

CABINET

**Venue: Town Hall, Moorgate
Street, Rotherham. S60
2TH**

Date: Wednesday, 23 February 2011

Time: 10.30 a.m.

A G E N D A

1. Questions from Members of the Public
2. To determine if the following matters are to be considered under the categories suggested in accordance with the Local Government Act 1972.
3. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
4. Minutes of the previous meeting held on 9th February, 2011 (copy supplied separately)
5. Latest Developments at the AMP and Future Prospects for Rotherham in the Advanced Manufacturing Industry, with particular reference to opportunities in the civil nuclear sector
6. Proposed Revenue Budget and Council Tax for 2011/12 (Pages 1 - 21)
 - Strategic Director of Finance to report.
7. Capital Programme Budget 2011/12 - 2013/14 (Pages 22 - 39)
 - Strategic Director of Finance to report.
8. Prudential Indicators and Treasury Management and Investment Strategy 2011/12 to 2013/14 (Pages 40 - 68)
 - Strategic Director of Finance to report.
9. 2011 Health and Social Care Bill - Implications for Rotherham (Pages 69 - 74)
 - Chief Executive to report.
10. Blue Badge Fraud Prosecutions - Publication of Offenders' Details on the Council's Website (Pages 75 - 77)
 - Strategic Director of Environment and Development Services to report.

11. Rationalisation of Property Assets - Development Of An Asset Transfer Policy And Framework (Pages 78 - 121)
 - Strategic Director of Environment and Development Services to report.
12. Continuation of the Provision of Loans to Residents Experiencing Financial Difficulty as a Result of the Economic Downturn (Pages 122 - 125)
 - Strategic Director of Finance to report.
13. The Future of Council Housing in Rotherham (Pages 126 - 132)
 - Strategic Director of Neighbourhoods and Adult Services to report.
14. Members' Training and Development Panel (Pages 133 - 137)
 - Chief Executive to report.
15. Exclusion of the Press and Public
The following items are likely to be considered in the absence of the press and public as being exempt under those paragraphs listed below of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended March 2006):-
16. Review and Restructuring of Rotherham Youth Services (Pages 138 - 146)
 - Strategic Director of Children and Young People's Services to report.

(Exempt under Paragraph 2 of the Act – information likely to reveal the identify of an individual)
17. Rationalisation of Property Assets - Land to the rear of Ambler Rise, Aughton (Pages 147 - 151)
 - Strategic Director of Environment and Development Services to report

(Exempt under Paragraph 3 of the Act – information relates to finance and business affairs)
18. Rationalisation of the Property Portfolio - Land adjacent to the rear of 2 - 8 Wesley Ave, Swallownest (Pages 152 - 158)
 - Strategic Director of Environment and Development Services to report

(Exempt under Paragraph 3 of the Act – information relates to finance and business affairs)
19. Rationalisation of Property Assets - Land adjacent to Old Fence Church, Sheffield Road, Swallownest (Pages 159 - 164)
 - Strategic Director of Environment and Development Services to report.

(Exempt under Paragraph 3 of the Act – information relating to finance or business matters)

20. Schemes Delivery Team and Basic Maintenance Review (Pages 165 - 171)
 - Strategic Director of Environment and Development Services to report.

(Exempt under Paragraph 2 of the Act – information likely to reveal the identity of an individual)

21. Review of RMBC Communications and Marketing Function (Pages 172 - 178)
 - Chief Executive to report.

(Exempt under Paragraph 2 – information likely to reveal the identity of an individual)

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1)	Meeting:	Cabinet
2)	Date:	23 February 2011
3)	Title:	Proposed Revenue Budget and Council Tax for 2011/12
4)	Directorate:	Financial Services

5. Summary

This report proposes a Budget for 2011/12 based on the outcome of the Council's Financial Settlement. It provides details of:

- The progress of the Budget process since July 2010 (including confirmation of the Local Government Financial Settlement)
- The principles reflected in the Budget and spending plans
- The Council's recommended Revenue Budget for 2011/12
- Spending plans for Directorates
- Precepts and levies made on the Council by other authorities
- Proposed Council Tax levels for the coming financial year, and
- Proposed future developments in the 3 year Medium Term Financial Strategy (MTFS) 2011/12 to 2013/14.

As required by legislation, the report also contains the Strategic Director of Finance's assessment of the robustness of the estimates included within the Budget and the adequacy of the reserves for which the Budget provides.

6. Recommendations:-

1. **That Cabinet recommend to Council that on the 2nd March 2011:**

(a) **They approve:-**

- (i) **a General Fund Revenue Budget for 2011/12 of £219.622m to be allocated to services as set out in this report.**
- (ii) **No increase in the Council Tax in respect of this Council's own Budget giving an annual Band D Council Tax of £1,230.03**

(b) **They note and accept the comments of the Strategic Director of Finance, provided in compliance with Section 25 of the Local Government Act 2003, as to the robustness of the estimates included in the Budget and the adequacy of reserves for which the Budget provides.**

2. That Cabinet agree that the precept figures from South Yorkshire Police Authority, South Yorkshire Fire and Civil Defence Authority and the various Parish Councils and Parish Meetings be incorporated, when known, into the recommendation to the Council on 2nd March 2011.

7. Proposals and Details

Background

The Financial Challenge

In Autumn 2010 the Coalition Government published its Comprehensive Spending Review (CSR) which outlined the spending plans for 2011/12 to 2014/15. This indicated that the Government was planning substantial reductions in public expenditure in order to tackle the fiscal deficit. It outlined real term reductions of 28% over the period in Central Government funding for local government.

The precise impact of the CSR for Rotherham became clear when the provisional finance settlement was published on 13th December. This was one of the most complex settlements for some time as it included not only changes in the data and formulae used to calculate authorities' grant allocations but also a significant number of former specific grants, many formerly paid as Area Based Grant (ABG), were rolled into the Formula Grant baseline for 2011/12.

The main headlines for Rotherham were:

- A total Formula Grant allocation of £123.2m; but this allocation includes £16.1m (at 2010/11 levels) of grants rolled into Formula Grant total;
- Taking these grants into account, the Council's Formula Grant allocation **reduced** (from an adjusted 2010/11 base of £139.40m) **by 11.60% or £16.20m** year on year. This reduction is greater than both the national and regional averages (-9.90% and -10.10%) and is in line with reductions for Other Metropolitan District Councils (-11.30%);
- The Settlement indicated that a further 8.30% reduction in funding from 2011/12 levels is planned for 2012/13, bringing the total reduction over the two years to 18.70%.

The final financial settlement was announced on 31st January and had changed very little from the provisional grant settlement. The final settlement took account of a number of minor data errors in the distribution methodology. The impact of these led to Rotherham's resources from the settlement increasing by £6,272.

The final settlement is about £1.60m different to the assessment made immediately following the CSR due to data changes that benefit London and the South East at the expense of areas like Rotherham.

The withdrawal of Central Government funding and grant allocations to local councils is resulting in the Council facing a £30.3m resources gap in 2011/12.

Budget Principles

In July of last year, when the plans of the newly elected Government were becoming apparent, the Council was forced to revisit the 2010/11 Budget that had been set just 4 months earlier, to find an extra £10m that was withdrawn by the Government's Emergency Budget.

Clearly the Council has had to have a short term objective to balance its Budget in 2010/11. However, in setting the 2011/12 Budget the Council believes it is important to keep its eye on the next few years ahead and avoid hasty decisions that could cost it unnecessarily in the longer term.

From the outset of the 2011/12 Budget process the Council has said that its focus must be on the customers it serves, the communities and businesses of Rotherham – and not our organisational structure.

To achieve this end, we have identified a clear set of principles for considering Budget proposals. This has, as a **first course of action**, been to streamline our management and administration and to reduce as far as possible our back office costs. These were highlighted as a priority by the public in our 'Money Matters' budget consultation. In addition, we have identified areas where better ways of working could result in even greater efficiency and effectiveness. However, faced with such a significant budget deficit, the Council has still to make some tough choices which are reflected in the proposals put forward to Cabinet.

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

- Ensure that safeguarding of children is a top priority through the provision of improved services for children in care and with Special Educational Needs,
- Support vulnerable families and individuals,
- Increase our investment in preventative services and early intervention,
- Reduce the time taken to provide new packages of care and supply equipment, assistive technologies and adaptations to safeguard adults when their life circumstances change,
- Transform youth provision for all young people,
- Protect vital tendered bus services across the borough,
- Continue to help new business start ups and stimulate the local economy,
- Protect funding for voluntary and community sector and advice services,
- Help Rotherham Credit Unions continue to provide financial support to residents who are in danger of being made homeless because of the economic downturn, and

- Continue to invest in infrastructure across the Borough – £3m in new road network improvements, building in total 132 new affordable social housing, regeneration of the town centre and improve customer services.

Proposed General Fund Revenue Budget for 2011/12

Set out below is the proposed net Revenue Budget resulting from the budget principles referred to above which is recommended in this report.

Directorate	Proposed Budget 2011/12
	£'000
Neighbourhoods & Adult Services	86,214
Children & Young People's Service	40,608
Environment & Development Services	42,308
Financial Services	7,859
Chief Executive	7,325
Central Services (incl ITA and other levies)	35,308
TOTAL	219,622

Note: the figures above include spend previously supported by specific grants but now funded by formula grant. This makes year-on-year comparisons difficult, particularly as it affects some Directorates more than others

The Budget outlined above will:

- protect funding helping to provide vital services for those most in need in our community;
- reduce management and administration and back office costs as far as possible; and
- enable the Council to focus on the next three to four years to ensure that our services continue to be equipped to deliver a high standard that is fully aligned to the Community Strategy and our Corporate Plan priorities and objectives. This year, the Budget provides investments in the following local key priorities:

- the provision within the Budget of a £2m Fund that will allow the Council to invest in preventative and early intervention initiatives that will address issues at the earliest opportunity, thereby improving the quality of service provision and also allowing the Council to realise savings by addressing problems in the most cost effective way;
- £0.177m has been provided to allow the continued investment in the South Yorkshire Safety Camera Partnership, with the aim of making our roads even safer than at present; and
- The availability of a Contingency Fund of £0.600m to address Budget pressures should they arise, and to mitigate potential risks within the Council's financial plans.

The delivery of these objectives in 2011/12 will be made possible in light of the following proposed Council-wide savings or additional sources of funding that have been identified:

- **Corporate, cross-cutting savings (-£7.331m)** – the Council is conducting a wide-ranging and rigorous review of all service activities, spending and assets, including buildings, which will streamline the Council's management and administration and reduce as far as possible its back office costs.
- **Pay Terms & Conditions (-£2.020m)** – the Council is working with staff and Trade Unions to identify opportunities for minimising the impact of the Government grant reductions on local jobs.
- **NHS Funding to support social care (-£3.665m)** – the CSR recognised the immense pressures on the social care system in the difficult financial climate. To support social care at a local level, the Council has been working with NHS Rotherham, Rotherham FT Hospital and the emerging GP Commissioners to secure financial support that will both support integration between social care and health services and help more vulnerable residents remain independent and play an active role in their community.
- **Shared Services (-£0.500m)** – the Council is actively working with other councils and public sector partners to identify opportunities for more shared services.
- **Improved Commissioning (-£0.400m)** – the Council is proactively reviewing its strategic contracts with providers across a range of services.
- **Efficiencies in Supplies and Services Budgets (-£0.400m)**, the Council is looking at ways of procuring the supplies and services it needs, more efficiently.

