenge planned spend between now and the end of March to reduce the forecast overspend and minimise the potential call on reserves. (Paragraph 2.7)

1.3 Recommend any additional actions which could be implemented to help manage down the current forecast overspend.

1.4 Notes that a detailed Dedicated Schools Grant (DSG) High Needs Sufficiency Strategy and Financial Plan to address funding and provision will be discussed and consulted upon at the 13th January 2017 Schools Forum meeting. (Paragraph 3.16)

Capital & Mid-Year Treasury Review
That Cabinet:

1.5 Recommends to Council the inclusion of the following schemes in the 2016/17 Capital Programme (paragraphs 2.13):

- Capitalisation of Building Repair and Maintenance Costs - £157,000
- Capitalisation of costs relating to Pit House West - £85,000
- Capitalisation of Grass Cutter - Rother Valley Country Park - £35,000

1.6 Recommends to Council the approval of changes to budgets identified in Appendix 3 for projects which are already included in the Approved Capital Programme.

1.7 Notes the position in respect of the Mid-Year Treasury Review and recommends that Council approves the changes to the 2016/17 prudential indicators.

2. Background

2.1 As part of its performance and control framework the Council is required to produce regular reports for the Strategic Leadership Team and Cabinet to keep them informed of financial performance on a timely basis such that where necessary, actions can be agreed and implemented to bring spend in line with the approved budget for the financial year.

2.2 Delivery of the Council's Revenue Budget and Medium Term Financial Strategy, and Capital Programme within the parameters agreed at the start of the current financial year is essential if the objectives of the Council's Policy Agenda are to be achieved. Financial performance is a key element within the assessment of the Council's overall performance framework.

2.3 This report sets out the financial position at the end of November and is based on actual costs and income for the first eight months of the financial year and forecast costs and income for the remaining four months of 2016/17.

2.4 The current position shows a forecast revenue overspend of £1.775m after currently identified management actions and the allocation of £8.456m additional budget in 2016/17 by Council on 7th December 2016. There is also a significant and increasing overspend on DSG which has now reached £5.6m.

2.5 This additional 2016/17 budget approval has to be funded and the extent to which in year revenue spend across the whole Council cannot be reduced, will inevitably impact the Council's reserves and future financial sustainability.

2.6 The majority of the approved budget savings for 2016/17 are being achieved, the main exception being the £1 million saving from the review of staff terms and conditions of employment agreed by Council in March which will not now be delivered in 2016/17. Further work is progressing to bring this matter to a conclusion and determine the final decision and necessary actions. The full year saving required is £2m from April 2017 and this is assumed within financial plans. The non-delivery of this saving in the current year is reflected in the forecast outturn in this report.

2.7 To reduce the significant forecast overspend the following controls have been implemented:

- The newly established Workforce Management Board which will scrutinise and decide on all requests for recruitment, the engagement of agency staff and consultants, and overtime requests

- Procurement controls – all orders in respect of revenue spend on the Council's procurement system now require senior management (M3 or above) approval. The senior manager is also required to provide reasons for justifying their authorisation.

- Budget 'deep dives' to look at all planned spend which has not yet happened but is included in Directorate's forecast outturns to determine what spend could potentially be stopped, scaled back or delayed.

2.8 This action is essential if the Council is to reduce spending as soon as possible and minimise the use of reserves. All actions implemented will have due regard for the safeguarding of vulnerable children and adults, the needs of clients and the potential impact on the citizens of Rotherham.

2.9 There is also a significant forecast overspend (£5.505m) on the Dedicated Schools Grant (DSG) High Needs Block. This is a forecast increase of £4.5m in an eight month period. Whilst this doesn't affect the Council's financial position directly at this time it is imperative that the recovery strategy reported in September Financial Monitoring Report to Cabinet is implemented in order to address this position and avoid any risk to the Council in the future. Options for consultation regarding addressing the High Needs overspend were taken to Schools Forum on the 9th December. A detailed Sufficiency Strategy and Financial Plan to address funding and provision will be discussed and consulted upon at the 13th January 2017 meeting.

2.10 Clifton Community School is scheduled to convert to a sponsored Academy in February 2017 and the school currently has a deficit of £1.2m. A reserve of £1.2m was created in finalising the 2015/16 accounts specifically to mitigate deficit balances falling on the Council as a result of sponsored academy conversions during 2016/17.

2.11 In response to reduced Government funding, the Council needs to reduce its net spending by around £42m over the next 3 years with at least £13m of that falling in 2017/18. Following Council approval of the recommendations in the MTFS update report on 7th December the revised 2017/18 funding gap is now £24m; an increase of £11m in 2017/18. Financial planning assumptions are currently being reviewed and revised where appropriate along with consideration of savings options which are currently out to public consultation. The intention is to propose a robust budget for 2017/18 for consideration by Cabinet in February and Council in March along with an updated Medium Term Financial Strategy setting out the clear direction for the future. control over spending is critical to a robust medium term financial strategy as unplanned spending impacts on reserves levels which are the bedrock of a financially stable organisation and unplanned spending depletes reserves.

2.12 Appendix 1 to this report shows the detailed reasons for forecast under and over spends by Directorate after management actions which have/are already being implemented.

2.13 The Capital Programme is currently on target to deliver within the overall approved budget. This report provides a detailed update and seeks Cabinet support to recommend to Council the inclusion of £277k costs capitalisation in the 2016/17 programme and the re-profiling of some approved budgets to reflect revised timescales for project delivery.

2.13 Cabinet is asked to recommend to Council the inclusion of the following schemes in the 2016/17 Capital Programme:

- Capitalisation of Building Repair and Maintenance Costs - £157,000
- Capitalisation of costs relating to Pit House West - £85,000
- Capitalisation of Grass Cutter - Rother Valley Country Park - £35,000

Mid-Year Treasury Review

2.14 Revisions to the regulatory framework of treasury management during 2009 introduced a requirement that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.

2.15 This review as fully set out in Appendix 4 meets that revised requirement. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Strategy and PIs were previously reported to Audit Committee and Cabinet and Commissioners Decision Making meeting in February 2016 and approved by Council on 2 March 2016.

2.16 The review as set out in Appendix 4 keeps Members up to date and informs on performance against the plan. Key messages for Members are:

- Investments – the primary governing principle remains 'security' over return and the criteria for selecting counterparties continues to reflect this.
- Borrowing – overall this will remain fairly constant over the period covered by this report and the Council will remain under-borrowed against the borrowing requirement due to the cost of carrying debt. New borrowing will generally only be taken up as debt matures. This is in line with financial planning assumptions.
- Governance – strategies and monitoring are undertaken by Audit Committee

3. Key Issues

3.1 Table 1 below shows the summary forecast revenue outturn position by Directorate. The table shows the forecast outturn position after any management actions which have already been quantified and implemented. As Directorates agree further management actions to mitigate forecast overspends this will be incorporated within future budget monitoring reports. The annual budgets have been updated to include the additional Council budget approvals, agreed 7th December 2016. The Adult Social Care budget also now includes the £1m social care contingency budget which has transferred from Central Services following Cabinet approval on 12th December. A more detailed analysis of each of the Directorate's forecast under and overspends is included in Appendix 1.

Table 1: November Cumulative - Forecast Revenue Outturn 2016/17

Directorate / Service	Revised Annual Budget 2016/17	Forecast Outturn 2016/17	Forecast Variance (over (+) / under (-) spend) AFTER management actions
	£'000	**£'000**	**£'000**
Children & Young People's Services	63,875	64,423	+548
Adult Care & Housing	68,418	71,932	+3,514
Regeneration & Environment Services	46,193	45,025	-1,168
Finance & Customer Services	14,702	14,394	-308
Assistant Chief Executive	5,340	5,284	-56
Capital Financing, Levies and Central Services	9,449	8,694	-755
TOTAL	**207,977**	**209,752**	**+1,775**
Public Health (Specific Grant)	17,157	17,157	0
Dedicated Schools Grant (Non Delegated)	20,440	26,028	+5,588
Housing Revenue Account (HRA)	83,584	79,447	-4,137

It should be noted the above £1.775m forecast overspend is **AFTER** reflecting £8.5m use of £8.456m of reserves for 2016/17.

The following sections (paragraphs 3.2 to 3.38) provide key reasons for the forecast level of annual revenue under or overspend within Directorates. More detailed information is included in Appendix 1.

Children & Young People's Directorate (+£548k forecast overspend after additional funding for demand cost pressures of £7.578m)

3.2 The November revenue full year forecast is £548k over budget after adjusting for the additional in year budget allocation of £7.578m to address the Directorate's demand cost pressures.

3.3 The in-year budgetary position for Children's Services remains challenging and reflects the national picture of growing looked after children (LAC) numbers. The current LAC budget would support approximately 400 placements, 68 less than Rotherham's total of 468 LAC as at 30th November 2016. There has been a requirement to engage a significant number of agency social workers and team managers to fill vacant posts and to secure the right knowledge, skills and leadership and reduce average caseloads to a reasonable level. The staffing budget pressure will gradually reduce as new social care employees are appointed and allocated appropriate caseloads.

3.4 In addition Operation Stovewood, an active National Crime Agency (NCA) operation, is being progressed with the support of Children's Services. This operation will result in additional costs being incurred. A funding bid to address these additional resource requirements has been lodged with the Government and is receiving ministerial consideration. Should the funding not be received this will result in a further cost pressure of £124k in 2016/17. This pressure is reflected in the reported outturn position for Children's Services (net £548k overspend above).

3.5 First Response, which includes Rotherham's Multi-Agency Safeguarding Hub (The MASH), and the Child Sexual Exploitation Team (EVOLVE) are two examples of services that have had to engage temporary staff (£89k) with locality social work teams (£84k), Safeguarding and Social Care Management (£40k) being the other main areas of pressure within the Children's Social Care Service employee budget. These costs represent the additional cost of agency staff over the budget for the approved social care establishment.

3.6 The Children in Care Service is projecting an over spend of £518k. The adverse movement in the variation is due to additional staffing costs for reasons outlined above; a position accentuated for a time limited period resulting from dual working as recently appointed newly qualified social workers work alongside existing agency staff to ensure the smooth and successful transition of caseloads. There is mounting pressure on the LAC placements budget which includes the cost of Independent Fostering Placements, Out of Authority provision and Fostering Allowances. If numbers continue to increase then there will be further pressure on social care budgets and a risk that the reported position will worsen before the end of the financial year.

3.7 At the end of September with actual LAC numbers at 448, the service and finance agreed a forward projection up to 460 by the end of March 2017. This has subsequently been proven too low an estimate – the current number of LAC is 468 (30th November). Therefore the November forecast has been re-modelled to include further phased growth at approximately eight placements per month to 500 LAC by 31st March 2017.

3.8 Expenditure on Leaving Care allowances has doubled over the last two years. This is due to a number of reasons including: a reduction in Supporting People funding; closure of Nelson Street as the building was not fit for purpose - meaning six placements had to be commissioned through other providers at a premium; Staying Put costs exceed the grant support we receive (£71k grant compared with £188k costs due to higher numbers and higher costs of placements); and generally there are more placements at higher costs. Remedial action is being put in place to address the rising costs and includes: reviewing placements to ensure provision is appropriate; providing lower cost accommodation for over 18's through a transitional landlord scheme and in partnership with Housing; and increasing lower cost provision via new providers.

3.9 The financial position on Complex Needs has improved since last month following a realignment and apportionment of costs for the social care residential element on placements. The forecast outturn on the Special Educational Needs and Disabilities (SEND) budget, within Education and Skills, is now an under spend of £196k. There remains a forecast overspend on School Effectiveness due to reduced income assumptions (£197k) although this is offset by savings arising from vacancy management within Children's centres (-£258k).

3.10 The Commissioning, Performance and Quality Service are experiencing a £36k pressure due to additional Business Support Staff required to support the social work activity within Children's Social Care.

CYPS Recovery Strategy Update

3.11 In the September report the service committed to implementing management actions to mitigate the impact of the pressures reported above. In addition to those outlined in detail in the previous two budget monitoring reports to Cabinet, this month an additional £261k of planned spend has been put on hold until at least the new financial year. This includes:

- Vacancy freeze (circa 5 posts)
- Publicity
- Transfer of allowable expenditure to the DSG

3.12 A great deal of progress has been made in recruiting to permanent positions this year. To date 60 permanent positions have been filled which is testament to the success of the CYPS Resourcing Team who have brought new and innovative methods to the search for the best social care professionals. The team and the resourcing costs will be retrospectively funded in 2016/17 from the funding support agreed by Council on 7th December 2016.

3.13 There can often be a period of between two and four months from the end of the recruitment process to a new officer starting in post. The Social Care Service aim to release agency staff within two weeks of a permanent employee's start date. Recruitment activity was particularly successful over the summer and into autumn and so a net reduction in the number of agency staff will begin to show from December.

Dedicated Schools Grant

3.14 The Directorate is also currently forecasting an over spend on its Dedicated Schools Grant (DSG) High Needs Block of £5.505m. At the end of 2015/16 the outturn position showed an overall underspend of £24k on the non-delegated DSG, comprised as follows:

- Early Years Block: £0.430m Underspend
- Schools Block: £0.598m Underspend
- High Needs Block: £1.004m Overspend

3.15 The current forecast outturn for 2016/17 is estimating a £5.588m over spend:

- Early Years Block: £0.000m Balanced
- Schools Block: £0.083m Overspend
- High Needs Block: £5.505m Overspend

3.16 The service has developed a Recovery Strategy, which was included in the September and October Financial Monitoring Reports to Cabinet. The latest High Needs position was presented to Schools Forum on the 9th December. A detailed Sufficiency Strategy and Financial Plan to address funding and provision will be discussed and consulted upon at the 13th January 2017 meeting.

Adult Services (+£4.227m forecast overspend) and Housing (-£713k forecast underspend)

3.17 The Directorate is currently forecasting an overspend of £3.514m across the two main functions of Adult Care and Housing after mitigating actions agreed by the Directorate Management Team. This position also reflects the allocation of the £1 million Social Care contingency budget to Adult Social Care as approved by Cabinet on 12th December 2016.

3.18 Adult Care Services are currently forecasting an overall overspend of £4.227m after mitigating actions. The main budget pressures continue to be in respect of Direct Payments and Managed Accounts, Residential and Domiciliary care across all client groups.

3.19 The main budget pressure within the Directorate continues to be the increased demand for Direct Payments and Managed Accounts (£2.9m). This forecast pressure includes the full year impact in 2016/17 of the 29% increase in clients receiving a Direct Payment in 2015/16. The increase in client base is due to a mixture of demographic pressures and clients moving from a domiciliary care contract. In total this has seen 180 new clients in 2015/16, plus an additional net increase of 86 (+7%) new clients since April 2016.

