

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

- Date and Time :-** Wednesday, 13 March 2019 at 11.00 a.m.
- Venue:-** Town Hall, Moorgate Street, Rotherham.
- Membership:-** Councillors Brookes, Cowles, Cusworth, Evans, Keenan, Mallinder, Napper, Sansome, Short, Steele (Chair) Walsh and Wyatt.

This meeting will be webcast live and will be available to view [via the Council's website](#). The items which will be discussed are described on the agenda below and there are reports attached which give more details.

Rotherham Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair or Democratic Services Officer of their intentions prior to the meeting.

AGENDA

1. Apologies for Absence

To receive apologies for absence from any Member who is unable to attend the meeting.
2. Minutes of the previous meeting held on 30 January 2019 (Pages 1 - 7)

To approve the minutes of previous meeting of the Overview and Scrutiny Management Board held on 30 January 2019 as a true and correct record of the proceedings.
3. Declarations of Interest

To receive declarations of interest from Members in respect of items listed on the agenda.
4. Questions from Members of the Public and the Press

To receive questions from members of the public or press who are present at the meeting.
5. Exclusion of the Press and Public

To consider whether the press and public should be excluded from the meeting during consideration of any part of the agenda. There are exempt appendices at Agenda Item 7 (Site Cluster Programme Amendments)

Items for Pre-Decision Scrutiny

In accordance with the outcome of the Governance Review in 2016, the following items are submitted for pre-scrutiny ahead of the Cabinet meeting on 18 March 2019. Members of the Overview and Scrutiny Management Board are invited to comment and make recommendations on the proposals contained within the report.

6. Area Housing Panel Review (Pages 8 - 22)
Cabinet Portfolio: Housing
Strategic Directorate: Adult Care, Housing and Public Health
7. Site Cluster Programme Amendments (Pages 23 - 39)
Cabinet Portfolio: Housing
Strategic Directorate: Adult Care, Housing and Public Health

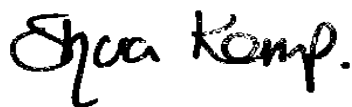
For Discussion/Decision:-

8. European Union Exit Risk Assessment and Contingency Planning (Pages 40 - 47)

To consider a briefing in respect of issues and risks arising from the exit from the European Union on 29 March 2019
9. Urgent Business

To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
10. Date and time of next meeting

The next meeting of the Overview and Scrutiny Management Board will be held on Wednesday 27 March 2019 at 11.00 a.m. in Rotherham Town Hall.



SHARON KEMP,
Chief Executive.

OVERVIEW AND SCRUTINY MANAGEMENT BOARD
Wednesday, 30th January, 2019

Present:- Councillor Steele (in the Chair); Councillors Cowles, Cusworth, Napper, Short, Walsh and Wyatt.

Apologies were received from Councillors Keenan, Mallinder and Sansome.

The webcast of the Council Meeting can be viewed at:-

<https://rotherham.public-i.tv/core/portal/home>

154. MINUTES OF PREVIOUS MEETINGS

Resolved:-

That the minutes of the meetings of the Overview and Scrutiny Management Board held on 17 October, 14 and 28 November and 12 December 2018 be approved as true and correct records of the proceedings.

155. DECLARATIONS OF INTEREST

There were no declarations of interest.

156. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

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

157. EXCLUSION OF THE PRESS AND PUBLIC

The Chair advised that there were no items of business on the agenda that would require the exclusion of the press or public from the meeting.

158. CHILDREN AND YOUNG PEOPLE'S SERVICES BUDGET MONITORING - HIGH NEEDS FINANCE UPDATE AND BUDGET SUSTAINABILITY OPTIONS

Consideration was given to a report which summarised the increase in the number of Education and Health Care Plans, the growth in demand for specialist provision and the financial position in 2018/19 of the High Needs Block of the Dedicated Schools Grant (DSG) and the revised cumulative deficit. The paper outlined the recent growth in volume through increased demand for special educational places and the impact on cost was compared against previous years.

It was reported that the High Needs Block Recovery Plan aimed to bring in-year expenditure in line with the annual budget allocation and focus on a longer term plan which would contribute to reducing the cumulative deficit.

Members sought to understand the complexity of the challenges in the borough and how that compared to other authorities nationally. In response, the Strategic Director explained that the position was dictated by complexity of need. He considered that Rotherham MBC was now able to identify needs more effectively and had experienced a sharper increase in need compared to other areas.

Clarification was sought in respect of the impact of removing 1.5% of the Schools Block funding. In response it was confirmed that there had been an increase and that the Growth Fund was in excess of the needs of Rotherham schools. It was further confirmed that no schools had been adversely affected and there would only be an impact if pupil numbers drop.

Members sought assurances that the approach adopted by the Council was leading to better outcomes for children. The Strategic Director indicated the preference was always to keep children within the borough and in local provision, as there was confidence that outcomes would be stronger. He advised that he was confident in the skill set and capacity in the borough, but counselled that the right level of capacity had not necessarily been enabled at the present time. Too many children and young people were going to specialist providers outside of the borough. To that end, the Strategic Director advised that the Council would want as high a percentage to be in mainstream settings with additional support, which would lead to better outcomes.

Members queried whether any other authorities had sought approval from the Department for Education in Whitehall for disapplications in respect of funding pressures. In response, it was confirmed that a significant number of councils had approached the Secretary of State for Education and an announcement in respect of additional funding had been made in December 2018 with a view to reducing the number of disapplications.

In response to a technical question in respect of accounting, it was confirmed that the Dedicated Schools Grant (DSG) had its own specific reserve, which accrued year on year and was not linked to the General Fund or had any impact on specific reserves.

Members sought to understand the position of the Schools Forum on the paper and how the forum had commented on capacity to support children and young people with special educational needs and disabilities. The Strategic Director confirmed that the Schools Forum had supported the proposal and reflected on the expression of common intent by the Forum and the Strategic Educational Partnership to do better for those students and create new types of provision, with enhanced supported units.

Clarification was sought in respect of how the Council could influence the number of exclusions from school. In response, the Deputy Leader of the Council explained that significant work had been done through the Virtual School on emotionally friendly schools. Training had taken place with individual members staff in respect of emotional health and wellbeing and those schools which had participated had reduced the number of exclusions generally.

Once again, Members sought to understand what alternative plans were in place if the Council did not succeed in achieving the return of children to the borough or if demand outstripped pace. In response, the Strategic Director was very confident that the measures proposed were the right thing to do, however confidence on reducing the whole deficit was difficult to answer, due to unpredictable demand. Members expressed their appreciation for the honesty of the response from the Strategic Director and understood that this was a long challenge. The Deputy Leader also indicated that the Council's approach had his full support.

Resolved:-

That a further report be submitted in six months detailing the progress made against the High Needs Block.

159. EVALUATION OF PUBLIC SPACES PROTECTION ORDER FOR THE TOWN CENTRE

Consideration was given to a report that provided a detailed review of the implementation of the Public Space Protection Order (PSPO) in Rotherham Town Centre and Clifton Park. The report stated that whilst it was encouraging that incidents in the PSPO had continued to decrease, further attention was required in the areas identified as 'hot spots'. Further monitoring and swift enforcement against repeat offenders would also be required, to prevent escalation to nine breaches of the PSPO, as in the case of the individual referenced within the report.

Members noted that the allocation of resources continued to be a challenge and this pressure was likely to increase in the short term. This would challenge officers in respect of maintaining enforcement levels and could lead to short term reductions in enforcement activities. Members were advised that the pressures arising should lead to consideration of the potential use of sporadic, targeted, operations, drawing resource from other areas and focussing on problem times or problem areas.

It was reported that officers had no reason to propose an adjustment of the Public Space Protection Order at this stage and it was recommended that a further formal review was undertaken during the summer of 2020, prior to the order lapsing in October 2020.

In response to a Member question in respect of the data provided, it was explained that the police had changed their method of recording data. This had the effect of skewing the data and it was considered necessary to review longer term trends.

Members queried whether the introduction of the PSPO had led to a dispersal of criminal behaviours to other locations. In response, the Cabinet Member indicated that there were hot spots on the fringe of the town centre, but there was no intelligence to suggest that it had dispersed. It was confirmed that the position would be kept under review and there was displacement from shifting hotspots but that it was not outside the entire area designated with the PSPO.

Clarification was requested in respect of the times of day that offences were being committed and whether that could be linked to the hours worked by officers. In response, it was confirmed that one of the hot spot times was for closing time for bars and pubs from 2300 until 0300 on Fridays, Saturdays and Sundays.

Members sought to understand how the resource deployed to manage the PSPO. It was confirmed that officers from the Council and South Yorkshire Police were responsible for enforcement of the order. It was confirmed that officers from the council and South Yorkshire Police were alive to the peak times for the town centre. The PSPO was an additional tool for enforcement and was being used accordingly. Furthermore it was considered to have been a success to date. Enforcement practices had painted a good picture of the situation in the area and had enabled quick responses to particular behaviours.