- **Consultation efficiencies (-£0.050m)** – the Council is exploring new ways of coordinating, streamlining and using new technologies for engaging in public consultation across its services.

In addition, the following specific Directorate budget proposals have been considered and put forward, totalling £17.026m.

Children and Young People’s Service -£1.884m
 Neighbourhoods and Adult Services -£6.358m
 Environment and Development Services -£4.943m
 Financial Services -£2.487m
 Chief Executive -£1.354m.

Resources

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

Government Grants

Formula Grant - 2011/12 is the first year of the two-year Local Government Finance Settlement following the completion of the CSR and the Council’s 2011/12 settlement can be summarised as follows:

	£’000
Revenue Support Grant (RSG)	29,083
National Non-Domestic Rates – share of the national pool	94,087
Total - Formula Grant for 2011/12	123,170

As previously stated, the Formula Grant allocation of £123.170m allocation includes £16.10m (at 2010/11 levels) of specific grants rolled into the Formula Grant total. Adjusting for this transfer of funding, the Council’s Formula Grant allocation has reduced by 11.6% on a like for like basis.

The provisional grant details for 2012/13 published with the Final Settlement in January show grant will continue to reduce. The provisional grant allocation for 2012/13 shows the Council’s Formula Grant as £112.993m, a year on year cash reduction (after adjustments) of a further 8.30% or £10.20m. Furthermore, although the grant reductions are frontloaded, the Spending Review indicated that Councils would face an average loss of grant of 7.1% over the next 4 years, which implies that grant will reduce further in the two subsequent financial years of the CSR period.

Specific Government Grants

A significant number of specific grants, many of which have been paid as part of Area Based Grant have been rolled into formula grant from 2011/12. Only a relatively small number of specific grants remain and some are composed of a number of smaller grants from previous years. The remaining specific grants that have been confirmed and their value for the Council are set out below:

Grant	2011/12 £'000
Early Intervention Grant	12,326
Learning Disability and Health Reform Grant	6,561
Housing and Council Tax Benefit Subsidy Administration Grant	2,361
Lead Local Flood Authorities	120
Preventing Homelessness	169

In addition to these funding streams, there are still some grants including the New Homes Bonus and small Home Office Grants for which announcements have not yet been made. Also the Government has indicated that the Music Grant and Extended Rights to Free Travel grants to Local Authorities are still under review and that the outcomes of the reviews will be announced in due course.

Dedicated Schools Grant (DSG) – The DSG flat rate per pupil of £4,363.11 for 2010/11 has remained unchanged for 2011/12. School Standards grants and a number of Standards Fund grants have been added to the DSG: this unit of funding equates to £778.16. Therefore the DSG per pupil allocation for 2011/12 is £5,141.27 per pupil.

The Pupil Premium is an additional resource for schools in 2011/12. For each pupil on the January pupil census entitled to a free school meal the school will receive £430. Schools are free to spend this allocation as they see fit but it should be targeted at disadvantaged or low achieving pupils. Schools will also receive Pupil Premium for children looked after by the Local Authority and a smaller premium of £200 for children with parents in the Armed Forces.

The Harnessing Technology grant of £1m has ceased and a number of other grants affecting school budgets such as Devolved Formula Capital and Primary and Secondary strategies have reduced significantly. The Music Standards Fund grant (2010/11 £0.745m) and sixth form grants (2010/11 £8.2m) have yet to be confirmed.

The table below sets out the major reductions in grants to schools compared to 2010/11:

Devolved Formula Capital	-£3.3m
Harnessing Technology	-£1.0m
National Strategies	-£0.6m
TOTAL	-£4.9m

The level of Council Tax

It is proposed that there will be **no rise in the Council Tax**. This will enable the Council to qualify for the Council Tax Freeze grant described below. A zero increase on the tax levied in 2010/11 would mean a Band D Council Tax (for the Council only) of £1,230.03 and would mean a Band A Tax of £820.02, a Band B Tax of £956.69 and a Band C Tax of £1093.36 per year. 86% of properties in Rotherham are classed as Band A (54%), Band B (19%) or Band C (13%).

The planned level of Council Tax also takes account of £1.5m surplus balance expected on the Collection Fund as at 31 March 2011. This has been generated by the Council achieving a higher rate of collection for Council Tax than the 97% expected when setting the previous years' tax levels.

As required by legislation (the Local Government Finance Act 1992), and, as in previous years, a formal report will be brought to Council on March 2nd setting out details of the proposed Council Tax calculations for the Council, parished areas and including the precepts from the South Yorkshire Police and South Yorkshire Fire and Civil Defence Rescue Authorities (which are due to be declared later this month on the 18th and 21st of February respectively) - it is currently expected that the Joint Authorities will also freeze their Council Tax precepts. Excluding parishes which are increasing their precepts, this would give a Band D Tax in un-parished areas of £1,422.53.

A Cabinet meeting on 19 January 2011 agreed a Council Tax base for 2011/12 of 75,311.58 Band D Equivalent properties after adjusting for losses on collection, allowances, reliefs and discounts granted. This represents an increase of 0.30%, or 240 Band D Equivalent properties, over the 2010/11 base which is estimated to yield an additional £0.300m in tax income.

Council Tax Freeze Grant - to support authorities that are not increasing their Council Tax the Government has introduced a new un-ringfenced grant for 2011/12. This will be payable to authorities setting their basic Council Tax for 2011/12 at a level which is no more than the basic amount of Council Tax set for 2010/11. The grant is equivalent to a 2.5% increase in the 2010/11 tax level multiplied by the tax base for 2011/12. In Rotherham's case the estimated grant in 2011/12 is £2.316m, which has been taken into account in determining the Council's Net Budget. Authorities qualifying for this grant will continue to receive payments for the 3 subsequent financial years, across the life of the current CSR (i.e., until 2014/15) No announcement has yet been made on what will happen to this grant after 2014/15.

On these planning assumptions the level of Council Tax available to the Council to fund services in 2011/12 will be £92.636m.

Funding the Budget

It is proposed that the financing of the Council's Net Budget of £219.622m for 2011/12 is as follows:-

	£'000
Formula Grant	123,170
Collection Fund Surplus	1,500
Which will leave to be raised from Council Tax – a standstill on the Council Tax levied in 2010/11	92,636
Government Grant to compensate Council for Freezing Council Tax at 2010/11 level	2,316
Funding Total	219,622

Medium Term Financial Strategy (MTFS)

The 2011/12 Revenue Budget outlined above represents the first year of the three covered by the Medium Term Financial Strategy (MTFS) 2011-2014. As part of the process of developing the Budget, the MTFS will be revised and a draft revised MTFS will be brought forward for Members' consideration early in the new financial year. The MTFS will include predictions of the future level of resources available to the Council and the predicted demand for, and cost of, services.

8. Finance

The proposals for the 2011/12 Budget and Council Tax contained within this report are put forward having regard to several factors. These are:

- that the assumptions about the level of resources and reserves available to support the 2011/12 Revenue Budget are sound. The two-year Grant Settlement has again allowed a greater degree of certainty in preparing resource projections for 2011/12.
- that the service plans upon which the Budget is predicated will be actioned by elected Members and officers, as appropriate, and that this will be done having full and proper regard for the Council's financial position. The prospects for this are good.
- that through the ongoing rigorous programme of reviews, other scrutiny and strategic planning processes the Council will ensure the sustainability of its annual Budget and other financial plans. Again the prospects are good.

This report recommends:

- The Council Tax to remain at £1,230.03 at Band D (i.e. no increase on the 2010/11 level),

- a General Fund Revenue Budget for Rotherham Council in 2011/12 of £219.622m.
- For information, the following general assumptions with respect to inflation have been provided for within the Budget:
 - A nil % increase in staff pay, although actual pay increases are still subject to negotiation, but at present the Local Government Employers' organisation is not proposing to offer a pay award for 2011/12.
 - A general inflation rate of nil %, and where known in relation to specific items of expenditure, a specific provision for inflation if significantly different. **In line with Council policy, it is expected that all such pressures will be contained within Directorate Cash Limit budgets.**

9. Risks and Uncertainties – Report of the Strategic Director of Finance

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

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

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

The current budget process has been unprecedented both in the scale of the reductions required and the timescales available to achieve them. The first funding cuts were the reduction in grants for 2010/11 announced in the summer, of 2010. These were followed by a significant front loading of grant reductions in the 2011/12 Settlement and 2012/13 Provisional Settlement. Such resource reductions present a significant challenge (to all councils) in formulating a robust and sustainable budget.

By establishing a clear set of budget principles, taking a calm and measured approach and planning ahead, the Council has put itself in a strong position to ensure that the Budget proposals are robust and deliverable while ensuring that vital public services continue to be available to those in our community that are most in need of them. Overall, the Council is reconfiguring its services to align activity with the likely available funding.

The Council has a strong track record of delivering efficiencies year on year while maintaining high service standards. It also has a strong financial governance framework to ensure that the Council continues to closely manage the delivery of the proposals in the Budget so as to preserve the Council's overall financial position.

As Strategic Director of Finance for the Council, I consider that the budget proposals and estimates included within the Budget are robust.

Reserves

The Council holds a level of uncommitted reserves that could be drawn on, if required, to support the 2011/12 Budget and to give time for serious action to be taken to bring the Budget back into balance, so as to ensure its sustainability for the future.

I have conducted a detailed review of the level and purpose of the Council's reserves, together with their operational arrangements (in line with recommended best practice). The review, incorporating a risk assessment of each reserve, has guided the decision taken as to the prudence of the level of reserves available to draw on, if necessary, during 2011/12.

The Council's reserves are expected to be £35.80m by 31st March 2011. The reserves position at 31 March 2011 is broadly in line with the Council's Medium Term Financial Strategy.

The majority of reserves (£27.80m) are held to meet specific needs, or are ring-fenced to particular services (including Schools and Housing Revenue Account balances).

From those Reserves available to support the Budget, £0.7m of LABGI funding and £1.6m of Area Based Grants received in prior years was carried forward and will be applied in 2010/11. This means that approximately £7.0m is available to safeguard the Council against the potential financial risks plus any others unforeseen. I consider this to be a prudent level. The position will be monitored carefully throughout the year. The reserves position at 31 March 2011 is expected to be in line with the current financial plan.