3.20 A task group established to review Direct Payments is still in place and continues to analyse high cost care packages to ensure they are appropriately aligned to client need and to review the processes and procedures associated with assessment to ensure they are fit for purpose. An action plan is being developed by senior managers to address the ongoing issues, which includes reviewing Managed Accounts and capacity within the service to carry out the reviews. The expected financial impact of this action plan will be reflected in future financial monitoring reports.

3.21 There are also pressures on the residential and nursing care budgets across all client groups as a result of an increase in the average cost of placements and lower than forecast 'Continuing Health Care' income contributions against the approved budget (forecast overspend of £1m across all client groups). The Assistant Director of Commissioning is providing oversight on the review of Learning Disability high cost placements which is anticipated to make significant savings (£1.380m). As these are quantified they will be reflected in future financial monitoring reports, £115k has been achieved to-date. However, there have been a further three additional placements into Learning Disability residential and nursing care since last month, including one from Children's services which has resulted in increased costs.

3.22 There is also a forecast budget pressure of £1.2m in respect of the provision of Domiciliary Care across all client groups due to an increase in the number of clients (97) and a 7% increase in the number of commissioned and delivered hours plus a recurrent income pressure on fees and charges (£300k).

3.23 The above forecast overspends are being partially reduced by projected underspends within Learning Disability Day Care Services and Supported Living provision due to higher than anticipated staff turnover (-£512k) and higher than anticipated staff turnover in social work teams (-£319k).

3.24 Neighbourhood services' (Housing) latest forecast is an underspend of -£713k mainly due to the recruitment to staff vacancies being put on hold pending the outcome of a review of the Neighbourhood Partnerships service plus further additional income from the Furnished Homes scheme.

Adult Care & Housing – Recovery Strategy Update

3.25 The demand for residential placements is reducing however budget pressures remain due to the increasing cost of care packages. However, the demand for domiciliary care and direct payments is increasing. There are also underlying budget pressures from unachieved budget savings from previous years, for example, Continuing Health Care funding and a reduction in the level of client contributions to services after financial assessment. A number of management actions have been put in place to reduce the forecast overspend within the Adult Care and Housing Directorate.

3.26 The continued review of out of area and high cost care packages across all services to identify opportunities to reduce costs and rigorously pursue all Continuing Health Care funding applications with the Clinical Commissioning Group remains operational. To-date a total of £146k savings have been achieved against management actions. Weekly budget meetings are held with senior managers to review in detail the budget forecasts, monitor demographic pressures and identify further savings opportunities and mitigate the pressures. All spend is now being authorised by Heads of Service and above. Further progress continues on the delivery of the Adult Services Development Programme to improve the outcomes for service users and this is largely on track to deliver the 2016/17 approved savings included in the budget setting process.

3.27 Other management actions include the introduction of a Practice Scrutiny Group (PSG) which meets bi-weekly to review and challenge all care assessments prior to discussion with users and carers.

3.28 Further investment has now been approved for a brokerage team and additional resources to review Direct Payments and Managed Accounts, which should lead to further reductions in expenditure in the final quarter of the financial year.

Public Health (Forecast balanced outturn)

3.29 The forecast outturn is to spend to budget at this stage including a transfer to the Public Health Reserve. This forecast outturn takes into account the Government's 2016/17 reduction in grant funding which has largely been mitigated through the use of the balance on the Public Health grant reserve.

Regeneration and Environment Services (-£1.168m forecast underspend)

3.30 The Regeneration and Environment Directorate Management Team have reviewed the forecast outturn position following the November monitoring cycle. The Directorate is now reporting a forecast underspend of £1.168m following the agreed implementation of a number of additional management actions to help address the Council's overall overspend position. This is an improvement of £704k on the position reported last month.

3.31 Detailed information on the key forecast variances that make up the overall underspend of £1.168m are included in Appendix 1. This net underspend consists of a number of overspends and underspends; in summary, the main forecast overspends within the Directorate remain within Street Scene Services (£187k), Transportation (£86k), Planning and Building Control (£146k), and Community Safety and Streetscene Corporate Accounts (£92k). These forecast overspends are fully mitigated by forecast underspends in other areas such as Facilities Management (-£312k), Rotherham Investment and Development Office (RIDO) (-£287k), Safer Neighbourhoods (-£265k) and Facilities Services (-£169k).

3.32 As a result of the first stage of the 2016/17 budget 'deep dive', an additional £376k of planned spend will not now be incurred in 2016/17. The process identified additional items that can be capitalised and expenditure that can be stopped or deferred, including the deferring of recruitment to vacant posts. Further work is ongoing to identify further options to reduce planned spend during the remainder of 2016/17.

3.33 The current Directorate forecast underspend excludes any pressure which may be incurred on the Winter Maintenance budget. This is weather dependent and is highlighted as a risk at this stage.

Finance & Customer Services (-£308k forecast underspend)

3.34 Overall the Directorate is forecasting an underspend of -£308k. The main pressures relate to a forecast overspend on statutory and planning notices (£38k) and unachievable income targets within central and planned print (£99k), partially offset by a vacant post (-£29k).

3.35 These pressures will be fully mitigated by underspends within Electoral Services (-£44k), staffing underspends within Procurement due to vacant posts (-£61k), reduced pension charges and training budget underspends (-£31k), staffing savings from vacancies within Internal Audit (-£26k) and Customer, Information and Digital Services (CIDS) (-£73k) and an underspend in the Revenues and Benefits service from vacant posts and maximising flexibility in the use of grant funding (-£195k).

Assistant Chief Executive (-£56k forecast underspend)

3.36 Overall the Directorate is forecasting to deliver a forecast underspend of -£56k. However, there are various forecast pressures and savings within this that should be noted. The main forecast pressure in Communications and Media of £121k is in respect of additional staff costs (£71k), subscription and system costs (£33k) and reduced income generation within the Design Studio (£17k). There are also increased staff cost pressures due to increased management support arrangements (£34k).

3.37 These pressures will be fully mitigated by staff cost savings within Policy and Partnerships -£73k, additional one year funding from Local Government Association (LGA) -£29k, reduced costs relating to members including Member Allowances -£146k, and from a number of management actions agreed across the Directorate to ensure spend is minimised where it is appropriate to do so.

Corporate & Central Services (-£755k forecast underspend)

3.38 The Corporate and Central services forecast now assumes that a £755k underspend will be delivered, and will be used to help mitigate the Council's current forecast overspend. £1m of the reduction in the level of forecast underspend on central services since the last report relates to the allocation of the social care contingency budget to Adult Social care as approved by Cabinet on 12th December 2016.

The net forecast underspend includes key components:

- Non-delivery in 2016/17 of the budgeted savings in relation to changes in staff terms & conditions of £1m;
- Cost of legal investigations (£140k);
- A forecast £1.4m underspend on the capital financing budget as a result of the Council being able to reschedule a market loan, changing interest rate forecasts post-Brexit Referenda, and a reduced borrowing need in year;
- Less superannuation payments to the South Yorkshire Pensions Fund than budgeted creating a forecast saving of £338k this financial year;
- The cost of the Integrated Transport Authority and Coroners levies are less than budgeted by £244k; and
- £304k forecast reduction in the level for Education Support Grant from the Department for Education due to the increased number of schools now expecting to convert to academies by the year end. (The grant is scaled back each quarter as further schools convert).

Housing Revenue Account (HRA) – (Forecast -£4.137m underspend)

3.39 The Housing Revenue Account is a statutory ring-fenced account that the Council has to maintain in respect of the income and expenditure incurred in relation to its council dwellings and associated assets. The forecast for the HRA is a transfer to reserves of -£4.137m mainly due to delays in the strategic acquisitions programme until 2017/18. There is also a forecast underspend in respect of lower than anticipated HRA capital financing costs (-£180k), a forecast underspend on the provision for bad debts (-£296k) and additional rental income due to more property acquisitions than budgeted plus a reduction in loss of income through void properties (-£575k).

Collection Fund

3.40 The Collection Fund is the technical term for the statutory fund into which Council Tax and Business Rates income and costs are accounted for. It is forecast that the budgeted level of Council Tax and Business Rates will both be achieved.

Capital Programme

Background

3.41 The Council's Capital Strategy and Capital Programme (2016-2021) was approved by Council on the 2nd March 2016. Further updates to the Capital Programme were approved by the Cabinet/Commissioners Decision Making Meeting of the 11th April 2016 in relation to the Housing Investment Programme 2016/17 and the CYPS Capital Programme 2016-2018. In addition, Cabinet/Commissioners Decision Making Meeting of the 11th July 2016 approved carry forwards totalling £4.363m from 2015/16 into the 2016/17 Capital Programme. In year financial monitoring reports have included requests for variations to the Capital Programme which have been approved by Council.

Current Summary Position

3.42 The table below shows the current forecast outturn positon for the approved Capital Programme (2016-2021) by Directorate. This is showing a forecast underspend of £3.603m in 2016/17. In addition, in respect of future years, the forecast against budget shows an underspend of £8.172m. The majority of this underspend relates to the Adult Care & Housing Directorate, following a review of current and future years HRA investment as a result of changes to Government policy leading to a reduction in available funding. Underspends in 2016/17 in the Regeneration & Environment and Children & Young People's Services Directorates have in the majority of cases been reprofiled into 2017/18. The key reasons for the underspends are identified in the Directorate commentaries below.

Directorate	Current Year				Future Years		
	Budget	Forecast	Variance		Budget	Forecast	Variance
Adult Care & Housing	31,699,956	30,352,488	-1,347,468		39,327,864	29,475,509	-9,852,355
Children & Young Peoples Services	8,311,136	8,016,993	-294,143		9,971,803	10,204,803	233,000
Finance & Customer Services	3,528,039	3,370,159	-157,880		2,365,600	2,396,775	31,175
Regeneration & Environment	17,880,012	16,076,915	-1,803,097		10,629,781	12,046,053	1,416,272
Total	**61,419,143**	**57,816,556**	**-3,602,587**		**62,295,048**	**54,123,140**	**-8,171,908**

Directorate	Total Project		
	Budget	Forecast	Variance
Adult Care & Housing	71,027,820	59,827,997	-11,199,823
Children & Young Peoples Services	18,282,939	18,221,796	-61,143
Finance & Customer Services	5,893,639	5,766,934	-126,705
Regeneration & Environment	28,509,793	28,122,968	-386,825
Total	**123,714,191**	**111,939,695**	**-11,774,496**

Appendix 2 shows the detailed Expenditure and Funding breakdown by Directorate.

Directorate Programme Area Commentaries

Adult Care and Housing (ACH) Capital Programme 2016/17 to 2017/18

3.43 The key element of the ACH programme is the Annual Housing Investment programme to maintain decency, carry out stock improvements, aids and adaptations and new stock provision, energy efficiency and environmental works to our 21,000 Council homes. These properties currently meet Rotherham decent homes plus standard and we continue to improve access and reduce CO2 emissions.

3.44 There have been significant national policy changes since the original Housing Investment Programme was set for 2016-17. These include a rent reduction of 1% per year for the period 2016-17 to 2019-20 and the introduction of a High Value Property Levy. As a result of these changes, there has already been a significant reduction in forecast income to the HRA. The pressures on HRA budgets will increase further once the Council has been informed from government how the High Value Property Levy will be calculated. Based on information published to date this may result in a charge of up to £3.5m per annum.

3.45 The policy changes in the Housing and Planning Bill and Welfare reform bill, will potentially also increase Right to Buy sales. Although this will generate capital receipts, over the longer term income to the HRA will reduce. This will mean there are fewer resources to invest in Council housing throughout the borough. As a result the Housing Investment Programme for 2016-17 and 2017/18 has been reduced to reflect this. Alongside the review of capital costs the Housing Service are also embarking on a review of HRA revenue costs.

3.46 The Adult Care and Housing (ACH) Capital Programme 2016/17 forecast programme outturn is £30.352m, which represents a projected underspend of £1.347m. The majority of the underspend relates to Aids and Adaptations (£903,000), External Insulation (£180,000) and re-profiling in respect of Neighbourhood Regeneration Projects and Assistive Technology which are highlighted below. In addition, following the work undertaken to refresh the HRA Business Plan it is proposed that the Housing Capital Programme Budget for 2017/18 is revised to £38.608m, a reduction of £9.952 from the previous approved budget. The detailed budget changes are shown in Appendix 5. However, the headline changes are as follows:

- Improving Council Housing – 2017/18 Current Budget - £34.008m; Revised Budget - £24.824m; representing a £9.184m budget reduction.
- Neighbourhood Regeneration – 2017/18 Current Budget - £0; Revised Budget - £132,000. As a result of slippage on the Bellows Road scheme and re-profiling of the Monksbridge Demolition project into 2017/18.
- Aids and Adaptations – 2017/18 Current Budget - £4.6m; Revised Budget - £3.7m; representing a budget reduction of £900,000. The revised budget has been set at a level where it is considered to be deliverable.
- Assistive Technology – 2017/18 Current Budget - £0; Revised Budget - £100,000.

Children and Young People's Services (CYPS) Capital Programme 2016/17 to 2017/18

3.47 The CYPS Capital Team's priorities for the available capital grant funding are;
- Schools to be kept safe, dry and warm for all its pupils;
- Sufficient pupil places for a rising population.

There are two main grant funding streams available, the details of which are below:

- **School Condition Allocation** is a grant fund that is devolved to local authorities to improve the infrastructure of the school estate in line with the local asset management plans. It places the emphasis on the local authority to prioritise essential building condition work within their school estate; which includes primary schools, secondary schools, special schools, City Learning Centres and Children's Centres. The projects which will benefit from this grant funding over the period are the capital maintenance projects. A budget is allocated each year and the individual school priorities are assessed according to need and the priority of keeping schools safe, dry and warm.

- **Basic Need** grant funding enables local authorities to provide additional school places to cope with growing numbers. This grant is allocated by the Department for Education (DfE) over 3 years and is in recognition of the unprecedented increase in pupil numbers being experienced by many local authorities.

3.48 The CYPS programme forecast outturn for 2016/17 is £8.017m, which represents a forecast underspend of £294,000. This reflects a re-profiling of expenditure on the Foster Care Adaptations project of £474,000 into 2017/18, a bringing forward of expenditure into 2017/18 on the Laughton J&I additional classrooms projects and 3 small overspends on projects which are highlighted in Appendix 4. The total forecast planned expenditure over the remaining year of the programme is £10.205m, which represents an increase of £233,000 from the previous budget.

Finance and Customer Services

3.49 The Finance and Customer Services programme 2016/17 forecast outturn is £3.370m, which represents a forecast underspend of £158,000. The total planned expenditure over the remaining years of the programme is £2.397m. Projects within this Directorate relate to the Council's ICT and Digital Strategy. The underspend relates to the Liquidlogic system implementation (£127,000), the budget for which is currently being reviewed, with a view to part of the budget being re-profiled into 2017/18 to address some post implementation issues and the Customer Access Delivery Plan (£31,000), where project slippage has occurred as a result of the project lead leaving.

3.50 Projects relating to the Council's Internet Firewall Replacement and Network Infrastructure Refresh, approved by the Cabinet and Commissioners Decision making Meeting of the 12th September 2016 have now been included in the monitoring report.