Members reflected on the historic concerns expressed by people regarding feeling safe in town centre and queried whether people were reporting that they now felt more secure. In response, it was explained that there had been a slight increases in women feeling safer in the town centre, but more work was required to understand what had driven that perception.

Resolved:-

That a further report evaluating the success of the Public Spaces Protection Order for the town centre be submitted to Overview and Scrutiny Management Board in February 2020.

160. PROPOSED PUBLIC SPACE PROTECTION ORDER - FITZWILLIAM ROAD, ROTHERHAM

Consideration was given to a report which introduced a potential Public Space Protection Order (PSPO) for the area surrounding Fitzwilliam Road, within Rotherham East ward, as a part of the Eastwood Deal that was adopted in November 2017. The report detailed the evidence available to support potential implementation, alongside a proposed process to meet the legal requirement in relation to due process, including statutory consultation.

The report stated that consideration needed to be given as to whether the overall decline in anti-social behaviour and crime support the need to develop, consult and potentially implement a PSPO. Should the levels identified be sufficient to warrant such activity, then the recommendations based on each potential condition would need to be considered individually. It was noted that consultation and implementation would develop expectations within the local community. It was noted there were already challenges in terms of maintaining a presence in the area and responding to the current demand.

Members sought to understand how the enforcement of the proposed PSPO would be resourced. In response, the Cabinet Member for Waste, Roads and Community Safety confirmed that there would not be additional resources. Existing police and enforcement staff would be used, although the proposed PSPO was about giving them a different tool to use.

Reflecting on consultation, Members recalled the dissatisfaction expressed by a number of people at the previous consultation on the PSPO for the town centre and sought to understand how consultation would be appropriate and target the right people. The Cabinet Member indicated that the consultation process would be in accordance with corporate standards in respect of consultation and engagement.

Resolved:-

That Cabinet be advised that consultation on the proposed Public Space Protection Order for Fitzwilliam Road in Rotherham be supported.

161. YOUTH CABINET/YOUNG PEOPLE'S ISSUES

It was reported that work was underway to prepare for the Children's Commissioner Takeover Challenge meeting of the Overview and Scrutiny Management Board and a date in April would be confirmed in due course. In addition, the Cabinet's response to the recommendations made in respect of work experience opportunities in last year's report was expected to be reported imminently.

The Chair reported that he had attended the Youth Voice Star Awards organised by the British Youth Council on Saturday 19 January 2019. He was happy to report that there had been great success for young people from the borough and officers from Rotherham MBC.

Resolved:-

That the update be noted.

162. WORK IN PROGRESS - SELECT COMMISSIONS

The Chair invited the Select Commission Chairs to provide updates on current and planned activities:-

Health Select Commission

Councillor Evans reported that the Health Select Commission had:-

- participated in the refresh of the Joint Strategic Needs Assessment
- held a workshop session on the Place Plan after discussions in November. Have fed back and awaiting response
- held Quality Accounts meetings for RDASH AND TRFT, which had been very positive meetings.

Looking ahead, Members were due to visit the Drug and Alcohol Action Team at Carnston House that afternoon and on 1 February would hold the quarterly briefing with Health Partners. The next meeting of the Health Select Commission at the end of February would include the annual update on GP services.

Improving Lives Select Commission

Councillor Cusworth reported that the Commission had last met on 15 January 2019 where Members received:-

- an update on Domestic Abuse
- a report on the outcomes of the Rotherham Voice of the Child Lifestyle Survey
- an update on the work towards a Regional Adoption Agency for South Yorkshire
- a report on the progress made against recommendations from Ofsted

The next meeting was scheduled to take place on 5 March 2019 where the following agenda items were scheduled for consideration:-

- Barnardo's ReachOut Service Update and Barnardo's ReachOut Final Evaluation Report
- Progress towards implementation of Phase Two and Phase Three of the Early Help Strategy 2016-2019

- Presentation - Ofsted Annual Conversation Update
- Presentation - Looked After Children Sufficiency Strategy – Update
- Improvement Partner Peer Review of the Looked After Children Service (November 2018)

Improving Places Select Commission

An update was provided on behalf of the Chair and Vice-Chair of the Improving Places Select Commission, which reported on recommendations that had been made in respect of reports for Cabinet on Clean Air Zones and the Immobilisation of Vehicles. Furthermore, the Commission had received an update on Asset Management and had considered the draft Employment and Skills Plan. The February meeting of the Commission was planned to receive representatives from Dignity to review the progress made in respect of the bereavement services contract.

Resolved:-

That the updates be noted.

163. CALL-IN ISSUES

The Chair reported that no Cabinet decisions had been called-in for scrutiny.

164. URGENT BUSINESS

The Chair reported that there were no items of business requiring urgent consideration by the Board.

165. DATE AND TIME OF NEXT MEETING

Resolved:-

That the next meeting of the Overview and Scrutiny Management Board be held on Wednesday 13 February 2019 at 11.00 a.m. in Rotherham Town Hall.

Committee Name and Date of Committee Meeting

Cabinet – 18 March 2019

Report Title

Area Housing Panel Review

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

Yes

Strategic Director Approving Submission of the Report

Anne Marie Lubanski, Strategic Director of Adult Care, Housing and Public Health

Report Author(s)

Paul Walsh, Head of Service – Housing and Estate Management
01709 334954 or paul.walsh@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

The report sets out the basis for a review of the current Area Housing Panel arrangements, in the context of the new neighbourhood working approach. It proposes that the current geographical arrangements for Area Housing Panels are reviewed and recommendations brought forward for Cabinet consideration later in the year. The report also refers to the current arrangements for the allocation and governance of the annual Area Housing Panel budget and the options considered for the structuring of the budget from 2019/20, including revised governance processes

Recommendations

1. That the annual Area Housing Panel budget for 2019/20 be allocated at Ward level.
2. That a base budget of £8k be set per Ward, with the remaining annual budget provision then to be allocated to Wards, based upon the percentage of Council homes within each Ward.
3. That a further report setting out recommendations for the new organisational and budget arrangements for Area Housing Panels from 2020/21, be presented to Cabinet.

List of Appendices Included

Appendix 1 Area Housing Panel Budgets - Current Ward Arrangements 2019/20
Appendix 2 Equality Impact Analysis

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board – 13 March 2019

Council Approval Required

No

Exempt from the Press and Public

No

Area Housing Panel Review

1. Background

- 1.1 Area Housing Panels have existed as an integral part of Housing Services' tenant and resident engagement framework for over 20 years.
- 1.2 There are currently seven Area Housing Panels, which remain geographically aligned to the boundaries of (and also still bear the names of) the former Area Assemblies.
- 1.3 Each Area Housing Panel receives a revenue budget of £29,025 per annum, funded from the Housing Revenue Account, to support the identification and delivery of local neighbourhood environmental projects. The total budget provision is £203,175 per annum. The budget is set annually and there is no roll forward.
- 1.4 Decisions regarding the allocation of funding to support identified projects is devolved to the Panel's tenant membership, with advice and support from Council officers and Elected Members in attendance at Panel meetings.
- 1.5 Under the current budget and project delivery arrangements, projects are identified and approved by the Area Housing Panels. The projects brought forward could fall within any of the constituent Ward's within the Area Housing Panel geographical area. There is no designated budget commitment per Ward.
- 1.6 Projects delivered by the Panels support both community and corporate objectives, such as creating safe, clean and attractive neighbourhoods and align with the Housing Services' general housing and estate management functions.
- 1.7 Tenant representatives on the Panels also support the wider customer engagement and service development framework within Housing Services. This includes the over-arching Housing Involvement Panel, Quality and Standards Challenge Group and service area specific focus groups. Area Housing Panels nominate representatives from the Panels to attend these additional forums.
- 1.8 The implementation of new ward based neighbourhood working arrangements has prompted a review of the current geographical Area Housing Panel arrangements, in order to ensure that the Panels align with and fully complement wider thriving neighbourhoods based activity.

2. Key Issues

2.1 Geographical Arrangements.

- 2.1.1 The launch of the Thriving Neighbourhoods Strategy and the move towards a new neighbourhood working model, with electoral Wards as the principal building blocks, has resulted in the existing Area Housing Panel geography becoming obsolete and out of step with the new arrangements. The implementation of new electoral Ward

arrangements in 2020 is also a further driver for change. This necessitates that any new geographical arrangements for Area Housing Panels are developed and implemented in line with Ward boundary changes in 2020. Discussions have commenced with the Housing Involvement Panel, Area Housing Panel representatives and key partners such as Rotherfed, with regard to the potential shape and form of future Panel arrangements and budget setting. Discussions to date have focussed upon the development of a diverse Ward level tenant engagement framework, as the foundation for a broader service specific offer, which could include the retention of Area Housing Panels at a higher geographical level. These are early discussions and significant further work is required to construct what the new tenant engagement offer will look like overall. This includes how it will be resourced, ensuring that we continue to enhance our engagement framework whilst at the same time fully integrating with the broader neighbourhood working approach.