10. Policy and Performance Agenda Implications

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

11. Background Papers and Consultation

- Comprehensive Spending Review (CSR) - 20th October 2010
- Local Government Financial Settlement – 31st January 2011

Consultation with SLT, elected Members, the Chamber of Commerce and Trade Unions.,

Contact Name: *Andrew Bedford, Strategic Director of Finance, ext. 2002*
Andrew.bedford@rotherham.gov.uk

DIRECTORATE: CHILDREN AND YOUNG PEOPLE'S SERVICE

Proposal Ref:	Action	2011/12 £'000	2012/13 £'000	2013/14 £'000
1	Disestablish Post of Director Resources, Planning & Performance	95	0	0
2	Kiveton IT Project	35	0	0
3	Disestablish Post of Director Building Schools For the Future	75	0	0
4	Revise strategy for complex needs and fostering placements.	0	400	0
5	Transform School Effectiveness Services	517	0	0
6	Transform the Youth Service	400	134	0
7	Flexible use of continued grant funding	8	0	0
8	Review Educational Psychology Service staffing levels	0	20	0
9	Children with Complex Needs: Review Out of Authority provision arrangements	342	418	446
10	Review Adult Community Learning	0	59	0
11	Review Services provided through Youth Enterprise	86	0	0
12	Review Educational Psychology commissioning arrangements with Schools.	90	34	0
13	Utilise School grants to fund 'Schools Causing Concern' budget	0	173	0
14	Sell International Centre	0	55	0
15	Review Provision of Home to Pupil Referral Unit (PRU) Transport	30	13	0
16	Review Youth Offending Service Staffing levels	64	58	0
17	Cease revenue funding contribution for Get Real Team	92	0	0
18	Rationalise SEN Assessment Team	50	0	0

ROTHERHAM METROPOLITAN BOROUGH COUNCIL

DIRECTORATE : Neighbourhoods and Adult Services

Proposal Ref:	Action	2011/12 £'000	2012/13 £'000	2013/14 £'000
1	Additional welfare benefit contributions towards residential accommodation charges.	150	0	0
2	Achieve efficiencies through merging of Adult Social Care and Supporting people commissioning staff	40	0	0
3	External commissioning of Learning & Development, and Training.	195	0	0
4	Additional Continuing Healthcare Funding (CHC)	1,500	1,500	1,500
5	Merger of Enabling and Wardens services	1,500	0	0
6	Review of Neighbourhood Wardens Service	223	0	0
7	Review of Management Structure within Neighbourhood Partnerships Service	360	0	0
8	Restructure Social work management	60	70	0
9	Reduce in house Learning Disability provider services budget by 3%	70	135	0
10	Refocus the provision of catering advice, training and support provided to in house residential and day care establishments.	34	0	0
11	Rotherham Foundation Trust to provide 10% efficiency savings on the jointly commissioned Occupational Therapy service.	52	0	0
12	Defer the development of specialist respite care (Physical & Sensory Disability Services) for one year.	157	-157	0
13	Defer the development of specialist residential care (Physical & Sensory Disability Services) for one year.	157	-157	0
14	Review mental health day care services including sharing access to Clifton Court with the independent sector.	125	125	0
15	Decommission Kirk House - No budget saving but will reduce significant budget pressure.	0	0	0
16	Review Food Inspection service - contain within a single enforcement unit or buy in inspections, retaining small team to cover legal interventions and complex cases.	75	15	0
17	Rotherham Foundation Trust to provide 10% efficiency savings on the jointly commissioned Rotherham Equipment and Wheelchair Service.	45	0	0
18	Reconfigure Rothercare / Assessment Direct to become a telephony service only.	43	9	0
19	Rationalise SEN Assessment Team	250	250	500
20	Negotiate 3% reduction in independent sector Learning Disability residential and supported living contracts	280	202	0

Proposal Ref:	Action	2011/12 £'000	2012/13 £'000	2013/14 £'000
21	Review funding arrangements and Catering services for Extra Care Housing Support service users.	100	23	0
22	Decommission 30% of residential care and commission extra care	0	0	1,500
23	Defer the development of Mental Health Supported Living Schemes by one year.	100	-100	0
24	Delay planned investment for the provision of Extra Care Housing for clients with physical and sensory disabilities.	200	0	0
25	Defer the phased development of community based dementia care services for one year.	100	-100	0
26	Review service provision arrangements for the In house day sitting service for older people.	35	65	0
27	Review charges for non residential social care services	125	125	0
28	Integrate Envirocrime/enforcement and other enforcement activities.	90	18	0
29	Trading Standards - Explore sub regional working and other options to reconfigure services.	42	10	0
30	Reconfigure in house transport provision in line with the review of Day Care.	0	0	315
31	Review of existing in-house day care services for Older People in line with Personalisation Agenda.	0	0	150
32	Help people with complex high dependency needs who are receiving over 25 hours of home care each week to choose alternative affordable ways of meeting their care requirements.	250	250	250

ROTHERHAM METROPOLITAN BOROUGH COUNCIL

DIRECTORATE: EDS

Proposal Ref:	Action	2011/12 £'000	2012/13 £'000	2013/14 £'000
1	Grounds - targeted reduced grass cutting of embankments, some verges, and some low benefit sites in Green Spaces Strategy.	40	40	20
2	Review current clinical waste collection.	79		
3	Waste Overtime	54		
4	Street Lighting - introduce dimming where possible to save energy	6	5	5
5	Network Management- Reduce street lighting, signs, fencing, white lining, street nameplates maintenance budgets	50	50	90
6	Targeted highway inspection/assessment		20	
7	Reduce size of Network Management enforcement team			10
8	Reduction in Legal costs	15		
9	Savings from shared Emergency Planning Service with Sheffield Council	75	25	
10	Close Waterside House	27		
11	Close Millside Training Centre	25	12	
12	Reduce the opening hours at Household Waste Recycling Centres	26		
13	Charges for Waste Bins	121	66	
14	Revise bin delivery service	23		
15	Savings from revision of contract arrangements on dry recyclables	50		
16	Increase charges for commercial waste collection	90		
17	Issue Penalty Charge Notices for 'drive-offs'	18		
18	Increased charges for staff car parking	18		
19	Rationalise SEN Assessment Team	38		27
20	Introduce Street lights trial	35		
21	Selective replacement of Street lighting knockdowns		50	20
22	Reduction of special highway needs budget			10
23	Reprioritise events funding for Urban Parks	18		
24	Suspend Sports Awards	10		
25	Library Service - Reduction in equipment budget	25		
26	Reduction of Planning Equipment budget	34		
27	Reduce Community Arts budgets	8	2	
28	Grounds Maintenance - extend existing 3 year machinery contract by a further year	23		
29	Delete post of Director of Culture & Leisure	93		
30	Theatres Service - Restructuring front of house team	17		

Proposal Ref:	Action	2011/12 £'000	2012/13 £'000	2013/14 £'000
31	Forward Planning & Conservation restructure / deletion of vacant posts.	85		
32	Events & Promotions Service - Savings as part of Communications & Marketing Review and deletion of vacant posts	48		
33	Rationalise Grounds Depots.	20	10	
34	Grounds: Significantly reduce maintenance at Magna	20		
35	Savings from Waste Disposal	310		
36	Waste - Review Christmas information arrangements - Sticker only on bin in future		12	
37	Waste - Review use of vans	5		
38	Waste - Reduction in PFI Contract procurement Costs	230	230	
39	Network Management - Reduce Street lighting verge bollards budget	5		
40	Network Management-Increase Sponsorship income	10	10	25
41	Network Management - removal of contracted overtime for vehicle checks in Drainage and Street Lighting	18		
42	Network Management- New Parking services management software introduced and overheads reappraised	10		
43	Network Management-Restructure Parking Services	23	30	23
44	Network Management- Winter Street Lighting night scouting only	5		6
45	Network Management-Street lighting. Reduce energy costs	17		
46	Network Management - Searches - restructure of duties			10
47	Countryside Team non-staffing operational efficiencies	25		
48	Increase Country Parks income	15		
49	Green Spaces Management Restructure	44		
50	Review PFI Contract Management Arrangements	16		
51	Review size of Green Spaces Admin Team	18		
52	Building Control restructure. Delete 2 vacant posts	34		
53	Transportation - savings as part of staffing review and merger with Highways Design team	34		
54	Theatres Service - Restructure technical team	25		
55	Gulley cleansing savings	30		
56	Network Management Drainage - 1. Removal of Boots Fountain; 2. Identify revised shift system; 3. Gully cleansing frequency re-assessed; 4. Reduction in drainage team.	14	7	
57	Grounds Maintenance - Reduce resources deployed onto grass-cutting by having a more flexible approach to cutting frequencies.	80		

Proposal Ref:	Action	2011/12 £'000	2012/13 £'000	2013/14 £'000
58	Review the provision of Floral Decorations at Council events and maintenance of planting in Council offices.	42		
59	Reduce grounds maintenance costs	5		
60	Focus on the highest use Bowling Greens, reducing the number maintained by RMBC from the current figure of 20	40	40	
61	Review of low value / low use Green Space sites in order to maximise potential for alternative use and disposal of all low value / use.		6	7
62	Prioritise maintenance of playing pitch sites in order to focus on higher value / higher use sites.	20		
63	Premises Maintenance fund reduction	211		
64	Library Service - Review of opening hours.		40	
65	Reduction in Sports Development Activity	155		
66	Network Management - Reappraise street lighting staffing levels	18		
67	Library Service - Restructuring of library management team	89		
68	Library Service - Reduce supplementary budget to cover staff absences	30		
69	Merge Archives & Local Studies Service with Museums, Galleries & Heritage Service	58		
70	Reduce revenue maintenance funding for highway structures (bridges, retaining walls etc)	5		
71	Grounds Maintenance - Reduce resources deployed onto grass-cutting by having a more flexible approach to cutting frequencies. (Community Delivery)	150		
72	Progressive review of maintenance of CISWO sites		77	
73	Review ongoing maintenance of Parish Council sites		205	
74	Review of low value / low use Green Space sites in order to maximise potential for alternative use and disposal of all low value / use.(Community Delivery)		34	33
75	Street Cleansing: Integrated grounds/cleansing follow up teams and reduction in district cleansing	177		
76	Reduce weed killing on highways	52		
77	Street Cleansing: Remove one large mechanical sweeper		60	34
78	Fly Tipping: Disestablish one of the two Fly Tipping teams.	28		
79	Network Management- Reduce the level of maintenance/development of Public Rights Of Way and staffing levels	59		18
80	Network Management- Reduce CCTV maintenance by not replacing selective ageing cameras			10
81	Progressively integrate allotments maintenance with grounds maintenance	54		