Regeneration and Environment

3.51 The key themes for capital expenditure within the Regeneration and Environment (R&E) Directorate include:

- Investment in Highways infrastructure projects and maintenance. This includes £2m investment in 2016/17 in the Borough's unclassified roads network, as part of a programme to permanently repair 50km of the network, building on the £3m investment in 2015/16 with works being clearly targeted at maximising the improvement to the durability and condition of the network.
- Works focussed on maintaining the operational functionality of Council-owned buildings such as office spaces, schools, markets, libraries and museums. This includes works to CYPS properties (£900,000).

3.52 The R&E forecast programme outturn is £16.077m, which represents an underspend of £1.803m. The majority of spend in relation to the Holmes Tail Goit Pumping Station (£1.388m) has been re-profiled into 2017/18, as the tender process has not yet commenced, as referenced in the report to Cabinet/Commissioners' Decision Making Meeting of the 14th November 2016. In addition, issues with the SCR approval processes in respect of the Sustainable Transport Exemplar Programme (STEP 2), have led to delays in projects commencing. Currently we are forecasting an underspend of £482,000 on the programme in 2016/17. No decision has been made on whether any unspent monies can be carried forward into 2017/18. Clarification from the SCR is awaited.

3.53 The R&E forecast for future years is £12.046m, an increase of £1.416m from the budget, representing the re-profiling. In addition, there is some small re-profiling of expenditure on 3 play area schemes, which are referenced in Appendix 5. The capitalisation of replacement damaged waste bins, approved in the September Financial Monitoring Reports, has been added to CP and now included in the report.

3.54 In addition, there are a number of projects, referred to in Appendix 5, for which approval is sought to add them to the Capital Programme. These include an increase in the cost of the Riverside House LED lighting project from £340,000 to £369,000 following the outcome of the tender process. As a result the funding mix for this project has changed, with an increase in the loan from the LAEF Fund to £121,000 from £78,000 and a reduction in the prudential borrowing requirement to £248,000 from £262,000. In addition, approval is sought to capitalise expenditure that has been identified as part of the first stage of the revenue budget 2016/17 deep-dive. This relates to repair and maintenance expenditure on Council operational buildings that is capital in nature and site surveys in respect of land adjacent to the Gulliver's development site at Pit House West.

Funding of the Capital Programme

3.55 The table below shows the current forecast outturn positon for the funding of the approved Capital Programme (2016-2021) by Directorate. This reflects the forecast underspend of £3.602m in 2016/17 and the forecast underspend in future years of £8.172m. In 2016/17 funding changes reflect the reduction in the element of the Aids and Adaptations Programme that is funded through HRA Capital Receipts and the re-profiling of other elements of the Capital Programme into 2017/18 that are funded by General Fund Capital Receipts and Prudential Borrowing. In addition, changes to future years funding in relation to the HRA funding reflect the reduced programme, principally in the use of the MRA and Revenue Contributions.

Funding Stream	Current Year				Future Years		
	Budget	Forecast	Variance		Budget	Forecast	Variance
Grants And Contributions	16,976,883	16,596,555	-380,328		14,597,276	14,597,601	325
Major Repairs Allowance	21,050,352	20,748,379	-301,973		23,466,000	15,473,509	-7,992,491
Prudential Borrowing	13,147,492	12,065,990	-1,081,502		8,345,908	9,209,030	863,122
Revenue Contribution	5,465,685	5,143,618	-322,067		13,041,864	11,150,000	-1,891,864
Usable Capital Receipts	4,778,731	3,262,013	-1,516,718		2,844,000	3,693,000	849,000
Total	**61,419,143**	**57,816,555**	**-3,602,588**		**62,295,048**	**54,123,140**	**-8,171,908**

Funding Stream	Total Project		
	Budget	Forecast	Variance
Grants And Contributions	31,574,159	31,194,156	-380,003
Major Repairs Allowance	44,516,352	36,221,888	-8,294,464
Prudential Borrowing	23,244,400	23,026,020	-218,380
Revenue Contribution	18,507,549	16,293,618	-2,213,931
Usable Capital Receipts	5,871,731	5,204,013	-667,718
Total	**123,714,191**	**111,939,695**	**-11,774,496**

Pipeline Projects

3.56 The following projects were approved for inclusion in the Capital Programme at the Cabinet and Commissioners' Decision Making Meeting of the 14th November 2016.

- Bassingthorpe Farm Development
- Town Centre Regeneration – Riverside Precinct Acquisition

3.57 The following projects were approved for inclusion in the Capital Programme at the Cabinet and Commissioners' Decision Making Meeting of the 12th December 2016.

- Operational Property Maintenance Programme
- Boston Park Reservoir Improvement Works
- Barkers Park Changing Facility
- Wath C of E Expansion
- Upgrading of Fluorescent Street Lighting to LEDs

3.58 In addition, work has progressed on a number of projects that were included in the Capital Strategy (2016-2021), in particular as part of the Stage 2 – Agreed in Principle projects, for which reports are either on this agenda or will be presented to future Cabinet and Commissioners Decision Making Meetings as part of the refresh of the Capital Strategy. These include:
Stage 2: Agreed in Principle

- Highways Improvement Plan – Unclassified Road Network - £10m
- Traffic Signal Renewal Programme - £1m
- Development Fund - £5m

3.59 Work is now progressing on the development of the town centre master plan, which will inform the additional schemes being put forward for consideration in respect of the £17m funding identified for town centre regeneration.

General Fund Capital Receipts Position as at 28th November 2016

3.60 The Council is continuing to undertake a comprehensive review of its assets and buildings portfolio with the aim of rationalising both its operational and non-operational asset holdings. This will contribute future capital receipts which can be used to support the revenue budget, using the new capital receipts flexibilities introduced from the 1st April 2016 aimed at generating revenue savings. Within the 2016/17 Revenue Budget, an assumption has been made that Capital Receipts of £2m will be generated in 2016/17, to fund expenditure relating to transforming Council services to generate future revenue efficiency savings. The table below provides the latest estimated General Fund capital receipts position as at 28th November 2016. There are £2.587m of brought forward uncommitted capital resources as at 1st April 2016. In addition, £18.614m of capital receipts were committed to part finance the capital expenditure plans set out in the approved Capital Strategy.

Table 2: Capital Receipts and current planned usage to 2020/21

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£000	£000	£000	£000	£000	£000
General Fund Capital Receipts B/F 01/04/2016	21,201					21,201
Capital Receipts Allocated to Capital Strategy (2016-2021)	18,614					18,614
Unallocated Capital Receipts as at 01/04/2016	2,587	0	0	0	0	2,587
Completed	615	0	0	0	0	615
Low Risk	1,687	175	0	0	0	1,862
Medium Risk	720	240	0	1,325	41	2,326
High Risk	603	1,700	4,280	1,030	0	7,613
Maximum Total Capital Receipts	**6,212**	**2,115**	**4,280**	**2,355**	**41**	**15,003**

3.61 As can be seen from the table above, the Council is on track to exceed the required £2m sales in 2016/17. On the basis of received and low risk receipts, total receipts of £2.302m are being forecast. This rises to £3.022m when medium risk receipts are factored in and could be as much as £3.625m if high risk receipts are included. It is anticipated that capital receipts will form a key part of the future financial strategy to be proposed in February as part of the Budget report.

3.62 The completed sales in the year to date include land at Rawson Road, (Eastwood), Maltby Crags Nursery site and 49-53 St. Ann's Road. In addition, major receipts are expected this financial year in respect of Parkstone House, Greasbrough Road Depot and Kirk House.

4. Options considered and recommended proposal

4.1 With regard to the current forecast revenue overspend, significant management actions have been implemented (paragraph 2.7) and the impact of these will be included in future financial monitoring reports to Cabinet.

4.2 It is inevitable that to the extent that spend cannot be reduced in year or be legitimately capitalised, there will be an impact on the Council's reserves.

4.3 The Mid-Year Treasury Review as set out in Appendix 4 indicates performance is in line with the plan and there are no proposals to vary the approach for the remainder of the year.

5. Consultation

5.1 Budget Managers, Holders and Operators across the Council and the Strategic Leadership Team (SLT). Monthly budget challenge meetings are taking place to review the forecast positions for each Directorate before they are finalised with the aim of improving the Council's overall forecast position. These involve each Directorate Management Team, the relevant Cabinet Members, the Cabinet Member for Finance and the Assistant Director of Finance.

5.2 The continuing approach to treasury management has been discussed with the Council's External Treasury Management Advisors, Capita Asset Services, who have confirmed that this is a prudent approach given current market conditions.

6. Timetable and Accountability for Implementing this Decision

6.1 Strategic Directors, Managers and Budget Holders will ensure continued close management and scrutiny of spend for the remainder of the financial year.

6.2 Financial Monitoring reports will be taken to Cabinet and Overview and Scrutiny meetings during the year. The next Financial Monitoring Report to Cabinet on13th February 2017 will be the Estimated Outturn report.

7. Financial and Procurement Implications

7.1 There is currently a projected overspend of £1.775m after management actions and specific financial details and implications are set out within section 3 of this report. It is imperative that this forecast overspend is fully addressed and in addition strict management of spend is in place within all Directorates in order that the required use of reserves to fund the additional budget approval by Council on 7th December is minimised.

7.2 In addition to the need to identify £42m of further savings and cost reductions over the next 3 years, Council approval of the recommendations in the MTFS Update report on 7th December has now increased the 2017/18 funding gap by an additional £11m to £24m.

7.3 Recognising the likely need to use reserves to fund some or all of this in the short term, the Council's current financial (financing) plans are being reviewed to consider a variety of options for re-profiling the current planned use of reserves and to identify any areas of spend that can be properly capitalised in order to reduce the pressure on the revenue budget. There will be choices in this regard all with different implications on the Medium Term Financial Plan and respective annual budget gaps.

7.4 The means of funding the in-year additional budget approval will be contained within the Outturn report once the final position is known. The proposed means of funding the additional 2017/18 £11m investment will be included in the 2017/18 Budget Setting Report to Cabinet on 13th February and to Council on 1st March 2017.

7.5 Treasury Management forms an integral part of the Council's overall financial arrangements. The assumptions supporting the capital financing budget for 2016/17 and for future years covered by the Council's MTFS were reviewed in light of economic and financial conditions and the capital programme. At this stage the Treasury Management and Investment Strategy is not forecast to have any further revenue consequences other than those identified and reported in the 2016/17 Revenue Budget monitoring.

8. Legal Implications

8.1 It is a requirement that changes to the Council's prudential indicators are approved by Council.

9. Human Resources Implications

9.1 No direct implications.

10. Implications for Children and Young People and Vulnerable Adults

10.1 This report includes reference to the cost pressures on both Children's and Adults Social care and refers to investments in those services.

11 Equalities and Human Rights Implications

11.1 No direct implications.

12. Implications for Partners and Other Directorates

12.1 No direct implications. As management actions are developed some of these may impact Partners. Timely and effective communication will therefore be essential in these circumstances.

13. Risks and Mitigation

13.1 At a time of economic difficulty and tight financial constraints, managing spend in line with the Council's Budget is paramount. Careful scrutiny of expenditure and income across all services and close budget monitoring therefore remain a top priority if the Council is to deliver both its annual and medium term financial plans while sustaining its overall financial resilience.

13.2 Any potential further cost of CSE claims over and above that already provided for in the 2015/16 accounts or identified in-year to date is not included in this report.

13.3 Potential pressures on the winter maintenance budget arising from adverse weather are not reflected in this report.

13.4 There is a risk that the costs falling on the Council for sponsored academy conversions in- year may exceed the funding set aside for this purpose.

13.5 Although both Council Tax and Business Rates collection levels are on target there is a minimal risk that this could change during the remaining months of the year.

13.6 The Council's 2016/17 Budget included a requirement to fund the first £2m of severance costs from in-year capital receipts. The forecast level of receipts for 2016/17 is circa £2.302m however the confirmed level of capital receipts for the first eight months of 2016/17 is £615k. £1.687m receipts are yet to be delivered during the remainder of 2016/17.

14. Accountable Officer(s)

Pete Hudson – Chief Finance Manager

Approvals Obtained from:-

Strategic Director of Finance and Customer Services:- Judith Badger

Assistant Director of Legal Services:- Dermot Pearson

This report is published on the Council's website or can be found at:-

http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories

Directorate: **Children & Young People's Services**

Appendix 1

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	**Forecast:** Overspend (+) £'000	Underspend (-) £'000	**Nature of under/overspend:** (eg. Staffing, Supplies & Services, income, etc)	**Reason(s) for forecast under/overspend**
Child Sexual Exploitation team (EVOLVE)	52		Staffing	Presently vacant posts are being covered via agency & interim staff whose costs are greater than the substantive budgets for these vacant posts.
Operation Stovewood	124		Staffing	Costs of initial team, including agency staff to check and screen enquiries (120 to date) from ongoing/active investigations. Funding bid with Government receiving ministerial consideration.
First response	84		Staffing	Presently vacant posts are being covered via agency & interim staff whose costs are greater than the substantive budgets for these vacant posts.
Locality Social Work teams	84		Staffing, Direct payments	Pressure of using agency staff in the interim until vacancies are filled. This forecast allows for the full recruitment of the additional Newly Qualified Social Workers. Also included are pressures on additional Direct Payments from an increase in numbers (83 cases in total) and from clients who have more complex needs.
Children's Rights Team, Safeguarding Board,	34		Staffing	Presently vacant posts are being covered via agency & interim staff whose costs are greater than the substantive budgets for these vacant posts.
Directorate and Social Care Management	43		Staffing, supplies & services	Staff cost pressure from interim costs, additional temporary recruitment of staff and recruitment agency costs
Children in Care staffing, Fostering allowances, Fostering placements, Adoption placements	1,268		Placements, staffing, allowances, supplies & services	Forecast includes overspends Residential Out of Authority placements (£659k) and Independent Fostering Placements (£741k) with a saving following investment in Children in Care staffing and other areas (-£132k). These forecasts allow for LAC numbers to be at 468 as at March 2017 and provide for more higher cost 16+ placements. Any increase above the current 468 will result in a further pressure on social care budgets.
Education, Health and Care assessment and processing, Special Educational Needs and Disability (SEND)		-96	Placements	Social care contribution towards Complex Needs placements (based on 29 in year placements and 9 placements on Social Care). Realignment of placement costs between Education and Social Care during November has resulted in savings with the increased Education element attracting DSG High Needs Block funding.