2.2 Budget Setting Arrangements

2.2.1 Whilst looking at new geographical arrangements, it is also necessary to review corresponding budget setting arrangements. Each of the seven existing Panels receives the same level of funding regardless of the size of the Panels' area of coverage or the number of Council homes within that area. Panels currently vary in both geographical size and the number of Council homes within their area.

2.2.2 Taking these issues into consideration, options and recommendations for a new Ward level budget setting model for Area Housing Panels have been developed, which, subject to approval, could be implemented from April 2019.

3 Options considered and recommended proposal

3.1 Budget Setting Arrangements

3.1.1 Appendix 1 - illustrates a number of budget setting scenarios which have been considered based upon the existing Wards in 2019/20.

- **Option A)** An equal split of the £203,700 Area Housing Panel budget across all Wards. This would reflect the current budget setting arrangement, but would not reflect variations in Council stock numbers.
- **Option B)** A budget setting approach based upon the level of Council stock within each Ward, as a percentage of the overall Council housing stock. For example, if Ward A had 25% of the Council's housing stock, it would receive 25% of the annual AHP budget. This option would reflect the level of Council tenancies within each Ward generating income which supports the Area Housing Panel budget, through the Housing Revenue Account, but would create very significant variations in funding across individual Wards.

- **Option C)** A base budget offer of £8,000 per Ward, with an enhancement to reflect the percentage of Council homes within each Ward. This would ensure that no Ward is disadvantaged by any new arrangements, reflects the level of Council homes within each Ward and is containable within the existing annual budget provision.

3.1.2 Having considered each of the options above, Option C is recommended for implementation in the new financial year 2019/20. This would be based upon the Area Housing Panel budget being allocated by Ward, with a minimum base budget allocation of £8,000 per Ward (totalling £168K) and the remaining budget provision of £35,700 being allocated to each Ward based upon the percentage of Council homes in each area. This would ensure that each Ward receives a guaranteed designated budget, to address the issue raised in 1.5 above. For illustration:

- Ward A would receive a base budget of £8,000. The Ward contains 6% of the Council's housing stock. It would receive an enhancement to the base budget equal to 6% of £35,700. The Ward would therefore receive a total budget of £10,142
- Ward B would receive a base budget of £8,000. The Ward contains 12% of the Council's housing stock. It would receive an enhancement to the base budget equal to 12% of £35,700. The Ward would therefore receive a total budget of £12,284

3.1.3 Currently the annual Area Housing Panel budget is split equally across the seven Area Housing Panels and has been for many years. Whilst this provides parity of budget allocation:

- It does not align with the Council's new neighbourhood working model.
- Current arrangements provide no guarantee that individual Wards will benefit from projects and this budget, as this is dependent upon the projects and locations that are brought forward.
- The current budget allocation does not reflect the differential in Council tenancy numbers within each area, bearing in mind that the budget is funded from the Housing Revenue Account.
- The budget allocation does not reflect areas of high deprivation.

The proposed budget arrangement set out in 3.1.2 above would address these issues by:

- Providing a guaranteed minimum annual Area Housing Panel budget to each Ward.
- Better align with the new neighbourhood working model and the approach being adopted with regard to other Ward based budgeting.

- Provide a better opportunity to align this budget with other Ward level budgets and funding opportunities, to improve the potential for joint funding, to address local priorities and maximise local outcomes.
- The budget enhancement above the base Ward budget of £8k will be allocated based upon the level of Council homes in the Wards, with those wards with higher numbers of Council homes receiving more.
- These arrangements will also ensure that many of the most deprived areas of the Borough receive a proportionately higher budget.

It is worth noting that the proposed budget allocation arrangements will not result in any reduction in the overall annual Area Housing Panel budget allocation.

- 3.1.4 The budget setting arrangements for 2020/21 onwards will be further considered as part of the Area Housing Panel review process and reflecting the learning and outcomes arising from the 2019/20 proposed budget setting arrangements.

3.2 Governance

- 3.2.1 In addition to reviewing budget arrangements and structural matters, consideration has also been given to aligning governance arrangements with the new neighbourhood working model. To this end, the following changes are recommended for implementation from 2019/20:

- The Area Housing Panel funding application form will be reformatted to include reference in project and funding proposals to Ward plans and priorities, Housing Service key themes and Corporate and wider partnership priorities.
- That projects be submitted to and ratified by the respective Ward Members, once agreed and supported in principle by Area Housing Panels.

- 3.2.2 Whilst there is a potential risk that this change to governance arrangements may be perceived as reducing tenant empowerment, the proposed changes would:

- Still ensure that tenants have a defined budget allocated for investment in their local areas.
- Ensure that tenants still have an important say in how the budget is spent and on what.
- Strengthen Ward Member engagement and involvement with Area Housing Panels and in turn connectivity with other local initiatives and forums.

- Through the involvement of Ward Members, bring the opportunity for alignment with other Ward based budgets and Ward priorities, to address issues of most concern to local communities and improve local outcomes
- Align with the Ward Members community leadership.

3.2.3 The proposed arrangements will be reviewed, as part of the consultation on the overall Area Housing Panel Review, to inform proposals for future budget setting and governance arrangements

3.2.4 A further report setting out recommendations for the new organisational and budget arrangements for Area Housing Panels from 2020/21, will be presented to Cabinet later in the year, following consultation. In the meantime, it is proposed that Area Housing Panels continue to operate within the existing geographical arrangements during 2019/20.

4 Consultation on proposal

4.1 Consultation in respect of the substance of Recommendation 1 and Recommendation 2 has been undertaken with the Area Housing Panels and the Housing Involvement Panel, who are in agreement with the proposals.

4.2 Further a formal consultation programme is being undertaken which commenced in December 2018. The process will engage tenant representatives, ward members and key stakeholders, in developing a new geographical model for tenant engagement and the broader Housing Service engagement arrangements, including future Area Housing Panel budgeting arrangements. This would inform recommendations for Cabinet.

5 Timetable and Accountability for Implementing this Decision

5.1 Subject to approval, the new ward budgeting framework would commence on 1 April 2019.

5.2 A further report to Cabinet outlining recommendations for the new geographical arrangements for Area Housing Panels, including future budget setting and governance arrangements, will be presented later in the year.

6 Financial and Procurement Advice and Implications

6.1 The total funding of £203,175 is provided from the Housing Revenue Account and there are no proposals to amend this amount. The recommended option seeks only to amend the current basis of budget allocation.

6.2 The estimated impact of the 3 options considered, for each ward, as outlined in paragraph 3.1.1 above, is shown in Appendices 1 and 2. Appendix 1 showing the estimated Ward level budget allocations for 2019/20 based on existing Wards.

7 Legal Advice and Implications

- 7.1 There are no direct legal implications arising from the recommendations within this report.

8 Human Resources Advice and Implications

- 8.1 The report has been shared with Human Resources. There are no human resource implications.

9 Implications for Children and Young People and Vulnerable Adults

- 9.1 The neighbourhood based projects delivered through the Area Housing Panel budget, address local issues of concern and deliver a positive impact within the community. Projects undertaken to date have included community safety and public realm related investments, including improvements to local play provision on housing administered sites. Such projects directly and indirectly support vulnerable adults and children.

10 Equalities and Human Rights Advice and Implications

- 10.1 An Equality Impact Analysis has been completed with regards to the proposals within this report.

11 Implications for Partners

- 11.1 Discussions have been held with Rotherfed with regard to the proposals contained within this report. Rotherfed has indicated a willingness to provide support in progressing the proposed consultation programme.

12 Risks and Mitigation

- 12.1 Area Housing Panel funding is allocated from the Housing Revenue Account. There are statutory guidelines relating to the use of Housing Revenue Account funding. These requirements are reflected within the Area Housing Panel project approval process and associated budget monitoring arrangements.
- 12.2 A Ward based approach to budget setting will generate an increase in local project delivery, but also a potential increase in associated management and administration. Project management and monitoring systems are to be amended and additional staff capacity has been identified to mitigate this.
- 12.3 Tenants may feel disempowered by the proposed changes to the governance arrangements. Initial discussions have been held with Area Housing Panel tenant representatives regarding the rationale for the proposed changes, with further dialogue planned. It has been stressed that project proposals will be very much community driven and promoted, with the changes to governance arrangements bringing additional oversight and links to local Ward priorities and plans; opportunities for added value, in terms of project funding and delivery; improved outcomes and maximising local impact.