Proposal Ref:	Action	2011/12 £'000	2012/13 £'000	2013/14 £'000
82	Review countryside sites: focus on higher value / higher use sites	102		
83	Restructure urban parks team	63		
84	Offer free access to selected urban park sports facilities (staff saving)	44		
85	Restructure urban parks ranger team	66		
86	Comprehensive review of Play Areas	47		
87	Review operation of Athletics Stadium.	29		
88	Library service - reduction in book/materials fund.	70	30	50
89	Library Service - Cease children's book festival and reader based events		16	
90	Events & Promotions Service - Refocus tourism service and delete tourism officer post	63		
91	Events & Promotions Service - reduce Rotherham Show costs	17		
92	Community Arts - Arts grants scheme	10		
93	Community Arts - Cease production of MUSE publication	2		
94	Temporary reduction to Office Buildings cleaning budget	57	-57	
95	Temporary reduction in Caretaking budget	37	-37	
96	Reduce the Planning LDF budget.	65		
97	Merger of Streetpride Community Delivery and Green Spaces	137		
98	Stop one of the two graffiti removal teams	30		
99	Reduce Community Delivery Team management.	225		
100	Collect green waste and card during the summer and card only during the winter months	180		
101	Review Waste Management Structure	64	64	64
102	Network Management- reappraise highway maintenance design and contract management team	13		
103	Network Management- Reassess size of Specialist support team	18		
104	Environmental Team Restructure	53		
105	Review Urban Parks non-pay budgets to maximise savings.		30	
106	Network Management - Reduce Revenue schemes budget (Footways & Carraigeways)		50	
107	Library Service - Rationalise "outreach" services (Bookability & home delivery service)	50		
108	Reduction of Regeneration Fund	25		
109	Street Cleansing: series of minor savings	70		

ROTHERHAM METROPOLITAN BOROUGH COUNCIL

DIRECTORATE: CHIEF EXECUTIVE

Proposal Ref:	Action	2011/12 £'000	2012/13 £'000	2013/14 £'000
1	Election Free Year.			250
2	Cease publication of Rotherham News Newspaper.	73		
3	Minor adjustments to non pay expenditure budgets	31		
4	Review of training & Development.	15		
5	More efficient use of resources and non essential activities	83		
6	Restructure Chief Executive Directorate	96		
7	Reduction of statutory notices placed	60		
8	Re-focus work in relation to organisational performance and support for organisational change.	158	6	
9	Streamline and improve the approach to Communications across the Council, and Partners	31		
10	Exploration and implementation of Shared Legal Services across the region.	30		
11	Review the role of Scrutiny and integrate work with Policy activity across RMBC.	103		
12	Consolidate Policy and Performance across RMBC into a single managed unit	300	75	25
13	Restructure of Business Support Unit .	69		
14	Restructure of Senior Management Team and Legal Services Team.	105		
15	Disestablish 1.0 fte Legal Officer post.	45		
16	Restructure of remainder of Legal and Democratic Services.	55		
17	Cease distribution of paper pay slips.	10		
18	Introduce a salary sacrifice scheme for the leasing of cars.	50	75	110
19	Rationalise SEN Assessment Team	10	10	10
20	Streamline decision making within the Council and LSP by encouraging new and different ways of working.	25	25	
21	Review Councillor related expenditure.		12	
22	Review the number of agenda papers to be made available for Councillors meetings.	5	5	5

ROTHERHAM METROPOLITAN BOROUGH COUNCIL

DIRECTORATE: FINANCIAL SERVICES

Proposal Ref:	Action	2011/12 £'000	2012/13 £'000	2013/14 £'000
1	Capitalise ICT Refresh costs	760		
2	Take a break from the Microsoft Enterprise Agreement	156	54	
3	Cancel all VPN accounts that average less than one log on per week	65		
4	Reduction in external audit fees	50		
5	Continue to improve collection rates on sundry accounts	104	30	20
6	Close down all Council websites except the main corporate website.	15	10	
7	Reduce RBT Affordability Costs in line with the agreed operational efficiency measure.	160	190	
8	Remove the 10% non pay budget from the RBT Affordability model and pay Actual costs incurred whilst concurrently managing these costs downwards.	220		
9	Negotiate a 10% reduction in the cost of this PC support with RBT in return for reduced support.	161		
10	Restructure of Financial Services.	250	300	200
11	Refresh the RBT Contract.	600	1,000	
ALL DIRECTORATES CUMULATIVE		17,026	6,566	5,743
			23,592	29,335

Rationalise SEN Assessment Team

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET
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1	Meeting:	Cabinet
2	Date:	23rd February 2011
3	Title:	Capital Programme Budget 2011/12 to 2013/14
4	Directorate:	Financial Services

5 Summary

The purpose of this report is to enable the Council to recommend a capital programme for approval for the financial years 2011/12 to 2013/14.

In October 2010, the Government's Comprehensive Spending Review (CSR) announced:

- capital funding from all government departments would fall by around 45% over the spending review period. In allocating resources, the government is prioritising capital investment on areas of greatest economic value;
- local councils would no longer receive 'Supported Borrowing' allocations;
- the flexibility provided by the prudential borrowing scheme (unsupported borrowing) would continue; and
- there would be an increase in the cost of borrowing funds from the Government's Public Works Loan Board (PWLB).

Concurrently, the Council has been proactively looking to rationalise its asset and buildings portfolio so as to realise revenue savings and potential capital receipts from any future asset sale. Generally, such capital receipts are expected to be utilised to reduce future capital financing costs so as to reduce the revenue cost of borrowing.

The Government has recently provided the detailed final and indicative capital funding allocations covered by the period of the programme for individual authorities. The Council's proposed programme is fully reflective of these allocations.

6 Recommendations

CABINET IS ASKED TO:

RECOMMEND THE APPROVAL OF THE 2011/12 TO 2013/14 CAPITAL PROGRAMME BY FULL COUNCIL.

7. Proposals and Details

7.1 Background - The Capital Programme

The budget process that has led to the recommended capital programme for 2011/12 to 2013/14 ensures that Council's capital investment plans are aligned with strategic priorities and available funding. The financial implications of the programme are reflected in the Council's Medium Term Financial Strategy (MTFS) and Treasury Management and Investment Strategy.

In 2011/12 the Council has capital investment plans totalling £63.911m with a total projected investment plan over the three year period of £139.259m.

The expenditure plans and profiles are reflected in the Directorate summary forecast capital spend table presented below. A detailed copy of the programme for each Directorate is attached at Appendices 1 to 4.

	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Directorate	£m	£m	£m
Children and Young People's Service	5.896	6.315	2.500
Environment & Development Services	29.848	16.335	10.977
Neighbourhoods & Adult Services	23.650	18.119	17.012
Financial Services	4.517	2.545	1.545
TOTAL	63.911	43.314	32.034

The above programme has been prepared in the light of the outcomes for local government from the Comprehensive Spending Review.

Ordinarily, the government supports local government capital spending either by a permission to borrow (with the financing costs being funded by Formula Grant - Supported Borrowing) or the provision of a capital grant. For the first time in many years, no future permissions to borrow have been granted which reiterates the Government's desire to restrict new borrowings which contribute to the national fiscal position.

Where the Council is borrowing from 2011/12 onwards, it is in respect of resources allocated in previous years, or where the Council has decided to support investment in a scheme by financing it from Prudential Borrowing (Unsupported Borrowing).

As part of the programme of austerity measures, the Government has also reduced the amount of capital grants available to finance capital schemes.

In previous years, the Government announced funding allocations for a three year period to assist Council's in their medium term financial planning. In light of the continuing economic uncertainty Government departments have not followed this approach for the spending review period 2011/12 to 2013/14. Announcements have either been for one year or a mixture of confirmed or indicative allocations. This approach has meant that the Council has had to estimate the likely future levels of funding that will be available to it. The implications of this for the different aspects of the programme are explained in the body of this report.

The Council is continuing to undertake a comprehensive review of its asset and buildings portfolio with the aim being to rationalise both its operational and non operational asset holdings which may generate both revenue savings and a future capital receipt.

Over recent years, the level of available capital receipts to support investment plans has diminished. Generally, any new General Fund capital receipts will be used to reduce the Council's level of borrowings and related capital financing costs in support of the Medium Term Financial Strategy. Any receipts used in financing the 2011/12 Council programme are in respect of previous years' funding allocations or new receipts generated from the disposal of Housing Revenue Account assets.

7.2 Children and Young People's Services Capital Programme 2011/12 to 2013/14

The total proposed expenditure over the period of the programme is **£14.711m**. A copy of the full programme is attached to this report at Appendix 1.

Funding has only been announced for the 2011/12 financial year due to the Government launching a comprehensive review of all capital investment in schools, early years, colleges and sixth forms. In 2011/12 the Council's allocation is £8.233m, which is a 53% reduction on the level of resources allocated last year (2010/11 £17.4m). In spite of the lack of clarity over future years' funding levels, prudent funding estimates have been included.

The major investment included in the programme is the new school at Maltby Lilly Hall, which is estimated at £5m over the period of the programme. Additionally:

- the new school at Swinton Queen is scheduled to be completed in 2011/12 along with the extension at Winterhill City Learning Centre;

- the Council is continuing to invest in minor enhancements across the whole of the schools estate (£2.7m);
- the Council is also investing (£0.317m) in new information and communications technology at both Rawmarsh and Winterhill City Learning Centres; and
- schools will receive devolved capital grant of £3.9m over 3 years.

Environment and Development Services (EDS) including Culture and Leisure Capital Programme 2011/12 to 2013/14

The total proposed expenditure over the period of the programme is **£57.160m**. A copy of the full programme is attached to this report at Appendix 2.

The whole EDS programme covers regeneration schemes, asset & property enhancement and highways related schemes.

Highways is the main area of government funding that has been directly affected by the CSR. Details of the allocations at a South Yorkshire level, together with the pre spending review comparators for South Yorkshire for 2010/11, are shown in the following table:

2010/11 Final Allocation	2011/12 Final Allocation	2012/13 Final Allocation	2013/14 Indicative Allocation	2014/15 Indicative Allocation
£000	£000	£000	£000	£000
39,216	27,184	27,725	26,961	30,773

In percentage terms the reduction in funding between 2010/11 and 2011/12 is 30.70%, which illustrates the extent to which highway works have been treated with less priority after the CSR.

Continued investment in the Council’s Principal Roads Network is a key priority for the Council and its residents. To this end the programme includes projected spend of £33.985m with:

- a major improvement to the A57 Worksop Road / Sheffield Road (£15.324m) which the Government has recently confirmed its financial support for; and
- **ongoing investment of £3m for the improvement of the road network across the borough.**

In terms of the non highways expenditure the Council continues to invest in the Borough’s infrastructure, in particular:

- the provision of a new Joint Service Centre at Rawmarsh (£5.7m) with Rotherham NHS as part of the continued improvements in providing even better customer access and service experience for residents;
- the provision and fit out of a new civic building that will enable the Council to make available, for redevelopment, the site of the current civic offices as part of the Town Centre Masterplan. It will also allow the Council to fully implement its agile working initiative;
- enhancement work to: Woodseats library; town centre shop frontages and the railway station;
- Enhancing the landscape and public realm surrounding the Minster; and
- the completion of the Chantry Bridge flood defences.

Neighbourhoods and Adults Services Capital Programme 2011/12 to 2013/14

The total proposed expenditure over the period of the programme is **£58.781m**. A copy of the full programme is attached to this report at Appendix 3.

For the Housing part of the programme, the completion of the £299m Decent Council Homes programme means that the overall size of the future capital programme has significantly reduced regardless of overall reductions in government funding.