Directorate: **Children & Young People's Services** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	Forecast: Overspend (+) £'000	Forecast: Underspend (-) £'000	Nature of under/overspend: (eg. Staffing, Supplies & Services, income, etc)	Reason(s) for forecast under/overspend
Rockingham PDC, School Music Service, School Effectiveness, School planning, admission and appeals	197		Income	Reduced income assumptions from traded activities
Commissioning, Business Support, Performance	36		Staffing, supplies & services	Insufficient budget in Business Support to manage increased caseload work. To be addressed through the CYPS Business Support review which will address the pressure whilst delivering further savings (£252k). Pressures from CSE commissioned contracts (£72k)
Training budget		-70	Staffing, supplies & services	Reduction in use of training development budget to mitigate overspend position
Residential homes		-750	Various	Savings expected to achieve in year including the saving from the closure of St Edmunds. To be used to offset pressure on LAC placements budgets
Early Help Localities, Children's Centres		-258	Staffing, supplies & services	In year savings against Children's Centres. Forecast savings due to vacancy management
Early Years		-100	Various	Forecast saving following a review of expenditure transferred to Early Years DSG Block
Early Help Localities		-100	Staffing	Forecast savings due to vacancy management.
Total	**1,922**	**-1,374**		
Net Under/Overspend	**548**			

Directorate: **Adult Care & Housing** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	Forecast: Overspend (+) £'000	Forecast: Underspend (-) £'000	Nature of under/overspend: (eg. Staffing, Supplies & Services, income, etc)	Reason(s) for forecast under/overspend
Adult Social Care				
Adults General	28		staffing & Income	Forecast staff cost pressure due to extension of employment contract for agency worker to end December 2016 as part of the Adults Development Programme.
Older People				
Independent Residential Care	565		Third Party Payments & Income	Budget pressure due to reduction in Care Act funding, plus Continuing Health Care budget shortfall (£260k). Although the number of placements reduced since April (-70) however, average net cost per client has risen costing additional £6,700 per week.
Direct Provision residential Care	44		Client Income	Income pressure as beds have been converted to intermediate care provision and are no longer eligible to be charged to clients plus reduction in full cost paying clients.
Enabling/Domiciliary Care	1,154		Third Party Payments	Continued increase in average weekly cost of Domiciliary Care due to additional demand (+97 clients), impact of national living wage plus recurrent budget pressure in respect of income from fees and charges (charges are based on financial assessments and currently 58% of clients do not pay towards the cost of their care).
Assessment & Care Management		-155	Staffing & Income	Non recurrent Health Funding brought forward from 2015/16 & Higher than anticipated staff turnover includes assumption vacancies remain vacant for remainder of financial year.
Direct Payments	1,504		Third Party Payments	Full year impact of 46% increase in clients in 2015/16, reduced by Better Care Funding (£500k). Increase in client base is due to a mixture of demographic pressures and clients moving from a Domiciliary Care Contract, in total this has seen 168 new clients. There has also been a net increase of 20 new clients from April (+4%) which includes an additional 13 new clients since last month. Action being taken to review packages & reduce overall costs.
Extra Care/Day Care/Transport		-77	Staffing and Income	Higher than anticipated staff turnover. Forecast additional Income from the increase in charges from 1 January 2017 plus savings on review of non essential spend.

Directorate: **Adult Care & Housing**

Appendix 1

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	**Forecast:** Overspend (+) £'000	Underspend (-) £'000	**Nature of under/overspend:** (eg. Staffing, Supplies & Services, income, etc)	**Reason(s) for forecast under/overspend**
Client Community Support Services		-85	Staffing/Third Party Payments	Higher than anticipated staff turnover, delayed implementation of Advocacy Contract plus review of non essential spend.
Learning Disabilities				
Supported Living		-215	Staffing	Higher than anticipated staff turnover & Carers costs lower on Shared Lives schemes due to lower than anticipated take up.
Residential Care		-334	Third Party Payments & Income	Includes anticipated outcome of the review of high cost placements, the current forecast underspend is based on actual expenditure and activity less the calculated impact of service review and an increase in the level of Continuing Health Care Income recoverable by the service. **The forecast includes Management Actions of £1.380m**, to date £115k has been achieved in respect of 10 placement reviews. Since last month there has been 3 additional placements to residential and nursing care including transitional placements from Children's services. Also included is the non achievement of the budget saving on in-house residential and respite care.
Day Care		-172	Staffing	Current Transport provision £135k pressure offset by higher than anticipated staff turnover plus efficiency savings on non essential spend. Service under review as part of Adults Transformation Programme and consultation now commenced.
Direct Payments	133		Third Party Payments	Full year impact of 30% increase in clients in 2015/16, additional 29 service users since April 2016 (+10%) includes an increase of 12 service users since last month. Offset by further savings as a result of management actions to review managed accounts (£40k).
Domiciliary Care/ community support		-40	Third Party Payments	Forecast saving due to decline in demand for community support services
Health Authority Supported Living		-125	Third Party Payments	Savings from the change in provision from residential care to supported living schemes.

Directorate: **Adult Care & Housing** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	Forecast: Overspend (+) £'000	Forecast: Underspend (-) £'000	Nature of under/overspend: (eg. Staffing, Supplies & Services, income, etc)	Reason(s) for forecast under/overspend
Assessment & Care Management	98		Third Party Payments	Forecast staff cost pressure from use of agency staff to undertake review of high cost care packages
Mental Health				
Independent Residential Care	496		Third Party Payments	Full year impact of high cost placements in 2015/16, including transfer of cost of a Rotherham resident placement by a Neighbouring Authority and loss of Continuing Health Care funding for another placement. Additional 3 placements since April.
Direct Payments	306		Third Party Payments	Full impact of 12% increase in demand in 2015/16 plus loss of one -off funding from Public Health. Includes expected savings as result of reviewing managed accounts (£67.5k). Additional 10 service users since April (+7%) including 4 since last month.
Day Care/Community Support		-19	Staffing & Third Party	Contract Efficiency Savings & Higher than anticipated staff turnover
Assessment & Care		-164	Staffing	Higher than anticipated staff turnover
Physical & Sensory				
Direct Payments	929		Third Party Payments	Full impact of 10% increase in demand in 2015/16 plus additional increase of 20 clients since April 2016 (+10%) including additional 8 clients since last month. Includes savings as a result of management actions to review managed accounts (£237.5k).
Independent Residential Care	532		Third Party Payments	Full year impact of significant increase in client numbers in 2015/16 (12 placements - 5 new clients plus loss of CHC for 7 clients).
Domiciliary Care	50		Third Party Payments	Initial decrease in client numbers (-7%) but steady increase starting to emerge from September, also an increase in the average cost of package.
Day Care/Equipment/Advice & Information		-169	Third Party Payments/Supplies and Services	Reduction in demand for Independent Day care including transport plus savings from alternative provision of some day care services

Directorate: **Adult Care & Housing** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	**Forecast:** Overspend (+) £'000	Underspend (-) £'000	**Nature of under/overspend:** (eg. Staffing, Supplies & Services, income, etc)	**Reason(s) for forecast under/overspend**
Safeguarding		-200	Staffing & income	Higher than anticipated staff turnover, additional income from partners and income from administration of Court of Protection
Housing Related Support	74		Third Party Payments	Forecast shortfall in achieving 2016/17 budget savings on service contracts, partially offset by other minor variances.
Commissioning & Performance	69		Staffing & income	Forecast pressure from employment of temporary staff in commissioning plus reduction in contribution from HRA.
Housing				
Strategic Housing Investment	4		Staffing	Small forecast overspend due to lower than anticipated staff turnover
Housing Options		-627	Staffing/Income	Delay in recruitment to vacant post plus increase in fee income in respect of Furnished homes scheme
Central		-10	Supplies and Services	Review of non essential spend plus small savings on insurance and pension costs
Neighbourhood Partnerships		-80	Staffing	Recruitment to staff vacancies on hold pending review of Area Assembly and Community Cohesion services
Total	**5,986**	**-2,472**		
Net Under/Overspend	**3,514**			

Directorate: **Regeneration & Environment** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	**Forecast:** Overspend (+) £'000	Underspend (-) £'000	**Nature of under/overspend:** (eg. Staffing, Supplies & Services, income, etc)	**Reason(s) for forecast under/overspend**
Business Unit				**Service Total (£k) overspend**
Business Unit		-72	Staffing	Forecast underspend on the training budget due to delivery of a controlled, Health & Safety training programme -£52k. Savings on management code -£17k, due to revised non-pay budgets. Small saving on corporate costs now updated -£3k, due to reducing expenditure on pension costs.
Community Safety & Street Scene				**Service Total (£k) overspend**
Network Management		-66	Staffing, Supplies and Services & Income	There are currently expected savings from Street Lighting -£67k, a forecast surplus on Parking income -£13k, and staff savings due to vacant posts in Streetworks -£9k. There are some small pressures totalling +£23k across the rest of Network Management. The Street Lighting savings are generated through reduced energy bills following the capital improvement works to the authority's Street Lamps. As in previous years there is a risk that the Winter Service budget will over spend (weather dependant).
Street Scene Services	187		Staffing, Supplies and Services & Income	Corporate Transport Unit has an overspend **+£219k**, due to delayed implementation of the savings proposals within the Corporate Transport Unit (CTU) +£81k, and Home to School Transport +£102k due to new term changes in demand, and further requests are being worked through. Stores +£33k due to a reduced income recovery from street lighting, lantern replacement programme. Depot +£3k mainly due to loss of parking bay income from London Hire. Cleansing and Grounds Services net position **-£32k.** Due to forecast savings on the Community Services group account -£24K as a result of the vacant Grounds Maintenance Manager post. Cleansing Services +£49k pressure on Street Cleansing environment based on the average of work undertaken to date on graffiti and fly tipping, this is being mitigated by savings across the rest of the Cleansing budgets -£52k. Grounds Maintenance small saving -£5k. A review of waste services is to be undertaken therefore reporting a break even position.

Directorate: **Regeneration & Environment** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	Forecast: Overspend (+) £'000	Forecast: Underspend (-) £'000	Nature of under/overspend: (eg. Staffing, Supplies & Services, income, etc)	Reason(s) for forecast under/overspend
CSS Corporate Accounts	92		Staffing	Overall forecast £82K overspend on Community Safety & Streetscene Corporate accounts due to the delayed implementation of a staffing restructure in relation to M3 Manager posts and a budget virement to Love My Streets to fund a new co-ordinator post. The swing from last month is due to a proportion of additional management costs are now being absorbed (+£10k).
Community Safety		-1	Staffing	Overall reporting -£10k underspend on Community Safety, this is due to a budget virement for a Domestic Violence post being filled wef October. Anti-Social Behaviour is showing a £9K overspend mainly as a result of the vacancy factor pressure. The position has worsened from last month due to an employee returning from secondment from January 2017.
Business Regulation	25		Staffing	Staff cost pressures remain on Licensing as a result of the high vacancy factor and the use of agency staff +£109k, with all appointments likely to be completed by December 2016. There are staff savings within Food, Safety and Animal Health & Safety -£41k, and Trading Standards due to vacant posts -£38k. Bereavement Services -£5k due to a reduction in the expected spend on essential maintenance at chapels/cemeteries.
Safer Neighbourhoods		-265	Staffing & Supplies and Services	Community Protection -£280k projected underspend as a result of vacant posts and spend for agency work to deliver statutory duties in Eastwood for 12 weeks. +£16K overspend on Landfill. Spend remains contractual in many areas and essential in relation to health and safety risks to public and staff. The works undertaken within this budget discharge the Council's statutory obligations in relation to the maintenance of closed landfill sites.
EP & Health & Safety		-50	Staffing	Forecast saving due to vacant posts within Emergency Planning (-£20k) and within Health & Safety (-£30k).
Culture, Sport & Tourism				**Service Total (£k) overspend**
Green Spaces	53		Premises & Income	Key pressure on Green Spaces is under recovery of income at RVCP, which is being mitigated across the rest of Green Spaces.

Directorate: **Regeneration & Environment** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	Forecast: Overspend (+) £'000	Forecast: Underspend (-) £'000	Nature of under/overspend: (eg. Staffing, Supplies & Services, income, etc)	Reason(s) for forecast under/overspend
Sports Development	0			
Leisure Facilities	0			
Trees & Woodlands		-29	Staffing & Income	Forecast over recovery of income on rechargeable tree works -£19k and reduced staffing costs -£10k.
Landscape Design		0	Income	Income projections now reflect a balanced forecast for the year end.
Leisure, Tourism & Green Spaces - General Management		-24	Staffing	A decision taken to capitalise some Green Spaces expenditure has generated revenue savings
Tourism & Marketing		-58		The underspend is new to R&E this month following the transfer of the Events budget, this is mainly due to staff vacancies
Libraries		-135	Staffing & Supplies and Services	The current underspend is due to staff savings whilst being in the consultation period -£49k and savings on non pay budgets -£89k, including a reduced spend on books and materials forecast at this stage in the financial year. This is reduced by a small pressure +£3k on income recovery.
Cultural Services Management	211		Supplies and Services	This account is now showing the balance of the savings for 2016/17 which has not yet been allocated across Culture and Customer Services.
Customer Services		-154	Staffing, Supplies & Services and Income	Post consultation work now shows staff and small non pay savings -£94k, with an improved income forecast due to confirmation of HRA and grant funding -£4k, and a review of non pay budgets is now showing an increased saving -£56k.
Heritage Service		0		
Theatres		-61	Staffing, Supplies and Services & Income	Forecast underspend due to vacant posts for part of the year, with a decision taken to now backfill some posts. A small over recovery of income is also included in the figures.
Museum, Galleries & Archives		-22	Staffing & Supplies and Services	Forecast staff savings due to non filling of vacant posts.
Culture, Sport & Tourism Management		-13	Staffing & Supplies and Services	Variance due to staff savings due to post holder commencing employment mid-October.

Directorate: **Regeneration & Environment** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	Forecast: Overspend (+) £'000	Forecast: Underspend (-) £'000	Nature of under/overspend: (eg. Staffing, Supplies & Services, income, etc)	Reason(s) for forecast under/overspend
Planning, Regeneration & Transportation				**Service Total (£k) overspend**
Estates	37		Staffing & Income	Forecast pressure from reduced capacity for income generation on this account is reduced due to a vacant post +£24k, and an increase in the amount of non fee earning jobs undertaken by the team which would previously have been paid for. Miscellaneous In addition there are a number of properties projecting and under recovery of income +£13k.
Facilities Management		-312	Premises & Income	Net forecast saving from Land and Property Bank - £209k underspend due to reduced estate (this forecast includes -£42k movement from dilapidations provision for Phoenix Riverside/Innovations Centre). Facilities Management Team - £43k underspend (pay vacancies) and Corporate Property Portfolio -£105k underspend. These are being reduced by some pressures - Community Buildings +£47k which includes an historic unachievable saving (+£40k) due to the delay in the planned closure programme.
Building Design and Corporate Projects	2		Staffing & Income	Forecast staff cost saving -£40k, offset by small non pay pressure +£3k and +£39k under recovery of income. NAS still to confirm all projects and budgets, there remains a level of uncertainty and makes forecasting more problematic.
Corporate Environmental Team	13		Staffing & Supplies and Services	Forecast pressure from a Carbon Reduction payment being +£7k higher than budgeted and a staff cost pressure +£6k.
Children's Capital Team	3		Staffing	Forecast staff cost pressure
Corporate Property Management	3		Staffing	Forecast staff cost pressure
CYPS Property	66		Premises related costs	High levels of reactive maintenance and increased costs of building cleaning offset by savings on closed properties.