13 Accountable Officer(s)

Anne Marie Lubanski, Strategic Director of Adult Care, Housing & Public Health
 Tom Bell, Assistant Director of Housing Services
 Paul Walsh, Head of Service – Housing and Estate Management

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive	Sharon Kemp	03/03/19
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	28/02/19
Assistant Director of Legal Services (Monitoring Officer)	Stuart Fletcher	28/02/19
Assistant Director of Human Resources (if appropriate)	N/A	N/A
Head of Human Resources (if appropriate)	N/A	N/A

Report Author: *Paul Walsh, Head of Service – Housing and Estate Management*
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This report is published on the Council's [website](#).

Appendix 1
AHP Budgets - Current Ward Arrangements 2019/20

Locality	Existing Area Housing Panel	Ward (Ward Tenants Forum)	Total Properties Per Ward (figures as at April 2018)	Properties Per Ward as a % of the Borough Housing Stock	Estimated IMD Score 2015 and equivalent SOA Rank Rotherham Rank	15% Most Deprived SOA's based on 2015 IMD	Budget Allocation Options		
							Option A) Existing annual budget split equally by Ward	Option B) Budget Allocation (if based upon % of stock within each Ward)	Option C) Budget allocation based upon a £8k base budget with an enhancement based upon % of Council homes in the Ward
North	WN	Hooper	1233	6.05	9		£ 9,700	£ 12,316	£ 10,158
		Swinton	1098	5.38	8		£ 9,700	£ 10,968	£ 9,922
		Wath	1076	5.28	11		£ 9,700	£ 10,748	£ 9,884
	WS	Rawmarsh	1569	7.69	7	Rawmarsh NE	£ 9,700	£ 15,672	£ 10,747
		Silverwood	858	4.21	13		£ 9,700	£ 8,570	£ 9,502
		Valley	1889	9.26	2	East Herringthorpe North, East Herringthorpe South, Dalton, Thrybergh South, East Herringthorpe East	£ 9,700	£ 18,869	£ 11,307
Central	RN	Kepple	751	3.68	15		£ 9,700	£ 7,502	£ 9,315
		Rotherham West	1016	4.98	3	Meadowbank, Ferham, Masbrough,	£ 9,700	£ 10,149	£ 9,779
		Wingfield	2506	12.29	4	Wingfield, Munsbrough, Rockingham West	£ 9,700	£ 25,032	£ 12,387
	RS	Boston Castle	929	4.56	5	Canklow North, Town Centre,	£ 9,700	£ 9,280	£ 9,626
		Rotherham East	1738	8.52	1	Eastwood Village, Eastwood Central, Eastwood East, East Dene East, East Dene NE, Herringthorpe North	£ 9,700	£ 17,360	£ 11,043
		Sitwell	338	1.66	21		£ 9,700	£ 3,376	£ 8,592
South	RVS	Anston & Woodsetts	397	1.95	19		£ 9,700	£ 3,966	£ 8,695
		Dinnington	580	2.84	10	Dinnington Central,	£ 9,700	£ 5,793	£ 9,015
		Wales	550	2.70	18		£ 9,700	£ 5,494	£ 8,963
	RVW	Brinsworth & Catcliffe	611	3.00	16		£ 9,700	£ 6,103	£ 9,070
		Holderness	782	3.83	14	Aston NW	£ 9,700	£ 7,811	£ 9,369
		Rother Vale	857	4.20	12	Thurcroft SW	£ 9,700	£ 8,560	£ 9,500
	WV	Hellaby	298	1.46	20		£ 9,700	£ 2,977	£ 8,522
		Maltby	697	3.42	6	Maltby East - Birks Holt, Maltby East - Muglet Lane	£ 9,700	£ 6,962	£ 9,220
		Wickersley	620	3.04	17		£ 9,700	£ 6,193	£ 9,085
		21	20393		231	£ 203,700	£ 203,700	£ 203,700	

IMD Score

	Most Deprived 10%
	Most Deprived 10-20%
	Most Deprived 20-30%
	Most Deprived 30-50%
	Least Deprived 50%

<p>Under the Equality Act 2010 Protected characteristics are Age, Disability, Sex, Gender Reassignment, Race, Religion or Belief, Sexual Orientation, Civil Partnerships and Marriage, Pregnancy and Maternity. Page 6 of guidance. Other areas to note see guidance appendix 1.</p>	
<p>Name of policy, service or function. If a policy, list any associated policies:</p>	<p>Area Housing Panel Review</p>
<p>Name of service and Directorate</p>	<p>Housing and Estate Management (Adult Care, Housing and Public Health)</p>
<p>Lead manager</p>	<p>Paul Walsh</p>
<p>Date of Equality Analysis (EA)</p>	<p>16th January 2019</p>
<p>Names of those involved in the EA (Should include at least two other people)</p>	<p>Lynsey Mould and Asim Munir</p>
<p>Aim/Scope (who the Policy /Service affects and intended outcomes if known) See page 7 of guidance step 1</p> <p>The launch of the Thriving Neighbourhoods Strategy and the move towards a new neighbourhood working model, with electoral Wards as the principal building blocks, has resulted in the existing Area Housing Panel geography becoming obsolete and out of step with the new arrangements. The implementation of new electoral Ward arrangements in 2020 is also a further driver for change. This necessitates that any new geographical arrangements for Area Housing Panels are developed and implemented in line with Ward boundary changes in 2020.</p>	
<p>What equality information is available? Include any engagement undertaken and identify any information gaps you are aware of. What monitoring arrangements have you made to monitor the impact of the policy or service on communities/groups according to their protected characteristics? See page 7 of guidance step 2</p> <p>The Strategic Housing and Development team have produced housing profiles at ward level to identifying opportunities to meet housing need in each area. The document contains useful information including local house prices, rents, council stock, demand for social housing and much more. The profiles will also compliment work being undertaken corporately, which seeks to provide more detailed demographic profiles at ward level. This will also enable us to target our engagement activities in the future such as the new governance arrangements for the Area Housing Panels.</p> <p>We also monitor tenant's equalities information through tenancy verification forms which are completed which includes questions around equality strands.</p>	
<p>Engagement undertaken with customers. (date and group(s) consulted and key</p>	<p>Consultation commenced in November 2018 and will run through till April 2019.</p>

<p>findings) See page 7 of guidance step 3</p>	<p>Discussions have commenced with the Housing Involvement Panel, Area Housing Panel representatives and key partners such as Rotherham Federation of Communities, with regard to the potential shape and form of future Panel arrangements and budget setting.</p> <p>The consultation will be also be made online to ensure those who cannot make the meetings are able to have their say.</p>
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<p>Engagement undertaken with staff about the implications on service users (date and group(s)consulted and key findings) See page 7 of guidance step 3</p>	<p>This has been shared with Housing SMT on 16th January and will be going to DLT on 22nd January.</p>
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The Analysis

How do you think the Policy/Service meets the needs of different communities and groups? Protected characteristics of Age, Disability, Sex, Gender Reassignment, Race, Religion or Belief, Sexual Orientation, Civil Partnerships and Marriage, Pregnancy and Maternity. Rotherham also includes Carers as a specific group. Other areas to note are Financial Inclusion, Fuel Poverty, and other social economic factors. This list is not exhaustive - see guidance appendix 1 **and** page 8 of guidance step 4

Analysis of the actual or likely effect of the Policy or Service:

See page 8 of guidance step 4 and 5.

Does your Policy/Service present any problems or barriers to communities or Group? Identify by protected characteristics Does the Service/Policy provide any improvements/remove barriers? Identify by protected characteristics

One of the key priorities in the Tenant Involvement Strategy is to ‘Listen to more ‘disadvantaged’ and ‘underrepresented’ individuals and groups, and act upon their advice/ opinions/views’.

We have an Equality Section in the Strategy which outlines:

We are committed to treating people respectfully, fairly and equally, tackling discrimination and harassment and ensuring our services are accessible irrespective of race, religious belief, disability, gender, age or sexual orientation. We will make sure all groups and individuals have equal access and opportunity to engage in activities. We require all groups and individuals involved with tenant involvement to act to promote equality and welcome participation from all our community.

What affect will the Policy/Service have on community relations? Identify by protected characteristics

The proposed changes will have no impact on community relations.

Please list any **actions and targets** by Protected Characteristic that need to be taken as a consequence of this assessment and ensure that they are added into your service plan.

Website Key Findings Summary: To meet legislative requirements a summary of the Equality Analysis needs to be completed and published.

Equality Analysis Action Plan

Time Period - November 2018-April 2019

Manager: **Asim Munir**

Service Area: **Housing & Estate Management**

Tel: **822786**

Title of Equality Analysis:

If the analysis is done at the right time, i.e. early before decisions are made, changes should be built in before the policy or change is signed off. This will remove the need for remedial actions. Where this is achieved, the only action required will be to monitor the impact of the policy/service/change on communities or groups according to their protected characteristic.