The main, ongoing source of funding for the programme from 2011/12 is now the "Major Repairs Allowance." This funding is announced annually and the Council has had an allocation of £12.35m confirmed. This is a reduction of £0.917m (6.91%) from the 2010/11 allocation of £13.267m. In common with other funding sources, the level of allocation for the future years 2012/13 and 2013/14 has had to be estimated pending confirmation. These estimates will be kept under review as part of in-year financial reporting.

Despite the reduction in government funding, the Council is continuing to create significant investment opportunities across the borough through:

- the provision of new social, affordable housing with a fourth phase of new build at Whitehill Road, Brinsworth (£0.597m). **In total, the Council is building 132 new homes for Rotherham residents;**

- An ongoing refurbishment programme which will see the fitting of new kitchens, bathrooms and central heating systems to houses (including void properties) along with external works (£24.170m over 3 years);
- Continuing to assist both public and private sector occupiers with disabilities to live at home by either carrying out adaptation work or making grants available for this purpose (£8.499m over 3 years); and
- Upgrading the Council's non traditional stock (£6.70m over 3 years)

Adult Services capital funding over the 3 years is estimated at £2.654m. The funding is available to support the priority areas of personalisation, reform and efficiency and includes a Personal Social Services allocation of £0.700m and a provisional allocation for 2012/13 of £0.716m.

Financial Services Capital Programme 2011/12 to 2013/14

The total proposed expenditure over the period of the programme is **£8.607m**. A copy of the programme is attached to this report at Appendix 4.

The Council is continuing to invest in its ICT infrastructure as part of its ICT Strategy. This Strategy is focussed on ensuring the Council is able to support effectively the services it delivers and promote new and innovative ways of working that could result in even greater efficiencies and effectiveness.

Funding of the Programme

The table shown below outlines the funding strategy associated with the schemes profiled above:

Funding	2011/12	2012/13	2013/14
	£m	£m	£m
Grants & Contributions	21.849	21.148	11.575
Supported Borrowing	0.463	0.315	0
Unsupported Borrowing	26.876	4.965	3.965
Usable Capital Receipts	1.431	1.458	1.237
Major Repairs Allowance	12.263	12.697	13.027
Revenue Contributions	1.029	2.731	2.230
Total	63.911	43.314	32.034

8. Finance

The financial implications are contained within the body of this report.

9. Risks & Uncertainties

The capital programme is funded through a number of sources; borrowing, both supported and unsupported (i.e. prudential borrowing), capital grants/contributions, major repairs allowance, revenue contributions and capital receipts. Any uncertainty over the funding of the programme rests on confirmation that grants/contributions and capital receipts continue to be available in coming years. The specific nature of these risks is outlined in greater detail above. Where funding sources are volatile in nature the risks will be managed by reviewing and where necessary amending the programme.

10. Policy and Performance Agenda Implications

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

12. Background Papers and Consultation

- Monitoring returns and budget setting details from Directorates.
- Government funding allocation letters.

Contact Name: Andy Sidney, *Central Finance, ext. 22025*

CHILDREN'S AND YOUNG PEOPLE CAPITAL PROGRAMME 2011/12 - 2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
PRIMARY			
HERRINGTHORPE PRIMARY	50		
SWINTON QUEEN NEW SCHOOL	800		
RAWMARSH MONKWOOD - EXTENSION	50		
MALTBY LILLY HALL NEW SCHOOL	500	4,000	500
THRYBERGH NEW KITCHEN	380		
SECONDARY			
SUPPORT TO SCHOOLS	100	100	100
ACCESS INITIATIVE	200	315	
SPECIAL			
THE WILLOWS - FLOOD DAMAGE	3		
CLC			
CLC RAWMARSH	113		
CLC WINTERHILL (OLD HALL)	204		
CLC WINTERHILL - EXTENSION	636		
ALL SCHOOLS			
CAPITALISED MINOR ENHANCEMENTS	900	900	900
MAINTENANCE SCHEMES TOTAL			
SITWELL EXTRACTION	60		
OTHER SCHEMES TOTAL			
DEVOLVED FORMULA CAPITAL GRANT	1,900	1,000	1,000
CYPS CAPITAL PROGRAMME	5,896	6,315	2,500

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)	5,636	6,000	2,500
SUPPORTED CAPITAL EXPENDITURE (REVENUE)	200	315	
GRANTS AND CONTRIBUTIONS			
REVENUE CONTRIBUTION			
USABLE CAPITAL RECEIPTS			
PRUDENTIAL BORROWING	60		
EARMARKED RESERVES			
MAJOR REPAIRS ALLOWANCE			
OVERPROGRAMMING C/FWD			
CYPS CAPITAL PROGRAMME	5,896	6,315	2,500

EDS WASTE CAPITAL PROGRAMME 2011/12 - 2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING STATEMENT		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
WASTE MANAGEMENT PFI RESIDUAL WASTE FACILITY	220		
EDS WASTE CAPITAL PROGRAMME	220		

SOURCES OF FUNDING	2011/2012	2012/13	2013/14
	£'000s	£'000s	£'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)			
SUPPORTED CAPITAL EXPENDITURE (REVENUE)			
GRANTS AND CONTRIBUTIONS			
REVENUE CONTRIBUTION			
USABLE CAPITAL RECEIPTS			
PRUDENTIAL BORROWING	220		
EARMARKED RESERVES			
MAJOR REPAIRS ALLOWANCE			
OVERPROGRAMMING C/FWD			
EDS WASTE CAPITAL PROGRAMME	220		

EDS ASSET MANAGEMENT CAPITAL PROGRAMME 2011/12 - 2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING STATEMENT		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
Asset Management			
RAWMARSH JOINT SERVICE CENTRE	5,735		
TOWN CENTRE DESIGN WORK	320		
RIVERSIDE HOUSE	13,000		
DONCASTER GATE OFFICES	12		
EDS ASSET MANAGEMENT CAPITAL PROGRAMME	19,067		

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)			
SUPPORTED CAPITAL EXPENDITURE (REVENUE)			
GRANTS AND CONTRIBUTIONS	3,498		
REVENUE CONTRIBUTION			
USABLE CAPITAL RECEIPTS			
PRUDENTIAL BORROWING	15,569		
EARMARKED RESERVES			
MAJOR REPAIRS ALLOWANCE			
OVERPROGRAMMING C/FWD			
EDS ASSET MANAGEMENT CAPITAL PROGRAMME	19,067		

CULTURE AND LEISURE CAPITAL PROGRAMME 2011/12 - 2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING STATEMENT		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
MALTBY JSC CAR PARK	73		
WHITE CITY LAUGHTON COMMON	45		
THRYBERGH RESERVOIR MAINTENANCE	50		
DOVECOTE GALLERY AT CLIFTON PARK MUSEUM	56		
CATCLIFFE GLASS CONE	47		
THRYBERGH CP - SHOWERS REFURBISHMENT	50		
BRINSWORTH LIBRARY	500		
WOODSEATS LIBRARY	159		
CULT AND LEISURE CAPITAL PROGRAMME	980		

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)			
SUPPORTED CAPITAL EXPENDITURE (REVENUE)			
GRANTS AND CONTRIBUTIONS	118		
REVENUE CONTRIBUTION			
USABLE CAPITAL RECEIPTS	153		
PRUDENTIAL BORROWING	709		
EARMARKED RESERVES			
MAJOR REPAIRS ALLOWANCE			
OVERPROGRAMMING C/FWD			
CULT AND LEISURE CAPITAL PROGRAMME	980		

EDS ECONOMIC REGENERATION CAPITAL PROGRAMME 2011/12 - 2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING STATEMENT		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
MASTERPLAN			
BROOKFIELD PARK LANDSCAPING - MANVERS	38	45	
ROTHERHAM TOWNSCAPE HERITAGE INITIATIVES	550		
ROTHERHAM CENTRAL STATION	359		
FLOOD ALLEVIATION			
FLOOD ALLEVIATION SCHEME	7		
CHANNY BRIDGE FLOOD DEFENCE	621		
MAGNA & DINNINGTON BUSINES INCUBATION CENTRES			
MAGNA BUSINESS INCUBATION CENTRE	90		
DINNINGTON BUSINESS INCUBATION CENTRE	13		
ECONOMIC REGENERATION			
BELLOWS ROAD	594		
MINSTER GARDENS PUBLIC REALM (ALL SAINTS)	251		
EDS ECONOMIC REGEN CAPITAL PROGRAMME	2,524	45	

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)			
SUPPORTED CAPITAL EXPENDITURE (REVENUE)			
GRANTS AND CONTRIBUTIONS	1,678	45	
REVENUE CONTRIBUTION			
USABLE CAPITAL RECEIPTS			
PRUDENTIAL BORROWING	846		
EARMARKED RESERVES			
MAJOR REPAIRS ALLOWANCE			
OVERPROGRAMMING C/FWD			
EDS ECONOMIC REGEN CAPITAL PROGRAMME	2,524	45	

EDS GATEWAYS CAPITAL PROGRAMME 2011/12 - 2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING STATEMENT		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
GATEWAYS (ADF) RYTON ROAD, NORTH ANSTON	62		
GATEWAYS (ADF) LAUGHTON ROAD, DINNINGTON	99		
EDS GATEWAYS CAPITAL PROGRAMME	161		

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)			
SUPPORTED CAPITAL EXPENDITURE (REVENUE)			
GRANTS AND CONTRIBUTIONS	161		
REVENUE CONTRIBUTION			
USABLE CAPITAL RECEIPTS			
PRUDENTIAL BORROWING			
EARMARKED RESERVES			
MAJOR REPAIRS ALLOWANCE			
OVERPROGRAMMING C/FWD			
EDS GATEWAYS CAPITAL PROGRAMME	161		

EDS MINOR STRATEGIC CAPITAL PROGRAMME 2011/12 - 2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING STATEMENT		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
MINOR STRATEGIC			
ASSET INFORMATION DEVELOPMENT	10		
RAWMARSH HIGHWAYS DRAIN & GRID RENEWAL	5		
BOOTS FOUNTAIN	5		
ROTHERHAM ECONOMIC REGENERATION FUND			
TOWN CENTRE BUSINESS VITALITY SCHEME-PRIVATE PROPERTIES	85		
TOWN CENTRE BUSINESS VITALITY SCHEME-RMBC PROPERTIES	73		
EDS MINOR STRATEGIC CAPITAL PROGRAMME	178		

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)			
SUPPORTED CAPITAL EXPENDITURE (REVENUE)			
GRANTS AND CONTRIBUTIONS			
REVENUE CONTRIBUTION			
USABLE CAPITAL RECEIPTS			
PRUDENTIAL BORROWING	178		
EARMARKED RESERVES			
MAJOR REPAIRS ALLOWANCE			
OVERPROGRAMMING C/FWD			
EDS MINOR STRATEGIC CAPITAL PROGRAMME	178		

EDS HIGHWAYS CAPITAL PROGRAMME 2011/12 - 2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING STATEMENT		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
HIGHWAYS	6,718	16,290	10,977
EDS HIGHWAYS CAPITAL PROGRAMME	6,718	16,290	10,977