Directorate: **Regeneration & Environment** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	**Forecast:** Overspend (+) £'000	Underspend (-) £'000	**Nature of under/overspend:** (eg. Staffing, Supplies & Services, income, etc)	**Reason(s) for forecast under/overspend**
R&E Property		-6	Premises related costs	Pressure reported last month on Civic Theatre now taken out as agreement to capitalise these costs has been confirmed, therefore, an underspend is now being reported.
ACH Property		-10	Premises related costs	Saving due to closure of some buildings, improvement from last month due to adjustments to incorrect utility bills.
Regeneration/Economic Development	21		Income	Small forecast pressure relating to rental properties across the Town Centre, partially mitigated by a small underspend on the RERF budget.
Managed Workspace (Business Centres)	0			DMT decision to ensure these budgets are balanced by the financial year end.
Management	13		Staffing	Small variance due to increased costs on Employer Liability Insurance
Markets	19			Overspend primarily due to higher than expected CEC charges and Estates Team Fees. Improved income offsetting other pressures.
Planning & Building Control	146		Supplies & Services and Income	£100k pressure anticipated due to reduced Development Control income. Steps being taken across the board to reduce this pressure where possible. Approval at SCIG was given to capitalise the purchase of the CIL software. Demolition costs incurred by Building Control +£25k for an unstable building at Rawmarsh may not be recoverable and +£15k pressure in relation to Local Land Charges due to current market conditions.
Rotherham Investment & Development Office (RIDO)		-287	Income	This forecast is based on DMT Star Chamber 3/8/16 - decision taken to adjust the forecast to use balance sheet monies plus funding from Department of Business, Energy and Industrial Strategy (BEIS), to improve the overall budget position for the service.
Transportation	86		Staffing and income	Pressure due to lack of fee earning work in highways +£57k, partially mitigated by savings on Bridges -£10k, and lower than forecast traffic signal charges -£10k. The cost of agency staff for the interim management cover is +£85k, +£27k under recovery of fee income which is the to date position, this is partially offset by -£60K underspend on pay due to a vacancy. Further work to be undertaken to assess full year impact.

Directorate: **Regeneration & Environment** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	**Forecast:**		**Nature of under/overspend:**	**Reason(s) for forecast under/overspend**
	Overspend (+) £'000	Underspend (-) £'000	(eg. Staffing, Supplies & Services, income, etc)	
Facilities Services		-169	Staffing and income	Living wage increase lower than anticipated. Charges set on basis of higher living wage. (This excludes the School Catering Service figure which is reported as a note only).
School Crossing Patrol		-35	Staffing	Service making use of relief staff and minimal cover, on a risk assessment basis, rather than recruiting to vacant posts, in anticipation of future years savings.
Directorate Wide		-376	Staffing, Supplies & Services and Income	Confirmed actions to avoid spend following 'budget deep dive' phase one. These 'savings' will be allocated across their respective services in the next monitoring report.
Total	**977**	**-2,145**		
Net Under/Overspend	**-1,168**			

Directorate: **Assistant Chief Executive**

Appendix 1

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	**Outturn Variance 2016/17** Overspend (+) £'000	Underspend (-) £'000	**Nature of under/overspend:** (e.g.. Staffing, Supplies & Services, income, etc)	**Reason(s) for forecast under/overspend**
Communications and Media	121		Staffing & Supplies & Services, income	Unfunded Systems & Subscription costs £33k, staff pressures due to maternity leave/contract extension £71k. There is also an under achievement on income from Design studio £17k.
Democratic Services		-84	Staffing, supplies & services, income & Members allowances	Additional staff cost pressure £39k, estimated under achieved Town Hall Catering income £28K, offset by savings on members allowances and national insurance/pension payments and projected underspend on room hire/hospitality/travel/development costs for members -£146k, projected underspend on Town Twinning Events -£5k.
Human Resources (HR) & Payroll - Corporate Services	27		Staffing, supplies & services, income	There are staff pressures due to interim management arrangements, maternity cover costs, costs relating to Trade Union staff and the cost of advertising Head of HR post £87k, forecast pressure on Management Development budget £11k, and a loss of income from schools £35k. However these pressures are partially offset by forecast additional income on the council's salary sacrifice schemes and recharges on staff advertisement -£99k and a delay in the Employee survey -£7k.
HR & Payroll - Service Centre		-49	Staffing, supplies & services, income	Forecast pressures from loss of traded income from schools £20K, unachieved income on VAT reclaim from mileage receipts £20K and loss of income due to drop in demand for DBS checks £7k. Pressures on the printing/postages and contracted services budgets £40k. These pressure are offset by underspends on salaries due to vacant posts, maternity leave and staff working less than contracted hours -£136k.
Policy and Partnerships		-112	Staffing, income	Staff underspend due to vacant posts -£73K, and use of additional 1 year funding from the Local Government Association (LGA) -£29K, projected underspend on Information & Corporate Initiatives budget -£10k.
Chief Executives Office	7		Staffing, Supplies & services	Additional pressures relating to printing, subsistence, transport costs
Management Support	34		Staffing	Additional staff pressure due to management support arrangements.
Total	**189**	**-245**		
Net Under/Overspend	**-56**			

Directorate: **Finance & Customer & Corporate Services** **Appendix 1**

Budget Monitoring Period: Forecast Outturn as at November 2016

Service	**Outturn Variance 2016/17**		**Nature of under/overspend:**	**Reason(s) for forecast under/overspend**
	Overspend (+) £'000	Underspend (-) £'000	(e.g.. Staffing, Supplies & Services, income, etc)	
Legal Services	8		Supplies & Services	Pressures on Children & Young People's legal fees offset in part by projected underspend on training budget.
Elections		-44	Staffing & Supplies & Services	Staff cost pressure £16k, projected overspend on postages £13k, offset by underspend on Municipal election due to shared May election -£73k
Statutory Costs	38		Supplies and services	Forecast overspend due to volume of statutory notices/planning notices and Local Plan Inquiry.
Business Unit	70		Staffing & Income	Unachievable income target relating to Central Print and Planned Print £99k, partially offset in part by vacant post -29k.
CIDS		-73		Forecast underspend due to vacancy control.
Procurement		-61	Staffing, Supplies & Services & Income	Underspend on salaries due to vacancies within the team less cost of advertising -£75k, additional income relating to System Management Fee -£5k and grant towards Improvement and Development -£6k. These are offset in part by costs associated with service review £25k
Financial Services		-31	Staffing, supplies & services	Underspend on staffing due to vacancy control -£8k, lower than anticipated pension charges (former employees) -£16k and underspend on training budget -£7k.
Revenues & Benefits		-195	Staffing, income	Forecast underspend due to vacancy control and maximising flexible use of grants.
Internal Audit	-26		Staff, supplies & Services, income	Staff underspend due to vacant posts -£37k and unbudgeted income -£27k, offset by pressures within contracted services £38k
Directorate Wide	6		Supplies & Services	Forecast pressures on printing and training
Total	**88**	**-404**		
Net Under/Overspend	**-308**			

Capital Programme Monitoring Report

Appendix 2

Summary of key variances to the Capital Programme by Directorate

Adult Care and Housing

Project	2016/17 Budget £000	2016/17 Forecast £000	Variance £000	Comments
External Insulation	250	70	-180	Budget transferred to Refurbishment Budget for schemes at Rawmarsh and Herringthorpe
Bellows Road	200	140	-60	Awaiting details in respect of compensation payment, as a result to be re-profiled into 2017/18
Monksbridge Demolition	72	0	-72	Site matters still to be resolved, as a result expenditure re-profiled into 2017/18.
Aids and Adaptations	4,200	3,297	-903	Programme scaled back to what is considered a deliverable level, given contractor capacity.
Furnished Homes	960	1,075	115	Increase in uptake of new furnished tenancies. Revenue saving by capitalising spend on new furniture and white goods.
Assistive Technology	450	350	-100	Spend re-profiled into 2017/18 to reflect current spend profile.

Children and Young People's Service

Project	2016/17 Budget £000	2016/17 Forecast £000	Variance £000	Comments
Dalton Listerdale J& I School	0	16	+16	Additional work to the balcony as agreed with the School.
Aston Lodge Replacement Nursery	0	9	+9	Overspend due to an extension of time cost and the dismantling of a canopy.
Badsley Moor Primary Classroom	195	271	+76	Additional works to the dining room, roof and a replacement boiler.
Kiveton Park Infants Nursery Provision	470	438	-32	New nursery building to replace the old dilapidated nursery modular classroom building. Small underspend currently being reported.
Brampton Ellis Primary Additional Classrooms	826	810	-16	Three additional classrooms to cater for increase in admission numbers. Small underspend currently being reported.
Dalton Foljambe Primary Additional Classrooms	614	580	-34	Two additional classrooms to cater for increase in admission numbers. Small underspend currently being reported.
Laughton J&I Additional Classrooms	0	167	+167	Additional classrooms to deal with capacity issues at the school. Start on site brought forward from 2017/18, so budget re-profiled
Adaptations – Foster Care	774	300	-474	Works to private properties to increase the Borough capacity for foster care placements. Budget re-profiled into 2017/18.

Finance and Customer Services

Project	2016/17 Budget £000	2016/17 Forecast £000	Variance £000	Comments
Liquid Logic Implementation	1,412	1,285	-127	Implementation of new ICT system to meet key requirements of the Jay report to rectify severe deficiencies within the existing CYPS and Adult Care. Budget currently being reviewed with a view to part of the budget being re-profiled into 2017/18 to address some post implementation issues.
Customer Access Delivery Plan	298	267	-31	Project slippage as a result of the project lead leaving and a delay in replacing them.

Regeneration and Environment

Project	2016/17 Budget £000	2016/17 Forecast £000	Variance £000	Comments
Holmes Tail Goit Pumping Station	1,600	212	-1,388	Now anticipated that works will commence on site in Summer 2017, awaiting receipt of tenders.
Replacement / Upgrade Street Lighting	1,388	1,429	+41	Programme ahead of schedule, so proposed that budget be brought forward from future years
Various Play Area Schemes	201	132	-69	Delays to schemes at Alexandra Park, Sanctuary Fields, Wath Park and Packman Way leading to re-profiling of expenditure.
Traffic Signal Digital Camera Upgrade	225	325	+100	Increase in grant funding from South Yorkshire Police
Sustainable Transport Exemplar Programme (STEP 2)	1,232	750	-482	Delay to the programme as a result of changes to SCR approval processes, which are still being worked through. As yet no confirmation that any underspends will be able to be carried forward into 2017/18.

Appendix 3

<u>Summary of Budget Variations seeking Cabinet approval 2016/17 to 2020/21</u>

Project Inclusions for approval:

<u>Regeneration and Environment</u>

Project Name &	2016/17 Budget to be approved £000	Funding	Description	Comment
Operational Buildings – Repair & Maintenance	157	Capital Receipts	Capitalisation to create revenue saving	Part of R&E forecast revenue outturn position, following deep-dive exercise. Capitalisation generates an annual revenue saving.
Pit House West Site Investigations	85	Capital Receipts	Capitalisation to create revenue saving	Part of R&E forecast revenue outturn position, following deep-dive exercise. Capitalisation generates an annual revenue saving.
Grass Cutter – RVCP	35	Capital Receipts	Capitalisation to create revenue saving	Part of R&E forecast revenue outturn position. Capitalisation generates an annual revenue saving.

Adult Care and Housing

Project Variations to be approved

Project	2016/17 Current Budget £000	Variation £000	2016/17 New Budget £000	2017/18 Current Budget £000	Variation £000	2017/18 New Budget £000	Comment
Bellows Road	200	-60	140	0	+60	60	Awaiting details in respect of compensation payment, as a result to be re-profiled into 2017/18.
Monksbridge Demolition	72	-72	0	0	+72	72	Site matters still to be resolved, as a result expenditure re-profiled into 2017/18.
Aids and Adaptations	4,200	-903	3,297	4,600	-900	3,700	Programme scaled back to what is considered a deliverable level, given contractor capacity.
Assistive Technology	450	-100	350	0	+100	100	Spend re-profiled into 2017/18 to reflect current spend profile.
Improving Council Housing				34,008	-9,184	24,824	Revised Budgets highlighted in Appendix 3 following HRA Business Plan review.

Children and Young People's Service

Project	2016/17 Current Budget £000	Variation £000	2016/17 New Budget £000	2017/18 Current Budget £000	Variation £000	2017/18 New Budget £000	Comment
Dalton Listerdale J& I School	0	+16	16				Additional work to balcony as agreed with School. To be funded by grant.
Aston Lodge Replacement Nursery	0	+9	9				Overspend due to an extension of time cost and the dismantling of a canopy. To be funded by grant.
Badsley Moor Primary Classroom	195	+76	271				Additional works to the dining room, roof and a replacement boiler. To be funded by grant.
Laughton J&I Additional Classrooms	0	+167	167	1,200	-167	1,033	Additional classrooms to deal with capacity issues at the school. Start on site brought forward from 2017/18 year, so budget re-profiled
Adaptations – Foster Care	774	-474	300	883	+400	1,283	Works to private properties to increase the Borough capacity for foster care placements. Budget re-profiled into 2017/18.

Finance and Customer Services

Project	2016/17 Current Budget £000	Variation £000	2016/17 New Budget £000	2017/18 Current Budget £000	Variation £000	2017/18 New Budget £000	Comments
Customer Access Delivery Plan	298	-31	267	0	+31	31	Project slippage as a result of the project lead leaving and a delay in replacing them.

Regeneration and Environment

Project	2016/17 Current Budget £000	Variation £000	2016/17 New Budget £000	2017/18 Current Budget £000	Variation £000	2017/18 New Budget £000	Comment
Holmes Tail Goit Pumping Station	1,600	-1,388	212	0	1,388	1,388	Now anticipated that works will commence on site in Summer 2017, awaiting receipt of tenders.
Replacement / Upgrade Street Lighting	1,388	+41	1,429	709	-21	688	Programme ahead of schedule, so proposed that budget be brought forward from future years
Various Play Area Schemes	201	-69	132	0	+69	69	Delays to schemes at Alexandra Park, Sanctuary Fields, Wath Park and Packman Way leading to re-profiling of expenditure
Traffic Signal Digital Camera Upgrade	225	+100	325	0	0	0	Increase in grant funding from South Yorkshire Police

Appendix 4

Mid-Year Prudential Indicators and Treasury Management Monitoring

1. Introduction and Background

1.1 Revisions to the regulatory framework of treasury management during 2009 introduced a requirement that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.

1.2 This report meets that revised requirement. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Strategy and PIs were previously reported to Audit Committee and Commissioners Decision Making meeting in February 2016 and approved by Council on 2 March 2016.