List all the Actions and Equality Targets identified

Action/Target	State Protected Characteristics as listed below	Target date (MM/YY)
Consultation on review of Area Housing Panels	A,D,RE,RoB,G,GI,0,SO,C	30/04
Housing Involvement Panel for approval on revised budget	A,D,RE,RoB,G,GI,0,SO,C	13/02
Feedback on key themes arising from the consultation at the Rotherham Federation of Communities AGM	A,D,RE,RoB,G,GI,0,SO,C	26/03
Name Of Director who approved Plan	Tom Bell	Date 22.01.19

*A = Age, D= Disability, S = Sex, GR Gender Reassignment, RE= Race/ Ethnicity, RoB= Religion or Belief, SO= Sexual Orientation, PM= Pregnancy/Maternity, CPM = Civil Partnership or Marriage. C= Carers, O= other groups

Website Summary

Completed equality analysis	Key findings	Future actions
<p>Directorate:Adult Social Care, Public Health and Housing</p> <p>Function, policy or proposal name: Area Housing Panel Review</p> <p>Function or policy status: Changing</p> <p>Name of lead officer completing the assessment: Asim Munir</p> <p>Date of assessment: 16.01.19</p>	<p>Will follow after completion of the consultation</p>	<p>Complete the consultation which will inform the new governance and budget arrangements for the Area Housing Panels from 2020.</p>

Summary Sheet

Committee Name and Date of Committee Meeting

Cabinet – 18 March 2019

Report Title

Site Cluster Programme Amendments

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

Yes

Strategic Director Approving Submission of the Report

Anne Marie Lubanski, Strategic Director for Adult Care, Housing and Public Health

Report Author(s)

Uzma Sattar, Housing Development Co-ordinator
01709 255048 or uzma.sattar@rotherham.gov.uk

Ward(s) Affected

Boston Castle
Dinnington
Maltby
Valley

Report Summary

The Site Clusters programme, approved by Cabinet in July 2017, is an innovative development model that is increasing and accelerating the amount of new housing in Rotherham and providing a range of additional benefits to Rotherham, including specialist accommodation and extensive employment and training opportunities. The programme is progressing very well and all seven sites are now under construction and delivering to the agreed construction programme. Following the opening of the Braithwell Road show home in October 2018, demand is proving to be high and the projected combined income from selling the 83 houses on the open market and sales receipts from shared ownership homes is now forecast to be higher than originally reported.

At the point of reporting to Cabinet in 2017, the total scheme cost could only be estimated. The sites are extremely challenging and extensive ground remediation work has been necessary to make them developable. Other unforeseeable costs have arisen from utilities diversions and an industry-wide increase in the cost of materials and labour. The report to Cabinet in July 2017 stated that in order to protect the Council from exposure to a situation where the amount exceeds the amount authorised, the development agreement provides the Council with the ability to reduce the number of units built on the final site.

The Council must now decide whether to reduce the programme to ensure the original budget is not exceeded, or to increase the budget to enable all 217 homes to be built, and Rotherham to receive the full range of benefits afforded by this innovative partnership. The report recommends the latter approach. The Council and its Employer Agent, Rider Levett Bucknall, have challenged and scrutinised all costs presented by Wates and a range of efficiencies has been identified. The remaining risks have been analysed and a realistic maximum price has been calculated.

If Cabinet decides to increase the budget, there are two further options to consider. One option is that the Council could continue with the current contractual arrangements. If any savings are identified, the final cost could potentially fall below the revised budget figure. However, the Council would bear the costs associated with any further risks that materialise for example as a result of the UK's exit from the European Union or adverse weather conditions.

Alternatively, the Council could renegotiate the contract to a fixed, guaranteed maximum price contract, which would ensure no further risk of cost increases for the Council. This is the recommended approach.

The report sets out the implications of each of these options. The figures are set out in the confidential Appendix 1. The report also recommends that Cabinet approves the new funding profile (Appendix 2).

Recommendations

1. That approval be given to the proposed revised funding profile for the Site Clusters Programme as set out in Appendix 2, which includes an overall increase to the project budget and a net additional impact on HRA reserves of £4.99m, and recommend to Council that the Capital Programme is revised accordingly.
2. That officers be authorised to renegotiate the contract with Wates to a fixed maximum price contract, subject to the cost being containable within a revised funding envelope as set out in Appendix 1.

List of Appendices Included

- Appendix 1 Financial information (Exempt)
- Appendix 2 Summary of cost and income profile (Exempt)
- Appendix 3 Revised cost broken down by site (Exempt)

Background Papers

Report to Cabinet and Commissioners' Decision Making Meeting – 10 July 2017 – 'Site Cluster II'

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board – 13 March 2019

Council Approval Required

No

Exempt from the Press and Public

While the main report is public, the appendices are exempt under paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act, as they contains sensitive commercial information with regards to the Council's contracts.

Site Cluster Programme Amendments

1. Background

- 1.1 Approval was granted to commence the construction stages of the “Site Cluster Project” at the Cabinet and Commissioners’ Decision Making Meeting on 10th July 2017. The Clusters programme is the largest Council-led build programme in decades and will deliver 217 high quality homes across seven Council-owned sites, to meet a wide range of needs. Specialist accommodation for foster families and adults with autism are included.
- 1.2 This is an innovative scheme and has attracted interest and positive attention from other local authorities, the Sheffield City Region and Homes England. These seven sites had been redundant for several years and with the exception of Braithwell Road, it is unlikely that they would have been developable without the clustering approach. This has allowed the Council to provide affordable homes in areas where they are needed.
- 1.3 In addition to the New Homes Bonus and Council Tax income that will be generated to the Council’s General Fund by the 217 homes, the Clusters programme will generate other significant benefits for Rotherham:
- 18 apprenticeships and training / upskilling of 51 people
 - Engagement with local schools (experience / site visits / workshops)
 - £21m spent through local supply chains
 - £65k contributed to local charities
 - 1258 hours of Wates volunteering locally
 - Visually improved seven long term vacant sites and removed associated antisocial behaviour problems
- 1.4 The programme includes 83 homes for sale, and expert legal advice confirmed that this was an acceptable use of HRA resources provided it would not result in a detrimental effect on the HRA. The income from sales receipts from these homes is now projected to exceed original targets and exceed the construction costs for the Braithwell Road site, therefore justifying the decision to deliver houses for sale to support wider Council house building.
- 1.5 The original proposed tenure breakdown was as follows:
- 98 new council houses
 - 83 new homes for outright sale
 - 24 shared ownership homes, and
 - 12 rent to buy homes

A slight adjustment has been made to this in that the 12 original 'rent to buy' homes will now be delivered as shared ownership. The July 2017 report to Cabinet and Commissioners' Decision Making Meeting included a recommendation that authority to determine the tenure mix for 21 of the homes (provisionally identified as rent to buy or shared ownership) be delegated to the Assistant Director of Housing Services, in consultation with the Section 151 Officer, and this was approved. The decision to convert the homes from rent to buy to shared ownership was taken for two reasons: Shared ownership produces more capital income to the Council, and rent to buy has proven to be a very difficult tenure to implement for local authorities. The new tenure breakdown is as follows:

- 98 new council houses
- 83 new homes for outright sale, and
- 36 shared ownership homes

1.6 The decision (to convert the 12 units) has resulted in an increase to the total projected capital income from shared ownership sales, although it also results in an annual revenue income loss to the HRA. The projected income from sales receipts for the 83 open market sale homes has also increased.

1.7 The original overall cost for the programme as originally reported to Cabinet in July 2017 was based on Wates' estimates at the time, and the report explained that this was subject to increases depending on unforeseeable factors.