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)			
SUPPORTED CAPITAL EXPENDITURE (REVENUE)	2		
GRANTS AND CONTRIBUTIONS	5,066	13,640	8,327
REVENUE CONTRIBUTION			
USABLE CAPITAL RECEIPTS			
PRUDENTIAL BORROWING	1,650	2,650	2,650
EARMARKED RESERVES			
MAJOR REPAIRS ALLOWANCE			
OVERPROGRAMMING C/FWD			
EDS HIGHWAYS CAPITAL PROGRAMME	6,718	16,290	10,977

TOTAL EDS FUNDING

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)	0	0	0
SUPPORTED CAPITAL EXPENDITURE (REVENUE)	2	0	0
GRANTS AND CONTRIBUTIONS	10,521	13,685	8,327
REVENUE CONTRIBUTION	0	0	0
USABLE CAPITAL RECEIPTS	153	0	0
PRUDENTIAL BORROWING	19,171	2,650	2,650
EARMARKED RESERVES	0	0	0
MAJOR REPAIRS ALLOWANCE	0	0	0
OVERPROGRAMMING C/FWD	0	0	0
EDS CAPITAL PROGRAMME	29,847	16,335	10,977

NEIGHBOURHOOD SERVICES CAPITAL PROGRAMME 2011/12 - 2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING STATEMENT		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
ADULT SERVICES			
ASSISTIVE TECHNOLOGY (RMBC)	88		
ADDISON DAY CENTRE/PARKHILL LODGE	2		
SUPPORTED LIVING	9		
MENTAL HEALTH SUPPORTED CAPITAL EXPENDITURE	261		
SOCIAL CARE IT INFRASTRUCTURE CAPITAL GRANT	100		
ADULT SOCIAL SERVICES SINGLE CAPITAL POT	265		
MENTAL HEALTH SINGLE CAPITAL POT	441		
TRANSFORMATION IN ADULT SOCIAL CARE CAPITAL GRANT	73		
NEW PSS CAPITAL ALLOCATION	700	716	
HOUSING INVESTMENT PROGRAMME			
DECENT HOMES PHASE 2			
REFURBISHMENT	4,286	6,000	5,500
WINDOWS	500	250	440
ENVIRONMENTAL WORKS	500	694	1,500
DECENT HOMES VOID PROGRAMME	1,500	1,500	1,500
CAPITAL MANAGEMENT FEE			
OTHER DECENT HOMES SCHEMES			
REPLACEMENT OF CENTRAL HEATING	500	500	500
ELECTRICAL BOARD & BOND	60	60	60
REPLACEMENT OF COMMUNAL DOORS (HIGH SECURITY)	300	250	50
OTHER CAPITAL PROJECTS			
COMMUNITY CENTRE IMPROVEMENTS (5 YR PROG)	150	250	150
LIFT REPLACEMENT - BEEVERSLEIGH	80		
COMMUNAL AERIAL REPLACEMENT (DIGITAL UPGRADE)	10	10	10
ASBESTOS REMOVAL	82	87	67
FLAT DOOR REPLACEMENT	500	522	100
DISTRICT HEATING CONVERSIONS	400	300	200
ONE-OFF PROPERTIES	300	200	200
EPC IMPROVEMENTS	405	410	475
ENERGY PERFORMANCE CERTIFICATES	75	75	75
CAPITALISED REVENUE REPAIRS			
FAIR ACCESS TO ALL			
DISABLED FACILITIES GRANT (PRIVATE SECTOR)	1,600	1,060	1,039
DISABLED ADAPTATIONS (PUBLIC SECTOR)	1,600	1,600	1,600
REGENERATION/NEIGHBOURHOOD RENEWAL			
HOME ASSISTANCE LOANS	31	31	31
MALTBY TRANSFORMATIONAL CHANGE	200	380	400
DINNINGTON TRANSFORMATIONAL CHANGE	304	300	300
PRIVATE SECTOR INTERVENTION	155	160	160
CANKLOW PHASE 1 & 2	120	50	50
BELLOWS ROAD SERVICE CENTRE CLEARANCE	380	220	0
SHIP INN DEMOLITION	25		
OCCUPATION ROAD CLEARANCE PROJECT	50		
ALLEY GATING SCHEMES	5	5	5
NON-TRADITIONAL INVESTMENT	1,923	2,289	2,500
SHELTERED HOUSING MODIFICATIONS	195		
GARAGE SITE INVESTMENT	200	200	100

HCA NEW BUILD			
WOOD STREET/SCHOOL STREET PHASE 1	146		
NEWLAND AVE/STONE PARK CL/ALBERT RD PHASE 2	1,124		
ALBANY ROAD/ROTHERVIEW RD PHASE 3	2,863		
WHITEHILL ROAD, BRINSWORTH PHASE 4	597		
NEIGHBOURHOODS NON-HIP PROGRAMME			
LANDFILL SITES	546		
N'HOOD SERVICES CAPITAL PROGRAMME	23,650	18,119	17,012

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)	706	0	0
SUPPORTED CAPITAL EXPENDITURE (REVENUE)	261	0	0
GRANTS AND CONTRIBUTIONS	4,985	1,464	748
REVENUE CONTRIBUTION	800	2,500	2,000
USABLE CAPITAL RECEIPTS	1,278	1,458	1,237
PRUDENTIAL BORROWING	3,357	0	0
EARMARKED RESERVES	0	0	0
MAJOR REPAIRS ALLOWANCE	12,263	12,697	13,027
OVERPROGRAMMING C/FWD			
N'HOOD SERVICES CAPITAL PROGRAMME	23,650	18,119	17,012

FINANCIAL SERVICES CAPITAL PROGRAMME 2011/12 -2013/14
FINANCIAL SUMMARY STATEMENT

CAPITAL INVESTMENT	ESTIMATED SPEND AND FUNDING STATEMENT		
	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
ICT STRATEGY IMPLEMENTATION	3,712	1,800	800
DEFINE WEB STRATEGY	60		
ICT REFRESH	745	745	745
FINANCIAL SERVICES CAPITAL PROGRAMME	4,517	2,545	1,545

SOURCES OF FUNDING	2011/2012 £'000s	2012/13 £'000s	2013/14 £'000s
SUPPORTED CAPITAL EXPENDITURE (CAPITAL)			
SUPPORTED CAPITAL EXPENDITURE (REVENUE)			
GRANTS AND CONTRIBUTIONS			
REVENUE CONTRIBUTION	230	230	230
USABLE CAPITAL RECEIPTS			
PRUDENTIAL BORROWING	4,287	2,315	1,315
EARMARKED RESERVES			
MAJOR REPAIRS ALLOWANCE			
OVERPROGRAMMING C/FWD			
FINANCIAL SERVICES CAPITAL PROGRAMME	4,517	2,545	1,545

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet
2.	Date:	23rd February 2011
3.	Title:	Prudential Indicators and Treasury Management and Investment Strategy 2011/12 to 2013/14
4.	Directorate:	Financial Services

5. Summary

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

- i. The Prudential Indicators and Limits for 2011/12 to 2013/14 (Appendix A)
- ii. A Minimum Revenue Provision (MRP) Statement which sets out the Council's policy on MRP (Appendix A)
- iii. An Annual Treasury Management Strategy in accordance with the CIPFA Code of Practice on Treasury Management including the Authorised Limit (Appendix B)
- iv. An Investment Strategy in accordance with the CLG investment guidance (Appendix B)

6. Recommendations

Cabinet is asked to recommend Council:

- 1. Approve the prudential indicators and limits for 2011/12 to 2013/14 contained in Appendix A to the report**
- 2. Approve the Minimum Revenue Provision Statement contained in Appendix A which sets out the Council's policy on MRP**
- 3. Approve the Treasury Management Strategy for 2011/12 to 2013/14 and the Authorised Limit Prudential Indicator (Appendix B)**
- 4. Approve the Investment Strategy for 2011/12 to 2013/14 (Appendix B and Annex B1)**

7. Proposals and Details

The Strategic Director of Finance has delegated authority to carry out treasury management activities on behalf of the Council. This report is produced in order to comply with the CIPFA Code of Practice for Treasury Management in Local Authorities, the CIPFA Prudential Code for Capital Finance in Local Authorities and the CLG Investment Guidance.

The Council's 2010/11 Treasury Management Strategy was approved by Council on 3 March 2010, whilst a Mid Year report which updated the 2010/11 approved indicators was approved by Council on 8 December 2010. This report updates the currently approved indicators for the period 2010/11 to 2012/13 and introduces new indicators for 2013/14.

The Strategy was drawn up in association with the Council's treasury management advisors, Sector Treasury Services Ltd, part of the The Capita Group plc. In October 2010 ICAP Securities Ltd agreed to transfer its treasury consultancy services division (Butlers) to Sector Treasury Services Ltd and the Council's existing contract with Butlers was novated to Sector Treasury Services Ltd.

7.1 Background

During 2009 three key documents were published, the first two of which resulted in the main from the impact of the Icelandic banking issues:

- the Audit Commission report 'Risk and Return',
- the CLG Select Committee report on local authority investments; and,
- CIPFA's revised Prudential Code.

In addition CIPFA fully revised its guidance on Treasury Management and published the following two documents towards the end of 2009:

- Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes; and,
- Treasury Management in the Public Services – Guidance Notes for Local Authorities including Police Authorities and Fire Authorities

In March 2010 CLG confirmed changes to the Capital Finance system which included revisions to CLG's Investment Guidance. These were in line with the outcomes from the publications & reports issued (and referred to above) and take account of the changes to CIPFA's Code of Practice and Guidance Notes.

This report is fully reflective of the changes to guidance issued by CIPFA and the CLG.

7.2. Review of the Currently Approved Investment Strategy

Following the events of October 2008 and in light of the current and on-going economic & financial climate, the Strategic Director of Finance took a series of actions to evaluate the Council's Investment Strategy and manage the treasury management function.

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

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

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

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

Actual returns on investment opportunities remain subdued when compared to previous years but have been effectively and prudently managed by significantly reducing expected capital financing costs. This has enabled the Council to stay within its capital financing budget cash limit. This is a significant achievement given the difficult economic and financial conditions prevailing throughout the current financial year.