1.3 The Council's revised capital expenditure plans (Section 2.2 of this Appendix) and the impact of these revised plans on its financing are set out in Section 2.3. The Council's capital spend plans provide a framework for the subsequent treasury management activity. Section 3 onwards sets out the impact of the revised plans on the Council's treasury management indicators.

1.4 The underlying purpose of the report supports the objective in the revised CIPFA Code of Practice on Treasury Management and the Communities & Local Government Investment Guidance. These state that Members receive and adequately scrutinise the treasury management service.

1.5 The underlying economic and financial environment remains difficult for the Council, foremost being the improving, but still challenging, concerns over investment counterparty risk. This background encourages the Council to continue maintaining investments short term and with high quality counterparties. The downside of such a policy is that investment returns remain low.

1.6 The Strategic Director for Finance & Customer Services can report that the basis of the treasury management strategy, the investment strategy and the PIs are not materially changed from that set out in the approved Treasury Management Strategy (March 2016).

2. Key Prudential Indicators

2.1. This part of the report is structured to update:

- The Council's latest capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the PIs and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

2.2 **Capital Expenditure (PI)**

2.2.1 This table shows the forecast estimates for capital expenditure as reported in the September Financial Monitoring Report presented to the Cabinet and Commissioners' Decision Making meeting held on the 14 November 2016.

Capital Expenditure by Service	**2016/17 Original Estimate £m**	**2016/17 Revised Estimate £m**
Children & Young People Services	4.726	8.209
Regeneration & Environment	21.465	15.831
Adult Care & Housing – Non-HRA	5.013	4.664
Finance & Customer Services	4.108	2.783
Total Non-HRA	**35.312**	**31.487**
Adult Care & Housing – HRA	32.992	26.909
Total HRA	**32.992**	**26.909**
Total	**68.304**	**58.396**

2.3 **Impact of Capital Expenditure Plans**

2.3.1 **Changes to the Financing of the Capital Programme**

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the expected financing arrangements of this capital expenditure.

Capital Expenditure	**2016/17 Original Estimate £m**	**2016/17 Revised Estimate £m**
Total spend	68.304	58.396
Financed by:		
Capital receipts	5.746	2.409
Capital grants, capital contributions & other sources of capital funding	44.691	43.550
Borrowing Need	17.867	12.437
Total Financing	**68.304**	**58.396**
Unsupported Borrowing	17.867	12.437
Borrowing Need	**17.867**	**12.437**

The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision (MRP)). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

2.3.2 The decrease in borrowing need for 2016/17 reflects the re-profiling of capital expenditure & financing and new approvals since the original estimate was approved (£5.430m).

2.3.3 **Changes to the Capital Financing Requirement (PI), External Debt and the Operational Boundary (PI)**

The table below shows the CFR, which is the underlying external need to borrow for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary which was set at the beginning of the financial year at £628.393m.

2.3.4 **Prudential Indicators – Capital Financing Requirement & External Debt / the Operational Boundary**

In addition to showing the underlying need to borrow, the Council's CFR has since 2009/10, also included other long term liabilities which have been brought on balance sheet, for example, PFI schemes and finance lease assets. No borrowing is actually required against these schemes as a borrowing facility is already included in the contract. The estimate for 2016/17 does not require any revision as there is no change in the borrowing need from such arrangements.

2.3.5 The revised CFR estimate for 2016/17 is £797.150m and this figure represents an increase of £9.903m when compared to the 2015/16 year-end position of £787.247m. The increase is due to:

- The estimated borrowing need for the year (£12.430m) net of the Minimum Revenue Provision charge for the year (£0.347m)
- The repayments of borrowing contained within PFI and similar schemes (£2.187m).

RMBC	2016/17 Original Estimate £m	Current Position £m	2016/17 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			
CFR – Non Housing	363.529		357.470
CFR – Housing	304.125		304.125
Total CFR excluding PFI, finance leases and similar arrangements	667.654		661.595
Net movement in CFR	17.480		12.090
Cumulative adjustment for PFI, finance leases and similar arrangements	135.434		135.555
Net movement in CFR	-2.154		-2.187
Total CFR including PFI, finance leases and similar arrangements	803.088		797.150
Net movement in overall CFR	15.326		9.903
Prudential Indicator – External Debt / the Operational Boundary			
Borrowing	490.805	460.453	483.132
Other long term liabilities*	137.588	136.646	135.555
Total Debt 31 March	628.393	597.099	618.687

* - Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

Former SYCC	2016/17 Original Estimate £m	Current Position £m	2016/17 Revised Estimate £m
Prudential Indicator – External Debt / the Operational Boundary			
Borrowing	86.709	86.709	86.709
Other long term liabilities	0	0	0
Total Debt 31 March	86.709	86.709	86.709

3. Limits to Borrowing Activity

3.1 The first key controls over the treasury activity is a PI to ensure that over the medium term, gross and net borrowing will only be for a capital purpose. Gross and net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which would only be adhered to if this proves prudent to do so.

RMBC	2016/17 Original Estimate £m	Current Position £m	2016/17 Revised Estimate £m
Gross Borrowing	490.805	460.453	483.132
Plus Other Long Term liabilities*	135.434	136.646	135.555
Total Gross Borrowing	626.239	597.099	618.687
CFR*	803.088	792.196	797.150
Total Gross Borrowing	626.239	597.099	618.687
Less Investments	20.000	11.280	20.000
Net Borrowing	606.239	585.819	598.687
CFR*	803.088	792.196	797.150

* - Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

3.2 The Strategic Director for Finance & Customer Services reports that no difficulties are envisaged for the current or future years in complying with this PI.

3.3 A further PI controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt (RMBC)	2016/17 Original Indicator £m	Current Position £m	2016/17 Revised Indicator £m
Borrowing	698.201	460.453	700.700
Other long term liabilities*	137.588	136.646	137.588
Total	835.789	597.099	838.288

* - Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

Authorised limit for external debt (Former SYCC)	2016/17 Original Indicator £m	Current Position £m	2016/17 Revised Indicator £m
Borrowing	86.709	86.709	86.709
Other long term liabilities	0.000	0.000	0.000
Total	86.709	86.709	86.709

4. Treasury Strategy 2016/17 – 2018/19

4.1 Debt Activity during 2016/17

4.1.1 The expected borrowing need is set out below:

RMBC	2016/17 Original Estimate £m	Current Position £m	2016/17 Revised Estimate £m
CFR	808.088	792.196	797.150
Less Other Long Term Liabilities*	135.434	136.646	135.555
Net Adjusted CFR (y/e position)	667.654	655.550	661.595
Borrowed at 30/09/16	463.453	460.453	460.453
Under borrowing at 30/09/16	204.201	195.097	201.142
Borrowed at 30/09/16	463.453		460.453
Estimated to 31/03/17	27.352		22.679
Total Borrowing	490.805		483.132
Under borrowing at 31/03/17	176.849		178.463

* - Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

4.1.2 The Council is currently under-borrowed and the delay in borrowing reduces the cost of carrying the borrowed monies when yields on investments are low relative to the borrowing rates. Based on current borrowing rates and investment returns the differential is around 2% and if the Council was fully borrowed the additional cost per year would amount to approximately £3.5m. The delay in borrowing gives rise to interest rate risk, as longer term borrowing rates may rise, but this position is being closely monitored and the overall position carefully managed.

4.1.3 During the six months to 30 September 2016 the Council has borrowed the following amount:

Principal	Type	Term	Interest Rate
£10,000,000	Fixed Rate	5 Years	1.05%

4.1.4 During the six months to 30 September 2016, the Council has repaid the following amounts:

Lender	Principal	Type	Interest Rate
PWLB	£10,000,000	Variable rate	0.69%
PWLB	£5,000,000	Fixed rate	2.18%
PWLB	£1,000,000	Fixed rate (EIP)	3.46%
PWLB	£65,000	Fixed rate (EIP)	3.79%
PWLB	£80,225	Fixed rate (Annuity)	Various

One Equal Instalment of Principal (EIP) loan for £20m is being repaid in equal half yearly instalments of £1m over its 10 year term. A second EIP loan for £1.3m is being repaid in equal half yearly instalments of £65,000 over its 10 year term. There are 5 Annuity loans on which variable amounts of principal are repaid each six months.

4.1.5 During the six months to 30 September 2016, the Council had the "unexpected" opportunity to restructure the following LOBO loans with Siemens Financial Services:

One loan of £10m with an interest rate of 3.22% and maturity date in June 2021 has been fully repaid. This has been refinanced by taking out the equivalent PWLB loan referred to at 4.1.3.

The second Siemens loan of £10m with an interest rate of 3.14% and maturity date in April 2026 has been restructured to £10m with an interest rate of 2.66% and maturity date in September 2031.

Over the next five years the effect of this restructuring will save the Council £1.325m in interest costs and this has been included in current year's revenue monitoring and longer-term financial plans.

4.1.6 In June 2016 Council was informed by Barclays Bank that it has given up its right to amend the loan rates on the Council's LOBO loans at any point up to maturity. The interest rates on these loans totalling £62m are therefore now fixed and the risk of rates increasing in future has been removed.

4.1.7 As a result of the restructuring referred to at 4.1.5 and the unilateral change made by Barclays the Council's total LOBO loans at risk of future interest rate increases now amounts to £141m compared to the £213m at the start of the financial year and risk exposure to longer term interest rate rises has been diminished significantly.

5. Investment Strategy 2016/17 – 2018/19

5.1 Key Objectives

The primary objective of the Council's investment strategy is safeguarding the repayment of the principal and interest of its investments on time – the investment return being a secondary objective. The current difficult economic and financial climate has heightened the Council's over-riding risk consideration with regard to "Counterparty Risk". As a result of these underlying market concerns officers continue to implement an operational investment strategy which further tightens the controls already in place in the approved investment strategy.

5.2 Current Investment Position

The Council held £11.280m of investments at 30 September 2016 (excluding Icelandic Banks), and the constituent parts of the investment position are:

Sector	Country	Up to 1 year £m	1 - 2 years £m	2 – 3 years £m
Banks	UK	4.500	0	0
DMO	UK	6.780	0	0
Local Authorities	UK	0	0	0
Total		11.280	0	0

One 'call' account with the top rated bank Handlesbanken is operated. This bank meets the Council's highest investment criteria.

This enables the Council to minimise the risk of having to leave unexpected receipts with the Council's current bankers, it allows immediate access to a small amount of funds to cover or part cover any short-term borrowing requirements and based on current rates there is a small benefit of approx. 0.05% over the rate achievable from the Debt Management Office.

5.3 Risk Benchmarking

A regulatory development is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are requirements to Member reporting and the following reports the current position against the benchmarks.

5.3.1 **Security** – The Council monitors its investments against historic levels of default by continually assessing these against the minimum criteria used in the investment strategy. The Council's approach to risk, the choice of counterparty criteria and length of investment ensures any risk of default is minimal when viewed against these historic default levels.

5.3.2 **Liquidity** – In respect of this area the Council set liquidity facilities/benchmarks to maintain:

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

The Strategic Director for Finance & Customer Services can report that liquidity arrangements were adequate during the year to date.

5.3.3 **Yield** – a local measure for investment yield benchmark is internal returns above the 7 day LIBID rate

The Strategic Director for Finance & Customer Services can report that the return to date averages 0.20%, against a 7 day LIBID to the end of September 2016 of 0.28%. This is reflective of the Council's current approach to risk whereby security has been maximised by using the Debt Management Office and other Local Authorities as the principal investment counterparties.

It is important to recognise that based on the Council's current average cash investments of £14m the difference in return at the benchmark when compared to the return achieved at the current rate would be £11.2k. This increase in return has to be measured against the additional risk of placing cash elsewhere.

6. Revisions to the Investment Strategy

6.1 The counterparty criteria are continually under regular review but in the light of the current market conditions no recommendations are being put to Members to revise the Investment Strategy.

7. Treasury Management Prudential Indicators

7.1 Actual and estimates of the ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream.

	2016/17 Original Indicator %	2016/17 Revised Indicator %
Non-HRA	6.46	5.93
HRA	16.43	15.98

7.2 The revised non HRA indicator reflects the impact of the restructured debt and borrowing being at rates less than originally anticipated for 2016/17. The HRA indicator has also decreased due to the HRA's internal borrowing, which is calculated using the Council's overall average rate of interest, now being at a lower rate than that which had been assumed in the original indicator.

7.3 **Prudential indicator limits based on debt net of investments**

- **Upper Limits On Fixed Rate Exposure** – This indicator covers a maximum limit on fixed interest rates.
- **Upper Limits On Variable Rate Exposure** – Similar to the previous indicator this identifies a maximum limit for variable interest rates based upon the debt position net of investments.

RMBC	2016/17 Original Indicator	Current Position	2016/17 Revised Indicator
Prudential indicator limits based on debt net of investments			
Limits on fixed interest rates based on net debt	100%	84.70%	100%
Limits on variable interest rates based on net debt	30%	14.93%	30%

7.4 **Maturity Structures Of Borrowing**

These gross limits are set to reduce the Council's exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) falling due for refinancing.

The current position shown below reflects the next call dates on those Council's LOBO loans (£132m) that are not callable in 2016/17 and thus are regarded as fixed rate. The actual maturity date for most of these loans is greater than 50 years. This approach gives a better indication of risk and whilst there is a possibility that a loan is called with an increase in interest payable the likelihood of any LOBO loans being called in the current climate is assessed as zero for the next three years.

RMBC	2016/17 Original Indicator		Current Position		2016/17 Revised Indicator	
	Lower	Upper	%	£m	Lower	Upper
Maturity Structure of fixed borrowing						
Under 12 months	0%	35%	0.29%	1.147	0%	35%
12 months to 2 years	0%	35%	5.73%	22.299	0%	35%
2 years to 5 years	0%	40%	18.47%	71.938	0%	40%
5 years to 10 years	0%	40%	25.44%	99.069	0%	40%
10 years to 20 years	0%	45%	8.67%	12.914	0%	45%
20 years to 30 years	0%	50%	14.47%	33.750	0%	50%
30 years to 40 years	0%	50%	14.47%	56.336	0%	50%
40 years to 50 years	0%	55%	13.35%	52.000	0%	55%
50 years and above	0%	60%	10.27%	40.000	0%	60%

The former SYCC account is due to be wound up by the end of 2020/21 and the maturity structure is now largely fixed as the need and indeed opportunities to re-finance within the remaining 5 years will be limited. As a result future limits are currently set in line with the on-going maturity profile.

Former SYCC	2016/17 Original Indicator		Current Position		2016/17 Revised Indicator	
	Lower	Upper	%	£m	Lower	Upper
Maturity Structure of fixed borrowing						
Under 12 months	0%	25%	11.53%	10.000	0%	25%
12 months to 2 years	0%	50%	45.80%	39.709	0%	50%
2 years to 5 years	0%	100%	42.67%	37.000	0%	100%

7.5 **Total Principal Funds Invested**

These limits are set to reduce the need for the early sale of an investment, and show limits to be placed on investments with final maturities beyond each year-end.