1.8 As detailed in confidential Appendix 1, costs have increased and the main reasons, in order of impact (with the highest impact items first) are:

- Superstructure – bricks (labour and materials – a national industry wide issues not specific to Rotherham), revision to kitchen designs, increased screed costs
- External walls (major soil nailing requirements for four sites, retaining walls, utilities diversions that were unknown at the outset)
- Groundworks (unforeseen ground conditions, additional excavation, enhanced drainage design)
- Fees, preliminaries, overheads and profit and other costs (pre-construction prelims, additional prelims for brickwork contractor and S185 drainage diversion)
- Joinery (increased costs inc. internal walls, doors, fixtures and fittings due to market conditions and supply and demand)
- Compensation events (technical approval of drainage, live electrical supplies, live mains denoted incorrectly on existing plans)
- Pre development costs and Development Agency Model fees as a result of increased sales income
- Professional fees

- 1.9 The cost increases have been scrutinised and challenged by Rider Levett Bucknall (RLB), the Council's Employer Agent, the Council's Strategic Housing and Development Team and an independent third party, with all concluding that they are legitimate and consistent with cost increases experienced on other comparable projects. RLB has confirmed that without the inclusion of these abnormal costs, the overall figure is within the original estimate which represented "extremely good value for money".
- 1.10 In order to avoid any future cost increases, Wates' commercial team has been asked to produce a guaranteed maximum price (GMP) that reflects all known issues and includes all other associated costs payable by the Council, with the exception of professional fees to RLB, Legal and Planning services. The figure included in confidential Appendix 1 is based on information provided by Wates on 30th January 2019.
- 1.11 As part of the process of reaching the GMP, Wates were challenged to make a number of efficiencies such as completing earlier (thus reducing preliminary costs), foregoing overhead and profit margins on certain elements of the programme and achieving other savings through their supply chain. The resultant savings have been factored into the GMP.
- 1.12 There has also been an increase in development costs. This is due to an increase in pre development costs and also increased costs related to Development Agency Model fees based on the fact that Wates receive 3% of sales income, which has now increased. The Sales and Marketing cost will be fixed if the GMP option is approved.
- 1.13 While RLB will continue to scrutinise and challenge costs, this forms the basis of the new projected overall budget for the scheme, excluding only the RMBC funded professional fees, the sum for which has increased to reflect the increased cost of professional fees in relation to the revised project and includes RLB and Legal costs. It is anticipated that the total gross cost as set out in confidential Appendix 1 will be the maximum cost.

2. Key Issues

- 2.1 The key issue is that the original budget estimated in the July 2017 Cabinet report is insufficient to complete the programme. The causes of the increases have been outside the Council's or Wates' control: The majority of the ground remediation and utilities diversion works could not have been foreseen until work was underway, and the rise in the cost of bricks and labour reflects wider market forces in the construction industry.

- 2.2 As set out in the original Cabinet report in July 2017, the risk of cost increases could be mitigated by reducing the number of homes built on Rother View Road in Canklow. The programme could be reduced by up to 70 Council houses, thus remaining within the original budget envelope. However, this would have a negative impact on overall value for money for the Council and would fail to address local housing needs. It would also result in the Council having to hand back grant from the Shared Ownership and Affordable Housing Programme to Homes England, reducing Homes England's confidence in the Council as a delivery partner and potentially jeopardising future schemes that are reliant on grant funding such as the town centre housing programme. In addition it would impact on the net revenue rental income for HRA. The implications are set out in further detail in section 4.
- 2.3 This report recommends increasing the HRA budget to allow the scheme to be completed, and fixing the price with Wates to guard against any further increases.

3. Options Considered and Recommended Proposal

- 3.1 **Option 1:** Reduce the number of units built on Rother View Road, Canklow. Ceasing work on these sites (MC2 and MC3).

3.1.1 Advantages

- This option would ensure that expenditure does not exceed the original Cabinet approved budget.

3.1.2 Disadvantages

- Leaving sites redundant (and therefore vulnerable to antisocial behaviour, causing blight to neighbouring communities)
- Failing to deliver much needed homes to meet specific local housing needs – 70 Council homes for rent
- Reduction in overall value for money as the expense incurred by the Council to date would be divisible by a lower number of properties
- Damaged relationship with Homes England, potentially jeopardising future schemes that are reliant on grant funding support (such as the town centre housing programme), and the handing back of £2.1m of grant funding which further impacts on the affordability of the overall project
- Adverse impact on estimated net rental income previously factored in to HRA business plan

3.1.3 This approach is not recommended.

- 3.2 **Option 2:** Propose a revised overall budget that reflects all known costs and risks as at the end of January 2019 to enable the programme to be completed, proceeding with the existing contract.

3.2.1 Advantages

- The majority of the risks are now understood and it is possible that costs could be driven down, which would reduce the Council's expenditure on the project.

3.2.2 Disadvantages

- Costs could increase beyond this figure and a further budget increase request could be necessary. It would open the Council up to covering not only site related risks but also economic risks emanating from uncertainty and outcomes of EU Exit, which could be significant.

3.2.3 This is not recommended as option 3 would offer a greater degree of protection to the Council's interests.

3.3 **Option 3:** Revise the contract with Wates to a fixed, guaranteed maximum price (GMP).

3.3.1 Advantages

- This would protect the Council from any further risk and cost increases
- The impact of the UK's exit from the European Union cannot be predicted with certainty and without a fixed price the Council would bear all the risk. There has recently been an emergency meeting of the UK's main contractors amid concerns that 70% of all construction materials presently come in from Europe, that could lead to significant delays and cost increases on major projects after the UK leave the EU.
- The Council's external advisors Rider Levitt Bucknall have confirmed that the level of risk built in by Wates is not excessive given the potential risks, however they will assist the Council to negotiate to further reduce the proposed fixed price.

3.3.2 Disadvantages

- The Council could potentially pay for risk elements (included in Wates' proposed fixed price) that do not materialise.

3.3.3 Overall this approach is recommended.

4. Consultation on Proposal

- 4.1 Detailed discussions and meetings have been held between Housing and Finance officers to ensure a shared understanding of the cost increase and options for proceeding. Latterly, RLB have attended meetings to advise on risk and contract issues.
- 4.2 Detailed breakdowns of the different works packages and cost reports have been provided to Finance representatives by Wates and Rider Levett Bucknall.
- 4.3 Ward Members have been fully briefed on the contents of this report.

5. Timetable and Accountability for Implementing this Decision

- 5.1 There is a detailed programme of works for each of the sites which is ongoing. The Assistant Director for Housing has overall accountability for the Clusters programme and progress is monitored through the Housing and Regeneration Programme Delivery Board.

6. Financial and Procurement Advice and Implications

6.1 Option 1

- 6.1.1 The overall cost of option 1 would reduce by virtue of removing the number of units built on Rother View Road, Canklow and would bring the project back within the budget previously approved. However, this would also mean handing back £2.1m of grant funding to Homes England and resulting reputational damage.
- 6.1.2 In addition this would also adversely impact on the net rental income already factored into the HRA business plan by circa £194k per annum. This equates to a sum of circa £5.814m over 30 years (at current prices).

6.2 Option 2

- 6.2.1 It is estimated that the overall cost of option 2 would be the same as the fixed price option. However, the potential future risks identified by Wates would likely pose the same risk for the Council and as such these would need to be built in to a contingency sum. This would invariably take the overall cost up to the same price as the fixed price option.
- 6.2.2 There is a risk that costs could increase even beyond this sum. In particular the Council's Employer Agent (RLB) has advised that the biggest potential risk may relate to the uncertainty around EU Exit. Many of the materials used on the build of these properties are sourced in the EU and there is concern on any impact on the supply chain post the 29th March.

6.3 Option 3 (recommended option)

- 6.3.1 This would give the Council the certainty around the maximum cost of the project and protect the Council from potential future risk. There is a risk that the figure currently provided by Wates could change between the date of writing and the Cabinet approval date as any other factors become known. In addition RLB would continue to support the Council in negotiating this price down further.
- 6.3.2 There is a risk under this option that Council could end up paying more than it would if it proceeded with the existing contract. What the Council gets with this option is greater certainty.
- 6.3.3 Approval of this option would require an increase in the project budget, which can be partially offset by the increase in income from sales receipts. The net impact can be accommodated within the Housing Revenue Account budget, but it is possible that this may impact on the delivery of future projects. If the level of net sales income is less than currently projected, this would potentially mean a greater call on the HRA reserves for any shortfall.
- 6.3.4 The funding profile approved in the original reports in July 2017 / December 2017 assumed a mix of funding sources. The reports did not include details of the capital receipts from outright sales and shared ownership sales. However, the HRA Business Plan relies on this capital sales income as a funding source for the HRA. If this income is not used on this project it significantly reduces the HRA revenue balance and leaves a shortfall on funding for the capital programme in future years.
- 6.3.5 A revised funding profile is shown in confidential Appendix 2. This now includes the use of all the capital receipts from the outright sales and shared ownership sales on this project. However sales revenue can only be utilised once actually received and thus there is a time lag with costs being incurred in advance of income received. It is therefore proposed that HRA revenue reserves are temporarily utilised until the capital receipts are received. Any capital receipts from this project that were not realised in time to fund this particular project will then be available for future HRA capital schemes.
- 6.3.6 Confidential Appendix 3 shows the revised cost per site.

6.4 Applicable to all options

- 6.4.1 The tenure of 12 units has been changed to shared ownership (from rent to buy). This revision avoids the possibility of potential right to buy opportunities after only a short tenancy.

6.4.2 The change of tenure of 12 units to shared ownership (from rent to buy) delivers a one off capital receipt (factored in to the revised budget and funding profile) but does also result in an annual reduction of revenue income to the HRA.