Counterparty List

At the present time the Council's counterparty list for investments uses the following criteria:

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

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

* Based on maximum of 20% of the investment portfolio

** Provides maximum flexibility

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

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

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

7.3 Prudential Indicators

7.3.1 Capital Expenditure, Capital Financing Requirement & Affordability

The Prudential Indicators submitted for approval are summarised as:

	2010/11 Revised Dec '10	2010/11 Revised	2011/12 Estimated	2012/13 Estimated	2013/14 Estimated
Capital Expenditure	£112.567m	£109.141m	£63.911m	£43.314m	£32.034m
Capital financing requirement	£700.493m	£700.218m	£716.685m	£710.584m	£703.009m
Authorised limit for external debt (RMBC + Former SYCC)	£706.627m	£706.627m	£825.930m	£814.549m	£678.161m
Operational boundary for external debt (RMBC)	£610.215m	£553.370m	£611.837m	£645.736m	£678.161m
Operational boundary for external debt (Former SYCC)	£96.412m	£96.412m	£96.412m	£96.412m	£96.412m
Ratio of financing costs to net revenue stream – Non HRA	10.04%	9.10%	9.90%	11.06%	11.78%
Ratio of financing costs to net revenue stream – HRA	15.09%	15.07%	15.78%	16.52%	16.20%
Incremental impact of capital investment decisions on the Band D Council Tax*	£20.59	£21.04	£23.73	£16.48	£0.78
Incremental impact of capital investment decisions on housing rents levels*	£0.00	£0.00	£0.00	£0.00	£0.00

* Original estimates for 2010/11

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

It should further be noted that the impact on Band D Council Tax, as shown in the table above, indicates the impact of the Council's capital investment plans as already budgeted for within the proposed Budget for 2011/12 and the Council's Medium Term Financial Strategy, **and does not indicate additional requirements of Rotherham council tax payers.**

7.3.2 Treasury Management Prudential Indicators and Limits on Activity

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

The limits for interest rate exposures are consistent with those approved within the Mid Year report on the 2010/11 Strategy; in line with the requirements of the new Code the maturity structure detail has been updated and extended; and the investment limits beyond 364 days have been reduced to reflect the expected investment strategy.

RMBC	2011/12	2012/13	2013/14
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rate debt based on fixed net debt	100%	100%	100%
Limits on variable interest rate debt based on variable net debt	30%	30%	30%

RMBC Maturity Structure of fixed interest rate borrowing 2011/12		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	25%
2 years to 5 years	0%	30%
5 years to 10 years	0%	35%
10 years to 20 years	0%	40%
20 years to 30 years	0%	45%
30 years to 40 years	0%	50%
40 years to 50 years	10%	60%
50 years and above	15%	100%

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

Former SYCC	2011/12	2012/13	2013/14
Interest Rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%

Maturity Structure of fixed interest rate borrowing 2011/12		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years	0%	70%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%

7.4 Minimum Revenue Provision Policy

Communities & Local Government Regulations require Full Council to approve a Minimum Revenue Provision Statement in advance of each financial year. The policy put forward for approval is set out in section 11 of Appendix A.

8. Finance

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

The assumptions supporting the capital financing budget for 2011/12 and for the future years covered by the MTFS of the Council have been reviewed in light of the current economic and financial conditions and the revised future years' capital programme.

The proposed Treasury Management and Investment Strategy is not forecasted to have any further revenue consequences than those identified and planned for in both the Council's 2011/12 Revenue Budget and approved MTFS.

9. Risks and Uncertainties

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

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

10. Policy and Performance Agenda Implications

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

11. Background Papers and Consultation

Audit Committee – 17 February & 20 October 2010

Cabinet – 24 February & 3 November 2010

Council – 3 March & 8 December 2010

CIPFA – The Prudential Code for Capital Finance in Local Authorities

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

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

CLG Investment Guidance – March 2010

The Local Government Act 2003

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PRUDENTIAL INDICATORS 2011/12 TO 2013/14

Introduction

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and prepare and publish prudential indicators. Each indicator either summarises the expected activity or introduces limits upon the activity, and reflects the underlying capital programme. This report updates currently approved indicators and introduces new indicators for 2013/14.
2. Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence the Treasury Management Strategy for 2011/12 to 2013/14 is included as Appendix B to complement these indicators. Some of the prudential indicators are shown in the Treasury Management Strategy to aid understanding.

The Capital Expenditure Plans

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

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

	2010/11 Revised £m	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m
Children & Young People's Services	17.514	5.896	6.315	2.500
Env & Dev Services	31.423	29.848	16.335	10.977
Neighbourhoods & Adult Services	52.195	23.650	18.119	17.012
Financial Services	8.009	4.517	2.545	1.545
Total expenditure	109.141	63.911	43.314	32.034
Capital receipts	4.243	1.431	1.458	1.237
Capital grants, capital contributions & sources other capital funding	58.894	35.141	36.576	26.832
Total financing	63.137	36.572	38.034	28.069
Net financing need for the year	46.004	27.339	5.280	3.965

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

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

9. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The capital expenditure above which has not immediately been paid for will increase the CFR.
10. Following accounting changes the CFR includes any other long term liabilities (e.g. PFI schemes) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a "borrowing facility" and so the Council is not required to separately borrow for this scheme. The Council currently has £114.146m within the CFR in respect of such schemes.

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

	2010/11 Revised £m	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m
CFR – Non Housing	297.528	312.079	306.392	299.231
CFR – Housing	288.544	290.460	290.046	289.632
Total CFR	586.072	602.539	596.438	588.863
Movement in CFR	36.599	16.467	-6.101	-7.575
Net financing need for the year (above)	46.004	27.339	5.280	3.965
Less Non Housing MRP/VRP and other financing movements	9.405	10.872	11.381	11.540
Total movement	36.599	16.467	-6.101	-7.575

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

13. CLG Regulations require Full Council to approve an MRP Statement in advance of each year. Detailed rules have been replaced by a single duty to charge an amount of MRP which the Council considers 'prudent'. The Strategic Director of Finance will, where it is prudent to do so, use discretion to review the overall financing of the capital programme and the opportunities afforded by the regulations to maximise the benefit to the Council whilst ensuring it meets its duty to charge a 'prudent' provision.

The Council is recommended to approve the following MRP policy in relation to the charge for both the 2010/11 & 2011/12 financial years:

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

Affordability Prudential Indicators

14. The previous sections cover those prudential indicators that are used to monitor the impact the capital programme has on the Council's borrowing position.
15. Further indicators are used to provide an indication of the impact the capital programme has on the overall Council's finances. The Council is asked to approve the following indicators.
16. **Actual and Estimates of the ratio of financing costs to net revenue stream** – This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream of the Council. The trend reflects the Council's prioritisation of its capital investment plans.

Ratio of financing costs to Net Revenue Stream				
	2010/11 Revised Dec '10 %	2011/12 Estimated %	2012/13 Estimated %	2013/14 Estimated %
Non-HRA	10.04	9.90	11.06	11.78
HRA	15.09	15.78	16.52	16.20

17. The estimates of financing costs include all current commitments, the proposals contained in the proposed 2011/12 Revenue Budget and updated future years' Capital Programme.
18. **Estimates of the incremental impact of capital investment decisions on the Council Tax** – This indicator identifies the revenue costs associated with proposed changes to the capital programme compared to the Council's existing commitments and current plans.

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

The impact on Band D Council Tax, as shown in the table below, indicates the impact of the Council's capital investment plans as already budgeted for within the proposed Budget for 2011/12 and the Council's Medium Term Financial Strategy, **and does not indicate additional requirements of Rotherham council tax payers.**

Incremental impact of capital investment decisions on the Band D Council Tax					
	Original 2010/11 £	Revised 2010/11 £	Proposed Budget 2011/12 £	Projection 2012/13 £	Projection 2013/14 £
Council Tax - Band D	20.59	21.04	23.73	16.48	0.78

For each financial year the impact at Band A is £14.02, £15.82, £10.99 and £0.52 respectively.

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

Incremental impact of capital investment decisions on the Housing Rent levels					
	Original 2010/11 £	Revised 2010/11 £	Proposed Budget 2011/12 £	Projection 2012/13 £	Projection 2013/14 £
Weekly Housing Rent levels	0.00	0.00	0.00	0.00	0.00

TREASURY MANAGEMENT STRATEGY 2011/12 – 2013/14

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

(a) Debt and Investment Projections 2011/12 – 2013/14

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

RMBC	2010/11 Revised £m	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m
External Debt				
Debt at 1 April	412.636	437.636	494.103	528.002
Expected change in debt	25.000	56.467	33.899	32.425
Debt at 31 March	437.636	494.103	528.002	560.427
Investments				
Total Investments at 31 March	5.000	30.000	30.000	30.000
Investment change	-10.979	25.000	0	0

Ex SYCC	2010/11 Revised £m	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m
External Debt				
Debt at 1 April	102,012	96,012	96,412	96,412
Expected change in debt	-5,600	0	0	0
Debt at 31 March	96,412	96,412	96,412	96,412
Investments				
Total Investments at 31 March	0	0	0	0
Investment change	0	0	0	0

6. The related impact of the above movements on the revenue budget are:

	2010/11 Revised £m	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m
Revenue Budgets				
Interest on Borrowing	20.796	22.785	26.784	29.215
Related HRA Charge	-11.475	-12.814	-14.310	-14.987
Net General Fund	9.231	9.971	14.474	14.228
Borrowing Cost				
Investment Income	0.133	0.100	0.150	0.200

(b) Limits to Borrowing Activity

7. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits
8. For the first of these the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2009/10 and the following two financial years. This allows some flexibility for limited early borrowing for future years.

RMBC	2010/11 Revised £m	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m
Gross Borrowing	437.636	494.103	528.002	560.427
Investments	5.000	30.000	30.000	30.000
Net Borrowing	432.636	464.103	498.002	530.427
CFR (excluding other long term liabilities)	586.072	602.539	596.438	588.863
CFR less Net Borrowing	153.436	138.436	98.436	58.436

9. The Strategic Director of Finance reports that the Council has complied with this indicator in the current year and does not envisage difficulties for the future. This view takes into account approved commitments and existing plans.

10. A further two prudential indicators control or anticipate the overall level of borrowing. These are:

11. **The Authorised Limit for External Debt** – This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all council's plans, or those of a specific council, although no control has yet been exercised.

12. **The Operational Boundary for External Debt** – This indicator is based on the probable external debt during the course of the year; it is not a limit.

The Council is asked to approve the following Authorised Limit and Operational Boundary:

Authorised Limit for External Debt (RMBC + Former SYCC)	2010/11 Revised £m	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m
Borrowing	592.481	711.784	700.403	688.863
Other long term liabilities	114.146	114.146	114.146	114.146
Total	706.627	825.930	814.549	803.009

Operational Boundary for External Debt (RMBC)	2010/11 Revised £m	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m
Borrowing	441.224	497.691	531.590	564.014
Other long term liabilities	114.146	114.146	114.146	114.146
Total	555.370	611.837	645.736	678.160

Operational Boundary for External Debt (Former SYCC)	2010/11 Revised £m	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m
Borrowing	96.412	96.412	96.412	96.412
Other long term liabilities	0	0	0	0
Total	96.412	96.412	96.412	96.412

13. Borrowing in advance of need - The Council has some flexibility to borrow funds this year for use in future years. The Strategic Director of Finance may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or help meet budgetary constraints. Whilst the Strategic Director of Finance will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund debt maturities. Borrowing in advance will be made within the constraints that

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
- Would not look to borrow more than 18 months in advance of need.

These limits have been set looking ahead to the medium to long-term but in the short-term it is expected that borrowing in advance will be limited to no more than 10% and would not be undertaken more than 3 months in advance of need.

14. Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year and annual reporting mechanism.