The Council currently has no sums invested for periods exceeding 364 days due to market conditions. To allow for any changes in those conditions the indicator has been left unchanged. This also excludes any Icelandic investments that are due to be recovered after more than 364 days.

RMBC	2016/17 Original Indicator £m	Current Position £m	2016/17 Revised Indicator £m
Maximum principal sums invested > 364 days	10	0	10
Comprising			
Cash deposits	10	0	10

7.6 **Treasury Management Advisers**

The Council's three year contract for the provision of treasury management and asset finance services expired on 6 October 2016.

In accordance with the Council's Standing Orders, a tendering exercise was carried out for the re-procurement of these services for a further three year period.

An open tender exercise was held from which two submissions were received – one from Capita Asset Services Treasury Solutions and a second from Arlingclose.

These were evaluated on quality and price with Capita Asset Services Treasury Solutions bid ranking slightly higher on both criteria.

Accordingly, a decision has been taken to re-appoint Capita Asset Services Treasury Solutions for a further term of three years with effect from 7 October 2016.

Agenda Item 9

Rotherham Metropolitan Borough Council

Public Report

Summary Sheet

Council Report
Overview and Scrutiny Management Board Meeting – 13th January 2017

Title
Budget Pressures in relation to Older Peoples Services.

Is this a Key Decision and has it been included on the Forward Plan?
No

Strategic Director Approving Submission of the Report
AnneMarie Lubanski, Strategic Director of Adult Care and Housing

Report Author(s)

Mark Scarrott, Finance Manager - Adult Care and Housing, Finance and Customer Services Directorate, mark.scarrott@rotherham.gov.uk

Ward(s) Affected
All

Executive Summary

This report highlights the budget pressures and actions being taken in relation to Older Peoples Services, as part of the overall Adult Care budget.

There is a forecast overspend after management actions of £2.950m against a net revenue budget of £29.358m for Older People Services. The main budget pressures are due to the increase in demand for services mainly in respect of direct payments, domiciliary and residential care. These pressures are being partly reduced by forecast underspends within assessment and care management, day care services and transport.

Recommendations
That the Overview and Scrutiny Management Board notes the latest financial forecast against budget for 2016/17 and demographic pressures facing Older Peoples Services and the actions taken to mitigate the budget pressures.

List of Appendices Included
None

Background Papers
Revenue Budget Setting Report (2016/17) to Cabinet 23rd February 2016

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No

Exempt from the Press and Public
No

Title

Budget Pressures in relation to Older Peoples Services

1. Recommendations

1.1 That the Overview and Scrutiny Management Board notes the latest financial forecast against budget for 2016/17 and demographic pressures facing Older Peoples Services and the actions taken to mitigate the budget pressures.

2. Background

2.1 The report provides details of progress on the delivery of the Adult Services revenue budget for 2016/17 in particularly Older Peoples Services. This budget report is based upon actual income, expenditure and known commitments as at the end November 2016, forecast to the end of the financial year to give a projected outturn position, compared to budget. The current forecast is an overall overspend of £2.950m against a net revenue budget of £29.358m. This forecast assumes delivery of management actions totalling £365k which are included in paragraph 3.10 of the report. At this stage it is not anticipated that the forecast overspend will reduce without further actions being identified.

2.2 Adult Care faces an increase in demand for services with an ageing population (forecasts show a 35% increase in over 75's in the next 10 years). Increasing demand for services due to an ageing population together with new duties under the Care Act is placing additional pressure on existing budgets, in particular Direct Payments, Domiciliary and Residential Care. The implementation of the National Living Wage from April 2016 has introduced additional financial pressures for independent care providers and therefore impact on contract negotiations with the Council. The Adult Services Development Programme will review and reshape existing services to achieve better outcomes for service users over the next few years.

3. Key Issues

3.1 The table below summarises the forecast outturn for Older Peoples Services against approved budgets as at the end of November 2016:

Service Area	Net Budget	Forecast Outturn 2016/17	Forecast Variation BEFORE Management Actions	Forecast Variation AFTER Management Actions
	£000	**£000**	**£000**	**£000**
Residential & Nursing Care	13,479	14,088	609	609
Enabling Care	2,299	2,271	-28	-28
Domiciliary Care	3,934	5,112	1,178	1,178
Direct Payments/Managed Accounts	2,307	4,114	1,807	1,504
Day Care/Transport	1,456	1,418	-38	-73
Community Alarms/Equipment	546	515	-31	-31
Assessment & Care Management	5,196	5,034	-162	-162
Carers/Advice/Information	141	94	-47	-47
Total Older People Services	**29,358**	**32,646**	**3,288**	**2,950**

3.2 Main variations from budget:

The table above highlights the main variations from budget are in respect of residential care, domiciliary care and direct payments/managed accounts.

3.3 Residential and Nursing Care

There are pressures on the residential and nursing care budgets as a result of an increase in the average cost of placements and lower than forecast ‘Continuing Health Care’ income contributions against the approved budget. There are currently 916 placements within the independent sector plus 120 placements in the two in-house residential care establishments including intermediate care provision.

3.4 Domiciliary Care

There is also a forecast budget pressure of £1.178m in respect of the provision of Domiciliary Care due to an increase in the number of customers (+97), a 7% increase in the number of commissioned and delivered hours plus a recurrent income pressure on fees and charges due to the majority of customers who do not contribute towards the cost of their service after being financially assessed.

3.5 Direct Payments/Managed Accounts

The main budget pressure relates to Direct Payments/Managed Accounts (+£1.504m). This forecast pressure includes the full year impact in 2016/17 of the 46% increase in customers receiving a Direct Payment in 2015/16. The increase in customer base is due to a mixture of demographic pressures and clients moving from a domiciliary care contract. In total this has seen 168 new clients in 2015/16, plus a further net increase of 14 new customers since April 2016 (+3%).

3.6 These forecast overspends are being partly reduced by savings within Assessment and Care Management due to non-recurrent income from health and delays in recruitment to posts as part of the restructure (-£162k). There is also higher than anticipated staff turnover within in house transport services and Rothercare plus savings on non-essential spend (-£151k).

3.7 Management Actions to mitigate budget pressures

Adults Departmental Management Team has implemented a number of initiatives in order to reduce the budget pressures which includes:

- Establish a dedicated team to review the rewarding of Continuing Health Care funding (CHC) to ensure appropriate health funding of care packages. A Strategic Board and Operational group comprising officers from Children's and Adult Services and Health has now been established to challenge CHC funded packages. There has been recent success in obtaining CHC funding for a number of care packages including a backdated claim.
- A focussed review of individually commissioned managed accounts with a view to putting forward alternative more cost effective options for customers. No new managed accounts are being agreed unless they meet the self-directed support criteria. All new requests for home care, outside of formal direct payments, will be processed through the domiciliary care framework agreement. This framework has been adapted and is being closely managed to maximise capacity within the existing providers, who in most instances offer better value for money than the significant number of spot purchased provision on managed accounts.
- Adults Development and Change Programme will start to deliver new and more cost effective services. Adult Services weekly budget meetings and monthly Performance meeting monitors and challenges both finance and care activity with senior managers.
- Investment approved and recruitment commenced to establish a Brokerage Team and additional support to carry out the reviews (including Direct

Payments) will enable in year savings in relation to negotiating lower new care packages and provide consistency in the cost of externally provided services.

- A Practice Challenge Group is now in operation and meets bi-weekly and chaired by Heads of Service to challenge all care packages in order to ensure best value and maximise customer outcomes in terms of maximising independence, choice and control.
- A review of potential areas of spend which can be either stopped or delayed into the following financial year, in order to achieve in year savings, including non-mandatory training and non-essential expenditure.
- As part of the corporate initiative to reduce costs is that all new requisitions for expenditure will require an M3 Manager to authorise.
- Reviewing fees and charges as part of the annual budget setting including benchmarking with nearest neighbours to ensure comparability. Day Care and Transport charges increased from January 2017.
- Review provision of transport to and from day centres to ensure provision is made appropriately in line with care needs.
- Review recruitment to vacant posts and use of agency staff only where essential and subject to Corporate approval following set processes.

General Information re. local pressures:

- Since Monday, 2nd of January 2017 the hospital has been experienced unprecedented demand for services.
  Social care have been responding to these demands which has necessitated occurring additional costs which cannot as of writing this report be quantified as we are still responding to the current demands. This is a national issue and is widely reported through the media, but Rotherham Hospital appears this week to be facing the most demands in this current week in the region. There will be additional social work hours to cover weekends, along with management cover and this is expected to be in situation until at least Wednesday 11th of January 2017. These will be reported verbally at the next OSMB.

This will have additional demands on the market and this will have therefore an additional demand on care placements and domiciliary care packages. It is clear from the triaging that people are being admitted and remaining longer due to being more poorly and needing more time to recover.

4. Options considered and recommended proposal

4.1 Adult Services Management Team will continue to monitor spend against budget on a monthly basis and identify additional savings in order to work towards achieving a balanced budget by the end of the financial year.

5. Consultation

5.1 All budget managers, holders and operators within Adult Services including Adult Services Directorate Leadership Team (DLT).

6. Timetable and Accountability for Implementing this Decision

6.1 In accordance with the corporate timetable all budgets are monitored on a monthly basis. Budget holders are required to submit their financial forecasts on the Collaborative Planning budget monitoring tool and ensure that spending is contained within the approved budget allocation.

7. Financial and Procurement Implications

7.1 Financial details are contained in section 3 of the report.

8. Legal Implications

8.1 No direct implications.

9. Human Resources Implications

9.1 No direct implications.

10. Implications for Children and Young People and Vulnerable Adults

10.1 No direct implications.

11 Equalities and Human Rights Implications

11.1 No direct implications.

12. Implications for Partners and Other Directorates

12.1 Partners are made aware of the budget pressures facing Adult Care in relation to commercial negotiations for contracts and services. This may have impacts on health partners particularly the Rotherham Foundation Trust in terms of hospital activity.

13. Risks and Mitigation

13.1 Adult Care faces an increase in demand for services with an ageing population (forecasts show a 35% increase in over 75's in the next 10 years). This increase in demographic pressures including transitions from Children's services will put additional pressure on existing Adult Care budgets. Also, any future reductions in continuing health care funding would have a significant impact on residential and domiciliary care budgets across Adult Care.

13.2 The additional costs to meet the Governments national living wage increases from April 2016 (from £7.20 per hour to £7.50 per hour) will put further demands on Adult Services budgets from independent service providers, particularly care homes and domiciliary care. Work continues with care providers to fully understand the financial impact and to consider implications for the 2017/18 budget.

14. Accountable Officer(s)

AnneMarie Lubanski, Strategic Director of Adult Services and Housing

Approvals Obtained from:-

Interim Strategic Director of Finance and Corporate Services:-

Interim Director of Legal Services:- not applicable.

Head of Procurement (if appropriate):- not applicable

This report is published on the Council's website or can be found at:-

http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=

Agenda Item 10

Public Report

Summary Sheet

Council Report
Overview and Scrutiny Management Board – 13th January 2017

Title
Budget pressures in relation to Looked After Children.

Is this a Key Decision and has it been included on the Forward Plan?
No

Strategic Director Approving Submission of the Report
Ian Thomas – Strategic Director of Children and Young People's Services

Report Author(s)
Mark Chambers – Head of Finance, Finance & Customer Services
Email: mark.chambers@rotherham.gov.uk

Ward(s) Affected
All

Executive Summary

This report sets out the management actions and budget proposals that are underway to address the Looked After Children budget pressure both in the short and long term.

The original 2016/17 Looked After Children (LAC) budget was sufficient to fund only 400 placements, 88 less than Rotherham's total of 488 as of 31st December 2016. This increase to the current level could not have been foreseen at the start of the year but estimates prior to April 2016 by the Directorate Leadership Team did put the number at between 440 and 450.

There is no hiding the fact that intervention costs and Rotherham, like all seriously inadequate authorities has had to spend a significant sum to make the system safer. With the system now more stable it is essential that a realistic budget – reflecting the current number of looked after children – is set going forward.

The challenge now, after the rebasing of the budget to reflect actual numbers and activity, is two-fold. Firstly, to continue work that has begun this year to address the lack of good placement provision in borough. Getting the setting mix right in Rotherham will mean better outcomes for Children at a lower cost to the Council. Secondly, to put in place edge of care and preventative measures to reduce the

growth in demand so that numbers reach a peak, plateau and then slowly start to reduce.

The in-year budgetary position for Children's Services is challenging. To date approved savings of £1.267m and cost avoidance of £3.063m has been delivered; and further in-year mitigation of £2.126m is on target. However, medium and long term financial sustainability will only be possible through the commitment to investment in the workforce and edge of care preventative services that will enable a pathway to significant cost reduction, a balanced budget for Children's Services in future years and significantly better outcomes for children.

Recommendations

That the Overview and Scrutiny Management Board:

- Note the reasons for the pressures facing Looked After Children budgets

- Note the mitigation and cost avoidance implemented through in-year management actions.

- Note that if LAC numbers continue to increase then there will be a further pressure on social care budgets and a risk that the reported position will worsen before the end of the financial year.

- Note the long term impact of the Sustainability and Sufficiency Strategies and the resulting forecast cost reduction of £4m, against a baseline of £64m, by 2020/21.

List of Appendices Included
None

Background Papers
Revenue Budget and Council Tax Setting Report for 2016/17 to Council 2nd March 2016
MTFS Update report – Cabinet – 11th July 2016
MTFS Update report – Cabinet – 14th November 2016

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No

Exempt from the Press and Public
No

Budget pressures in relation to Looked After Children

1. Recommendations

1.1 That the Overview and Scrutiny Management Board:

- Note the reasons for the pressures facing Looked After Children budgets
- Note the mitigation and cost avoidance implemented through in-year management actions.
- Note that if LAC numbers continue to increase then there will be a further pressure on social care budgets and a risk that the reported position will worsen before the end of the financial year.
- Note the long term impact of the Sustainability and Sufficiency Strategies and the resulting forecast cost reduction of £4m, against a baseline of £64m, by 2020/21.

2. Background

2.1 The duty to provide or procure placements for Children Looked After by the local authority is explicit in the Children Act 1989. This has since been strengthened by the introduction of Sufficiency Statutory Guidance (2010) and the Care Planning, Placement and Case Review Regulations (implementation April 2011). There is a duty of 'sufficiency' that requires Local Authorities and Children's Trust partners to ensure that there is a range of sufficient placements which meet the needs of children and young people in care, and to take steps to develop and shape service provision to meet the needs of all children and young people in care at a local level, as far as is reasonably possible.

2.2 There has been an upward trend year on year in the numbers of children and young people Looked After by Rotherham. Overall the number of children in care has increased from 407 at end of 2014/15 to 433 at the end of 2015/16. This year the trend has continued and is currently 488 (31^{st} December 2016).