6.5 Regulation 72 of the Public Contracts Regulations 2015 provides a mechanism for dealing with the modification of contracts during their term. In the context of this specific contract, it is the professional opinion of the procurement team that this modification would not be defined as substantial in accordance with Regulation 72(1)(e) – predominantly on the grounds that the modification changes the economic balance of the contract in favour of the Council, in a manner that wasn't provided for in the initial contract.

7. Legal Advice and Implications

7.1 The use of HRA capital resources to build homes for open market sale is conditional on ensuring no detrimental impact to the HRA. This was confirmed by an independent legal expert and details were set out in the original report. Therefore any capital receipts from the sales will need to be identified and earmarked for future Council housing growth projects.

7.2 There are no legal obstacles to renegotiating the Wates contract to a fixed price contract part way through delivery. The original Tender process did not specify which risk share option within the NEC contract would be adopted, and therefore there is flexibility to allow the Council to make amendments to protect its financial interests.

8. Human Resources Advice and Implications

8.1 None identified.

9. Implications for Children and Young People and Vulnerable Adults

9.1 The completion of the specialist housing units for adults with learning disabilities / autism and children / young people is crucial in enabling the directorates to meet their strategic objectives.

10. Equalities and Human Rights Advice and Implications

10.1 None identified.

11. Implications for Partners

11.1 The Clusters programme is an innovative partnership between the Council and Wates with both parties committed to its success. The programme is being delivered and overseen by Strategic Housing and Development but continues to require an integrated approach across all directorates, working closely with Children and Young Peoples Services and Adult Care to align the development of specialist housing units to the identified housing needs of people with learning disabilities and young people living in care.

12. Risks and Mitigation

- 12.1 There is a risk that the sales values achieved will be lower than the valuation, however the success of the first phase of sales units on Braithwell Road indicate a healthy interest and it is anticipated that original income targets will be exceeded. (The agreement does allow Wates to sell the properties up to 5% lower than the agreed selling price, which if this became necessary due to changes in market appetite, would result in an income reduction to the Council).
- 12.2 If Cabinet approves the recommendation to convert the contract to a fixed, guaranteed maximum price, the risk of further increases is mitigated. These could be significant depending on the outcome of EU Exit negotiations.
- 12.3 While the Council's Legal and Procurement services have confirmed that it is acceptable to convert to a fixed price option due to the flexibility allowed within the original procurement process, there is potentially a risk of challenge from other bidders. Procurement Services consider this to be a low risk. Furthermore there is no evidence that Wates would receive an unfair advantage, as by converting to a fixed price would be undertaking a higher risk and therefore it is unlikely that any challenge received would be upheld.
- 12.4 If the Council chooses to make a change to the programme, for example to the design of specialist accommodation, this will result in a compensation event and potentially an additional cost, and any such additional costs will be accommodated within the revised proposed budget figure as set out in confidential Appendix 1.
- 12.5 The GMP figure indicated in confidential Appendix 1 may change between the time of writing the report and Cabinet meeting date as Wates are not legally obliged to honour this. RLB have indicated that this figure can be assumed to represent a maximum cost.
- 12.6 Various lessons have been learned from the Site Clusters Programme in respect of cost reporting and will be applied to future projects:
- a) The need to fully explore all options for sharing risk and reward in the NEC contract, and ensure the implications are fully explained in Cabinet reports. The option originally taken for the Clusters programme was for the Council to bear the risk of cost increases. This was to ensure the Council has full control over the programme and receives 100% of the surpluses on open market sale units, to be reinvested into further housing growth (thus complying with HRA ring-fence rules to ensure all sales receipts from open market sale units are invested in housing). The disadvantage is the inability to guarantee the final overall cost to the Council. Other NEC options (for example allowing for a sharing of risk and reward between the Council and contractor) would have been more expensive initially, and would likely have still necessitated a significant increase to the Council's budget as the major causes of the increases could not have been avoided, regardless of the form of contract.

- b) A larger contingency should have been included in the original Cabinet report as 5% is low. Subsequent projects have allowed for a 10% contingency.

13. Accountable Officer(s)

Tom Bell – Assistant Director of Housing Services

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive	Sharon Kemp	04/03/19
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	04/03/19
Assistant Director of Legal Services (Monitoring Officer)	Stuart Fletcher	12/02/19
Assistant Director of Human Resources (if appropriate)	N/A	N/A
Head of Procurement (if appropriate)	N/A	N/A

Report Author: **Error! Reference source not found.**

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of the Local Government Act 1972.

Document is Restricted

Summary Sheet

Name of Committee and Date of Committee Meeting

Overview and Scrutiny Management Board – 13 March 2019

Report Title

European Union Exit Risk Assessment and Contingency Planning

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

No

Strategic Director Approving Submission of the Report

Shokat Lal, Assistant Chief Executive

Report Author(s)

Jackie Mould, Head of Performance, Intelligence and Improvement
01709 823618 or jackie.mould@rotherham.gov.uk

Miles Crompton, Policy and Partnership Officer
01709 822763 or miles.crompton@rotherham.gov.uk

Ward(s) Affected

Borough-wide

Summary

The purpose of this report is to provide:

- a) A briefing about progress towards the anticipated departure of the United Kingdom (UK) from the European Union (EU) including potential scenarios.
- b) An assessment of issues and potential risks to the people and economy of Rotherham associated with the UK exit from the EU.
- c) An overview of the contingency planning undertaken by the Council and its partners in response to potential risks associated with EU exit.

There has been much uncertainty about how the UK will leave the EU and the clarity anticipated by autumn 2018 has yet to be realised. EU exit presents a significant change which will have economic and social consequences across the UK including Rotherham. The Council has sought to identify and address the local risks through contingency planning based on potential scenarios, notably a 'no deal' EU exit where the impact and risks would be greatest. EU citizens will need to apply for settled status and the Council and partners will support this process with the Home Office.

Recommendations

1. That the content of this report and potential risks associated with EU exit be noted.
2. That the work undertaken by the Council and partners on contingency planning in response to risks associated with EU exit be noted.

List of Appendices

None

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

European Union Exit Risk Assessment and Contingency Planning

1. Background

- 1.1. Following the referendum vote to leave the EU in June 2016, the Government invoked Article 50 of the EU Treaty in March 2017, giving two years' notice of the UK's withdrawal from the EU. According to the European Union (Withdrawal) Act 2018, the UK is due to leave the EU on 29 March 2019. To this effect, the Government published a Draft Withdrawal Agreement on 14 November 2018. The UK Parliament, the EU Parliament and at least 20 of the other 27 EU Council members needed to ratify the terms of the agreement before the UK departs. The Government delayed a vote in Parliament on the issue until 15 January 2019 when it was defeated.
- 1.2. On 14 February 2019, Parliament agreed to seek to re-negotiate the Irish backstop element of the Withdrawal Agreement although the EU indicated that 'other arrangements' had previously been ruled out. The Government has indicated that it will hold a final vote in the House of Commons on its Withdrawal Agreement on 12 March 2019 and if that fails, votes will be held on leaving without a deal on 13 March 2019 and delaying EU exit on 14th March 2019.

2. Key Issues

- 2.1 The detailed impact that EU exit is likely to have on people and places remains unclear and the full impact is likely to be realised over several years. The terms of the (currently rejected) withdrawal agreement include an implementation (transitional) period up to the end of 2020, which could be extended if required to accommodate further negotiations. Beyond this, the terms of a long term trading relationship will need to be negotiated.
- 2.2 Many issues arising from EU exit will also be the subject of UK domestic policy and legislation. There are many risks to achieving the necessary legislative solutions required but EU directorate requirements are incorporated into domestic legislation and likely to remain unchanged, at least until the end of 2020.
- 2.3 There are potential risks which could affect the people and economy of any part of the UK including Rotherham. The economic risk is assessed as being greatest if the UK were to leave the EU without a deal being agreed, which would undermine transitional arrangements, cause confusion leading to potential delays at ports and could have a negative impact on some parts of the economy. Government forecasts suggest that it would leave the UK economy up to 9% smaller after 15 years, compared to what it would have been.
- 2.4 **Possible Ways Forward:**
 - Agree the withdrawal agreement negotiated by the Government and EU and leave on 29 March 2019 with a 'deal'
 - Leave the EU on 29 March 2019 without a withdrawal agreement
 - Seek an extension to the Article 50 process to delay EU exit, subject to EU agreement, to re-negotiate the deal or implement a new plan