2.3 At 87 per 10k child population the number of Looked After Children in Rotherham is high when compared to latest published (March 2016) Statistical Neighbours and England averages of 73 and 60 respectively. However, given the national increases in demand reported recently by CAFCASS (Children and Family Court Advisory and Support Service) both Statistical Neighbour and National averages are expected to show an increase over the last year. Until these more recent figures are published comparisons with Rotherham's current trend are not possible. The Authority acknowledges historically poorly performing services have left a legacy of need as well as a legacy of numbers. In addition, too many children are in out of authority placements which as well as having implications for the child and family, are the most expensive settings.

2.4 Rotherham has a disproportionate number of older LAC with 58% of children looked after aged 10 and over. The likelihood of these young people returning to their birth families or achieving permanency through adoption or special guardianship orders diminishes the older they become and they are more likely to remain looked after. Often the older children have a greater complexity of need which impacts on education and stability of school placements.

2.5 Rotherham's LAC Sufficiency Strategy, which will be published before the end of the financial year, analyses the needs of children and young people in care that are not currently being met within Rotherham. It also considers the likely changes in the overall care population between now and 2020, taking into account the ambition to improve preventative services, increase the number of children for whom permanency is secured and ensuring children are matched to the right placement to meet their needs.

2.6 The Looked After Children Peer Review, undertaken in October 2016, highlighted the legacy issues arising from poor social work practice and that they were likely to have a significant impact on the rate of improvement likely to be achieved within the Looked After Children Service. It is in this context that the continued budget pressures outlined in this paper must be considered.

2.7 The Edge of Care preventative interventions in the CYPS Sustainability Strategy, approved at Cabinet on 14th November and ratified by Council on 7th December, will enable the service to address the deficiencies in practice and service provision; this will lead to greater efficiency and effectiveness – improved value for money – from 2017/18 and in future years.

3. Key Issues

3.1 There are too many looked after children in the care of Rotherham MBC. Historically poorly performing services have left a legacy of more complex need as well as a legacy of rising numbers.

3.2 The LAC budget has not been sufficient for the numbers of children in care and corresponding cost of placements at the start of the financial year.

3.3 There is a need to ensure that the Local Authority is able to manage demand and that preventative provision is in place to minimise the number of children coming into care. For some children, for whom the right decision has been to become looked after, there is insufficient timely access to appropriate specialist support.

3.4 The number of those children in care placed out of borough is too high; closing gaps in the provision of sufficient local placement accommodation is required so children and young people in care and care leavers are able to continue to live within or close to the Borough.

3.5 There is a need to work with key providers of specialist provision to help to meet a range of needs and sufficiency of placement provision. More needs to be done to ensure the efficient and effective operation of the local market.

Delivering much better value in terms of quality, price, unit costs and outcomes is essential across all provision.

4. Management Response, Sustainability and Sufficiency Strategies

4.1 Children and young people on the edge of care will be supported to stay with their parents or extended family and only come into care when it is absolutely necessary and justified in the best interests of the child or young person; and when all support options and strategies have been exhausted.

4.2 The return of young children to their birth or extended families will be a priority, when it is safe to do so. For those where this is not possible, the aim will be for permanency through adoption or special guardianship orders.

4.3 For children who remain in care the Council will ensure that there is a good quality placement in a family setting or suitable residential provision in or close to Rotherham.

4.4 Young people leaving care will be actively encouraged to remain looked after until they are 18 where this is appropriate. They will receive help to ‘stay put’ in their placement after they are 18. Where this is not possible or appropriate the Council will ensure provision of accommodation locally to meet their needs including support to enable smooth transition to independent living.

4.5 The CYPS Sustainability Strategy, approved by Cabinet on 14th November 2016 and ratified by Council on 7th December, contained budget investment proposals based on the CYPS Directorate’s professional view of need, and how demand for services will be managed by investing in: the right support at the right time for families across early help and on the edge of care; children’s social care and education settings to develop better, more affordable placement choices through a sufficiency strategy for LAC. Appendix 1 outlines the edge of care and LAC sufficiency proposals and the expected budgetary outcomes.

4.6 The LAC Placement Sufficiency Strategy is currently at the final draft stage. It sets out how Rotherham Children’s Services will fulfil its role as a Corporate Parent and meet its statutory sufficiency duty by providing good quality care, effective parenting and support to children and young people in and leaving our care. It describes a ‘one market’ approach to the commissioning and provision of secure, safe and appropriate accommodation and support to children in care and care leavers.

4.7 This Strategy also describes the on-going needs of children. The Council will develop additional provision with key providers to ensure a range of specialist support and choice. It will focus on ensuring that the local market is developed over time so children and young people who remain in care are able to continue to live in a family setting with the right support within or close to the Borough.

4.8 Achieving this requires the collective engagement of the local authority and its partners working together, involving children and young people in the decisions affecting their lives. As a Corporate Parent the Council will provide scrutiny and seek assurance that the Strategy and the actions are owned and implemented by all professionals and partner organisations working with children, young people, their parents and carers to secure the best outcomes for children in Rotherham. This is based on our fundamental commitment to being a Child Centred Borough.

4.9 The immediate management actions taken across the directorate this financial year to mitigate the social care overspend have been well documented in previous budget monitoring and scrutiny reports. Cost avoidance and mitigation through a variety of decisions currently stands at £6.5m this financial year.

4.10 The CYPS Directorate Leadership will, through their dedicated budget focused "DLT Resources" weekly meeting, continue robust challenge of planned expenditure. The new approval limits put in place across the council and phase 2 of the line by line budget review will ensure that wherever possible all discretionary non-essential expenditure is avoided or placed on hold until the new financial year.

4.11 The department has begun to make sure the new edge of care initiatives are in place by April, including the preparation for recruitment to new posts, so that full year benefits for children and families and savings from a budgetary perspective are delivered.

4.12 The Council has recently received news from the Central Government Cabinet Office that an Expression of Interest to the Life Chances Fund (LCF), submitted at the end of September for funding to support our Edge of Care interventions, has been successful in passing the first stage and can now progress to a full application.

4.13 The LCF will contribute towards payment for outcomes focused upon tackling complex social problems and in the case of the Council's expression of interest – reducing the time children spend in residential care and preventing early entry into care. The Cabinet Office will shortly confirm whether or not the Council will receive a Development Grant to help facilitate a full application and aid understanding of how outcome-based commissioning through a Social Impact Bond can generate greater value for money.

Appendix 1: CYPS Sustainability Strategy Budget Investments

Table 1: Budget proposals to achieve a sustainable Children's Service budget

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Net Budget	56.468	55.017	53.717	52.717	52.717
Pressure (Demand/Demographic)	7.848	7.346	8.402	9.458	10.514
Pressure (Reduction in Short Term Reserve)	0.000	1.000	2.000	3.000	3.000
Investment	0.179	3.607	3.716	3.527	3.579
Savings / Cost Avoidance (from Investment)	0.000	(2.276)	(5.190)	(8.061)	(9.601)
Net Forecast	64.495	64.694	62.645	60.641	60.209
Overall Investment / Funding Support	8.027	9.677	8.928	7.924	7.492

Budget Proposals to address LAC budget pressure

(Please note: Net Savings are shown as negative figures;
a positive number represents a net investment/cost in the year in question.)

CYPS 1A – Foster Carer Payments Scheme, Support and Development

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	1.276	1.718	2.182	2.182	7.359	
Gross Saving	0.000	(1.374)	(2.660)	(3.980)	(3.980)	(11.994)	
Net Saving	0.000	(0.098)	(0.942)	(1.798)	(1.798)	(4.635)	Year 2

% of placements with LA Fostering	43%	48%	53%	57%	62%		

Rotherham, in common with local authorities across the Yorkshire and Humber region, has a shortage of all foster care placements, but particularly foster care placements for adolescents and larger sibling groups. The Council places too many young people in residential care. The implementation of the allowances offer and a resulting rise in placements with in-house foster carers could lead to long term savings on the overall Looked after Children budget. From 2017/18 the investment will seek to provide a net 15 additional in-house foster places each year to 2019/20 - 45 in total. As a consequence there would be a corresponding fall in the number of LAC being placed in more expensive settings (Independent Fostering Agency (IFA) and residential placements). This investment was approved at Cabinet on 12th September 2016.

CYPS 1B – Therapeutic Service

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.270	0.270	0.270	0.270	1.080	
Gross Saving	0.000	0.000	0.000	0.000	0.000	0.000	
Net Saving	0.000	0.270	0.270	0.270	0.270	1.080	N/A

This bid for budget investment seeks funding for additional clinical practitioners to deliver highly responsive and intensive interventions for Rotherham's children in care identified as needing it most. This proposal will operate in conjunction with the fostering 'offer' and special guardianships whereby children 'most at risk' within Rotherham will have access to good quality and responsive wrap around therapeutic support to address the child's specific emotional and mental well-being needs.

There will be a reduction in the likelihood of placement breakdowns and special guardianship breakdowns which often result in the use of more expensive placement provision, including re-entry to care or move to more expensive residential placements. The service can deliver therapeutic interventions more cost effectively than by commissioned services. There is a clear argument that breaking the cycle of disruptions through intensive provision early in the child's care journey will lead to better emotional wellbeing for children and better outcomes for these children in later life. The monetary benefit, therefore, will be one of cost avoidance rather than a direct budget saving.

The proposal has direct staff costs of a social worker and business support officer and commissioning costs of 2.5 clinical practitioners.

CYPS 2 – Family Group Conferencing

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.100	0.164	0.164	0.164	0.164	0.756	
Gross Saving	0.000	(0.165)	(0.627)	(1.254)	(1.914)	(3.960)	
Net Saving	0.100	(0.001)	(0.463)	(1.090)	(1.750)	(3.204)	Year 2

LAC Reduction	0	15	27	30	30	102	

Family Group Conferencing is an effective tool for identifying and engaging with wider family members at an early stage of concern about a child. This initiative seeks to minimise the financial pressure within the LAC budget by working to prevent children entering the care system.

The proposal is to deliver the service in-house. The workload is estimated to require a team of 1 coordinator and 4 family group conference practitioners. Some training would be required along with a small amount of other running costs. A total investment of £164k is required on a recurrent basis to deliver the expected savings above. It is estimated that Family Group Conferencing could prevent 15 children entering care in the first year, increasing to 25 – 30 per year thereafter.

CYPS 3 – Special Guardianship Looked After Children

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.052	0.103	0.155	0.206	0.516	
Gross Saving	0.000	(0.066)	(0.198)	(0.330)	(0.462)	(1.056)	
Net Saving	0.000	(0.014)	(0.095)	(0.175)	(0.256)	(0.540)	Year 2

LAC Reduction	0	6	6	6	6	24	

Special Guardianship Orders (SGO) offer the opportunity for family, friends or existing foster carers to give a permanent home to the child without Social Care input. The SGO arrangement attracts an allowance, the average cost of which is £8.6k per annum. The total cost of additional allowances for the estimated 6 additional SGO's through this initiative would be £52k per year. Whilst there is still a cost implication to Special Guardianship it is significantly less than a LAC placement.

CYPS 4 – Pause Project

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.018	0.000	0.000	0.000	0.000	0.018	
Gross Saving	0.000	0.000	0.000	0.000	0.000	0.000	
Net Saving	0.018	0.000	0.000	0.000	0.000	0.018	N/A

Rotherham works with a number of mothers who have had multiple children taken into care. Pause, an organisation co-founded by Sophie Humphreys, former head of safeguarding at Hackney, works entirely outside of the usual local authority structure and independently of the social care services. The programme engages with mothers on a one-to-one basis, creating a bespoke programme of intensive therapeutic activities and practical support.

Women working with Pause are supported to focus on themselves to take control of their lives. To do this they are required to take Long Acting Reversible Contraception (LARC) during the intervention, thereby creating a space to pause, reflect, learn and aspire.

Initial scoping identifies around 25 Rotherham women who could be worked with who have been the subject of a repeat removal of a child following pregnancy. This investment of £18k will be for a formal review of the scope in Rotherham. It is not proposed at this stage to implement the Pause project. Further consideration of this will be given following the completion of the review but it is worthy of note that initial work indicated that between 10 and 15 placements might be avoided per year.

CYPS 5 – Edge of Care

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.350	0.350	0.350	0.350	1.400	
Gross Saving	0.000	(0.165)	(0.594)	(1.188)	(1.848)	(3.795)	
Net Saving	0.000	0.185	(0.244)	(0.838)	(1.498)	(2.395)	Year 3

LAC Reduction	0	15	24	30	30	99	

The Edge of Care service will involve the recruitment and development of a team of practitioners who will offer structured direct support to young people and their families in crisis, to enable them to remain within their immediate or wider extended family. This recurrent investment is in a new Edge of Care team consisting of a team manager, social worker, psychologist, care co-ordinator (x2), family support worker (x4), and business support.

The implementation of Edge of Care and the expected reduction in LAC could lead to long term savings on the overall Looked After Children budget. It is estimated that Edge of Care could prevent 15 children entering care in the first year, increasing to 25 – 30 per year thereafter.

CYPS 6 – Multi-systemic Therapy (MST)

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.000	0.000	0.000	0.000	0.000	
Gross Saving	0.000	(0.044)	(0.132)	(0.220)	(0.308)	(0.704)	
Net Saving	0.000	(0.044)	(0.132)	(0.220)	(0.308)	(0.704)	Year 2

LAC Reduction	0	4	4	4	4	16	

MST is an intensive therapeutic programme that works within the whole ecology of a young person. The MST therapist will work with the whole family; the parents, the community and the school at the same time. The aim is to work in a solution-focused, strengths-based approach to empower the family to take responsibility for solving problems and to improve family functioning. The model acknowledges the fact that the family will be there for the young person into the future and beyond any service intervention.

A shared service agreement is in place between Barnsley and Rotherham. This means that each authority shares fifty percent of the cost and fifty percent of the capacity. The cost of this to RMBC is met through the Troubled Families Grant and so there is no call on mainstream resources to fund this investment. It is estimated that MST could prevent four children entering care per year.

CYPS 7 – Reunification Project

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.090	0.000	0.000	0.000	0.090	
Gross Saving	0.000	(0.132)	(0.264)	(0.264)	(0.264)	(0.924)	
Net Saving	0.000	(0.042)	(0.264)	(0.264)	(0.264)	(0.834)	Year 2

LAC Reduction	0	12	0	0	0	12	

A reunification scheme, endorsed by Ofsted and run by the NSPCC for Rotherham, based on providing good quality support and training to social care staff to enable successful reunification of LAC with their birth families is currently operating as a pilot. The contract is for a two year period to improve the care experience for children in Rotherham by ensuring that wherever possible they are looked after in their own family environment. This bid seeks budget investment for the second year of the pilot with the aim of reuniting 12 children with their families for the long term.

A further benefit of the pilot will be that skills will be transferred to existing workers which will ensure that reunification is embedded in everyday practice.