- Hold a further referendum (which would need Parliament to pass a Bill)
- 2.5 One possibility is that there could be an extension to article 50. However, this would still require a change in the law and need to be agreed by the European Council (meeting on 21 & 22 March). Any delay longer than three months would require the UK to hold elections to the European Parliament.
- 2.6 The Government has published a series of technical notes for guidance in preparation for a 'No Deal' EU exit. A 'no deal' outcome is one where the UK leaves the EU and becomes a 'third country' on 29 March 2019 without a withdrawal agreement and framework for a future relationship between the UK and the EU in place. The technical notes identify how the Government would act unilaterally to provide continuity for a temporary period to protect and minimise disruption for UK citizens and businesses.
- 2.7 **MHCLG EU Exit Preparations**
The Ministry of Housing, Communities and Local Government (MHCLG) has held several regional EU exit preparedness events attended by the Assistant Chief Executive and the Head of Performance, Intelligence and Improvement.
- 2.8 A summary of the risks and other issues discussed are set out below. The greatest risks are associated with a 'no deal' scenario and there would be a number of calls to action in this event. The Government is planning for several key risks:
- Short-term risks associated with supply chains, including medicines, fuel and food;
 - Information sharing with EU member states relating to family law and child protection cases;
 - Legal risks associated with a lack of clarity around procurement regulations;
 - Potential impacts on workforce in services with high levels of EU employees;
 - Community tensions, potential protests and disorder;
 - Support for EU citizens to gain 'settled status';
 - The potential short and long term impact on the economy of Rotherham in terms of barriers to trade.
- 2.9 The Government cross border delivery group is stepping up plans for a 'no deal' scenario including industrial sector based conversations. Many of their planning assumptions are health related for example transit consignments for food, feed imports and export health certificates, and also traffic management.
- 2.10 **Local Planning**
At the South Yorkshire Local Resilience Forum Strategic Assessment meeting regarding EU Exit held on 11 December 2018 it was agreed that an EU Exit Tactical Planning Group would meet fortnightly in January/February/March 2019. Given the proximity of the 29th March, this meeting now takes place on a weekly basis.

2.11 The Council has developed a business continuity plan in the event of a 'no deal' EU exit. The plan identifies the risks and potential impact on service delivery and any mitigating action that may need to be taken. This also covers a wide range of areas of exposure or risk including:

- Procurement and Supply Chain
- Customer Behaviour
- Economic Regeneration
- Banking, Insurance and Financial Services
- Legal Considerations
- Workforce and Staffing
- Advice and Guidance
- Community Cohesion
- Environmental Health and Local Regulation
- Elections and Electoral Registration
- Schools and Young People
- Adult Social Care

2.12 **Command and Control Structure**

In December 2018 the Council's Emergency Planning Team began business continuity preparations in the event of 'no deal'. In line with the level of risk, the South Yorkshire Local Resilience Forum (LRF), which coordinates partnership activities, has stepped up preparations. The Strategic Coordination Group (SCG) includes the Police, Fire & Rescue Service, Ambulance Service, NHS, Armed Forces and local councils. It has been meeting monthly, but is now holding weekly teleconferences. A Tactical Coordinating Group of the LRF meets weekly to assess risks and feed into the strategic group.

2.13 Strategic (GOLD) leadership within the Council is being delivered by the Assistant Chief Executive, supported by the Assistant Director for Community Safety and Street Scene, who attends Strategic Coordination Group and feeds back internally. At a tactical level (SILVER), representation is through the Head of Community Safety, Resilience and Emergency Planning alongside the Head of Performance, Intelligence and Improvement and an internal tactical group.

2.14 **NHS England** has identified 9 areas of risk which includes workforce, supply chain, procurement and medicine supplies.

2.15 **Sheffield City Region** (SCR) has an online tool to help local businesses prepare for EU exit, providing businesses with a tailored report on what they need to be thinking about for EU exit and directing them to resources to help them prepare. SCR is holding EU exit related events to raise awareness of the need for businesses to prepare and promote what support is available.

2.16 EU Citizens Settlement Scheme

An estimated 5,000 adults and 2,000 children in Rotherham are EU citizens who will need to apply for 'settled status' if they wish to remain in the UK after EU exit. The Home Office have been engaging with councils, the LGA and other local government bodies to develop local support for this process. The South Yorkshire Local Resilience Forum and the regional network (Yorkshire and North East) are undertaking contingency planning. Details of the settlement scheme are summarised below.

- The EU settlement scheme will be launched on 30st March 2019 with a test site already active, the expectation is that most people will apply online.
- The Prime Minister announced that the planned £65 fee would be waived.
- The Home Office recognises that vulnerable people and disadvantaged groups will need additional support to apply and local authorities have been invited to make an expression of interest to provide assisted digital support locally.
- The council has submitted an expression of interest to provide this support to all EU citizens and their families in the borough by providing face to face support at Riverside House Library and Neighbourhood Hub if this is needed.
- This will be an appointment service. The online application process is designed to be quick, lasting no more than 45 minutes per applicant.
- At a national level an organisation called We Are Digital are leading this project working in partnership with the Home Office.
- In order to make an appointment, EU citizens and their family who require Assisted Digital support will need to contact We are Digital via telephone or text.
- Riverside House will be offering the service Monday – Friday 9am – 12pm and 2pm – 4.30pm and the Library service will receive a payment for every application they assist
- Once the referral is received by Riverside House Library and Neighbourhood Hub the staff member will contact the applicant to reconfirm the appointment made by We Are Digital and reconfirm the identity required to make the application. Identity will be verified by scanning a biometric passport, biometric EU national identity card or biometric residence card using the EU Exit: ID Document Check app. At the appointment the staff member will support the applicant through the online application process which includes scanning proof of identity until the application is completed. Immigration advice will not be provided as part of this service
- Grants are available for voluntary and community organisations to support EU citizens to apply which has been communicated through local networks.
- Local authorities will have responsibility for making EU settlement applications for Looked After Children.
- The Government is still considering whether local authorities will have responsibility for making EU settlement applications for adults in care
- The EU Settlement scheme needs to be communicated to local EU citizens and the Council is developing an engagement plan.

3. Options considered and recommended proposal

- 3.1 Whatever the outcome of political activity over the coming weeks and months, it remains important to assess the potential implications of EU exit at the local and sub-regional levels and the Council is preparing accordingly.
- 3.2 The Strategic and Tactical Coordinating Groups will continue to monitor developments and identify risks and implications for the Council, local communities and the economy. Any economic impacts are likely to be much wider than just Rotherham and it will be important to consider sub-regional or regional impacts and responses.
- 3.3 An internal EU Exit Group has been established to plan for and monitor any EU exit implications and to ensure any business continuity plans reflect potential risks in the event of a 'no deal' EU exit. RMBC are actively involved in the Local Resilience Forum and the South Yorkshire Brexit tactical planning group.

4. Consultation

- 4.1. There have been regular briefings for the Strategic Leadership Team, Cabinet and Partnership Chief Officers Group.

5. Timetable and Accountability for Implementing this Decision

- 5.1. The UK is due to leave the EU on 29th March and Council preparations for EU exit have developed in anticipation of this date with senior management briefings from June 2018 and emergency planning since December 2018. The timetable for leaving the EU could change depending on the outcome of Parliamentary votes in mid-March. The actual date of departure will only be one step in a lengthy process of implementation and negotiation. Contingency planning and other responses to social and economic impacts from Brexit will continue as long as required as informed by local and sub-regional monitoring of the situation.

6. Financial and Procurement Implications

- 6.1. The costs of EU exit preparations have been met from service budgets. The Government has allocated £105,000 for both the 2018/19 and 2019/20 financial years to support the Council with any costs associated with the EU exit.

7. Legal Implications

- 7.1. The full legal implications of EU exit are unknown and advice will need to be sought from Legal Services on all individual legal issues that arise during the exit process.

8. Human Resources Implications

- 8.1. The Council employs a number of EU citizens who will need to apply for settled status to remain in the UK.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1. EU exit will directly affect around 2,000 children aged 0-17 in Rotherham who are from EU countries other than the UK and Ireland. 1,700 of these children attend Rotherham schools which will need to address any concerns arising within school communities. The Council is responsible for applying for settled status for Looked After Children from EU countries other than UK or Ireland.

10. Equalities and Human Rights Implications

- 10.1. The rights of EU citizens have been safeguarded in the withdrawal agreement and on 27th February Parliament agreed adopt the part of the agreement securing the rights of EU citizens in the UK and British nationals settled in the EU, whatever the outcome of EU exit negotiations.

11. Implications for Partners and Other Directorates

- 11.1. EU exit is likely to impact on all directorates in the Council as well as contractors, providers and partners.

12. Risks and Mitigation

- 12.1. The risks of EU exit are outlined above and the uncertainty about the terms of EU exit and what will actually happen have made contingency planning to mitigate risks more difficult.

13. Accountable Officer(s)

Shokat Lal, Assistant Chief Executive

Jackie Mould, Head of Performance, Intelligence and Improvement

Approvals obtained on behalf of:

	Named Officer	Date
Strategic Director of Finance & Customer Services	Paul Stone	05/03/2019
Assistant Director of Legal Services	Elizabeth Anderton	05/03/2019
Head of Procurement (if appropriate)	N/A	
Assistant Director of Human Resources (if appropriate)	N/A	

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