(c) Expected Movement in Interest Rates

Medium-Term Rate Estimates (averages)

Annual Average %	Bank Rate	Money Rates		PWLB Rates *		
		3 month	1 year	5 year	20 year	50 year
2010/11	0.5	0.7	1.5	2.6	4.6	4.7
2011/12	0.7	1.0	1.8	3.3	5.3	5.4
2012/13	1.7	2.0	2.8	4.2	5.5	5.6
2013/14	3.1	3.2	3.7	4.8	5.6	5.7
2014/15	4.0	4.2	4.5	5.6	5.6	5.8
2015/16	4.0	4.2	4.2	5.3	5.5	5.5

* Borrowing rates

15. The Office for Budget Responsibility view of the economy's recovery prospects over the short and medium term is subdued and moves to cut the size of the public sector deficit will reduce economic activity in the medium term.

16. The Bank of England expects inflation will remain above target until 2012 and inflation performance remains a key risk to the future course of interest rates. Nevertheless, it is expected that the MPC will be prepared to hold rates at very low levels until later in 2011
17. Short-term rates to one year are expected to remain at current levels for some time. The recovery in the economy has commenced and recent growth data has come in at the high side of expectations. Nevertheless, this higher rate is unlikely to be sustained and growth is expected to slow again.
18. The outlook for long-term interest rates is favourable in the near future but is expected to become less so during the latter part of 2011.

(d) Borrowing and Debt Strategy 2011/12 – 2013/14

19. The uncertainty over future interest rates increases the inherent risks associated with treasury activity. As a result the Council will continue to take a cautious and prudent approach to its treasury strategy.
20. The Strategic Director of Finance, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely shorter term fixed rates may provide lower cost opportunities in the short to medium term.

(e) Investment Strategy 2011/12 – 2013/14

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

prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested as set out in Annex B1.

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

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

	Fitch	Moody's	Standards & Poor's
Short-term	F1	P-1	A-1
Long-term	A-	A3	A-
Individual	C	n/a	n/a
Support	3	n/a	n/a
Financial Strength	n/a	C	n/a

To allow for the day to day management of the Council's cash flow the Council's own bank, **the Co-operative Bank plc** will also be retained on the list of counterparties if ratings fall below the above minimum criteria.

- **Building Societies** – the Council will use the top 20 Building Societies ranked by asset size but restricted to a maximum of 20% of the investment portfolio
- **Money Market Funds** – AAA – restricted to a maximum of 20% of the investment portfolio

- **UK Government** – Debt Management Office
- **UK Single Tier & County Councils** – (i.e. Metropolitan Districts, London Boroughs, County Councils, Unitary Authorities)

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

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

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

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

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

* Based on maximum of 20% of the investment portfolio

** Provides maximum flexibility

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

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

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

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

(f) Sensitivity to Interest Rate Movements

33. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to treasury management costs/income for next year. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

	2011/12 Estimated + 1% £m	2011/12 Estimated - 1% £m
Revenue Budgets		
Interest on Borrowing	0.334	-0.334
Related HRA Charge	0.225	-0.225
Net General Fund Borrowing Cost	0.109	-0.109
Investment income	0.200	0.000

(g) Treasury Management Prudential Indicators and Limits on Activity

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

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

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

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

RMBC	2011/12	2012/13	2013/14
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rate debt based on fixed net debt	100%	100%	100%
Limits on variable interest rate debt based on variable net debt	30%	30%	30%

RMBC Maturity Structure of fixed interest rate borrowing 2011/12		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	25%
2 years to 5 years	0%	30%
5 years to 10 years	0%	35%
10 years to 20 years	0%	40%
20 years to 30 years	0%	45%
30 years to 40 years	0%	50%
40 years to 50 years	10%	60%
50 years and above	15%	100%

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

Former SYCC	2011/12	2012/13	2013/14
Interest Rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on total debt	100%	100%	100%
Limits on variable interest rates based on total debt	30%	30%	30%

Former SYCC Maturity Structure of fixed interest rate borrowing 2011/12		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years	0%	70%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%

(h) Treasury Performance Indicators

36. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The results of the following two indicators will be reported in the Treasury Annual Report for 2010/11:

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

(i) Treasury Management Advisers

37. The Council uses Sector Treasury Services Ltd as its treasury management advisors. In October 2010 ICAP Securities Ltd agreed to transfer its treasury consultancy services division (Butlers) to Sector Treasury Services Ltd. The Council's existing contract with Butlers was novated to Sector Treasury Services Ltd which is a subsidiary of The Capita Group plc.

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

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

39. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Council. This service is provided to the Council under a contractual agreement which is subject to regular review.

(j) Member and Officer Training

40. The Council recognises the increased Member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for Members and officers. In response to the revised treasury management

guidance and advice, the Council has been proactively identifying opportunities to enhance the level of expertise and knowledge of treasury management matters for both Members and officers through the provision of suitable training and development. To this end, the Council has:

- Regularly reported to Members of the Council's Audit Committee on treasury management matters over the last two to three years;
- Responded positively to the various treasury management consultation processes and external reviews conducted;
- Supported the Capital and Treasury Management Accountant to successfully undertake the CIPFA accredited Association of Corporate Treasurers' course 'Certificate in International Treasury Management – Public Finance' so as to enhance the expertise and knowledge of officers undertaking treasury management functions; and,
- Put in place arrangements to provide Members of the Audit Committee and other Members with training and development sessions to enhance their awareness of treasury management matters in a local government environment.

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

1. Overview

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

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

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

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

2. Annual Investment Strategy

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

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

This strategy is to be approved by full Council.

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

2.1 Strategy Guidelines

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

2.2 Specified Investments

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

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

These would include the following investment categories:

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

2.3 Non-Specified Investments

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

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

Non specified investments would include any sterling investments with:

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

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

3 The Monitoring of Investment Counterparties

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

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

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

Security, Liquidity and Yield Benchmarking

A developmental area for reporting is Member consideration and approval of security and liquidity benchmarks in addition to those previously reported for yield.

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

1. **Security and liquidity** – these benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators, e.g. the maximum funds which may be invested for more than 364 days, the limit on the use of Non-specified investments, etc.

However they have not previously been separately and explicitly set out for Member consideration. Proposed benchmarks for cash type investments are below and these will form the basis of future reporting in this area. In the other investment categories appropriate benchmarks will be used where available.

- 1.1 Security – Security is currently evidenced by the application of minimum criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard and Poor's). Whilst this approach embodies security considerations, benchmarking levels of risk is more subjective and therefore problematic.

One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy. The table beneath shows average defaults for differing periods of investment products for each of Fitch, Moody's & Standard and Pooers long term rating category over the period 1990 to 2009.

Credit Rating	1 year	2 years	3 years	4 years	5 years
AAA	0.00%	0.01%	0.05%	0.10%	0.17%
AA	0.03%	0.06%	0.08%	0.14%	0.20%
A	0.08%	0.22%	0.37%	0.52%	0.70%
BBB	0.24%	0.68%	1.19%	1.79%	2.42%
BB	1.22%	3.24%	5.34%	7.31%	9.14%
B	4.06%	8.82%	12.72%	16.25%	19.16%
CCC	24.03%	31.91%	37.73%	41.54%	45.22%

The Council's minimum long term rating criteria (over one year) is currently "AAA" meaning the average expectation of default for a three year investment in a counterparty with a "AAA" long term rating would be 0.05% of the total investment (e.g. for a £1m investment the average loss would be £500).

The Council’s minimum long term rating criteria (up to one year) is currently “BBB” meaning the average expectation of default for such an investment would be 0.24% (e.g. for a £1m investment the average loss would be £2,400).

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

The Council’s maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

- **0.08% historic risk of default when compared to the whole portfolio, which means that for a £1m investment the average loss would be £800.**

In addition, the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum risk of default	0.09%	0.01%	0.05%	0.10%	0.17%

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members in the Annual Report.

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

- Bank overdraft - £10m
- Liquid, short term deposits of at least £3m available with a week’s notice.

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

A shorter WAL generally represents less risk and in this respect the proposed benchmark to be used is:

- The Council’s WAL benchmark for 2011/12 is estimated to be 0.08 years which means that at any point in time half the investment portfolio would be available within 28 days.

2. **Yield** – These benchmarks are currently widely used to assess investment performance and the Council's local measure of yield is:
 - Investments – Internal returns above the 7 day London Interbank Bid rate (LIBID) which is the rate at which a bank is willing to borrow from other banks

1.	Meeting:	Cabinet
2.	Date:	23 rd February 2011
3.	Title:	2011 Health and Social Care Bill: Implications for Rotherham
4.	Directorate:	Chief Executive's

5. Summary

The **Health and Social Care Bill 2011** sets out the Secretary of State's plan for NHS reform subject to the will of Parliament.

The Bill takes forward the areas of Equity and Excellence: Liberating the NHS (July 2010) and the subsequent Government response Liberating the NHS: legislative framework and next steps (December 2010), which require primary legislation.

This report outlines the statutory responsibilities and implications for Rotherham and makes a number of recommendations for taking forward this agenda.

6. Recommendations

That Cabinet:

- **Agree to the establishment of a Health and Wellbeing Board as a council-led committee and the drafting of a constitution and terms of reference**
- **Agree the democratic representation of the Board will be made up of a minimum of 3 Elected Members with relevant portfolios**
- **Consider that the Board arrangements are in place alongside NHS shadow GP commissioning as early as possible, but no later than September 2011**
- **Note the duty of the Health and Wellbeing Board to undertake the Joint Strategic Needs Assessment and develop the Health and Wellbeing Strategy**
- **Note that the Director of Public Health will be jointly appointed by RMBC and Public Health England and that further guidance is to be received for these arrangements**
- **Continue to explore with NHR and the Director of Public Health the level of resources and staffing needed for the public health function to be transferred to the authority**
- **Approve that a local HealthWatch is commissioned locally to replace LINKs**

7. Proposals and Details

Local authorities are uniquely placed to promote integration of local services across the boundaries between the NHS, social care and public health. The transfer of public health to local authorities will provide a clear opportunity to enhance the role in improving citizens' health and well being.

The Government intends that local authorities will have greater responsibility in four areas:

- leading joint strategic needs assessments (JSNA) to ensure coherent and co-ordinated commissioning strategies;
- supporting local voice, and the exercise of patient choice;
- promoting joined up commissioning of local NHS services, social care and health improvement; and
- leading on local health improvement and prevention activity.

It will provide the opportunity for local areas to further integrate health with adult social care, children's services (including education) and wider services, including, improving health inequalities, housing, and tackling crime and disorder.

7.1. Health and Wellbeing Boards

Section 178 of the Bill proposes the Establishment of Health and Wellbeing Boards (HWB).

This mandates the establishment by a local authority of a Health and Wellbeing Board for its locality.

7.1.1. Operation of Health and Wellbeing boards

The Secretary of State for Health anticipates that Health and Wellbeing boards in a reformed NHS will have a lead role in determining the strategy and allocation of any local application of place-based budgets for health. That health and wellbeing board would have an important role in relation to other local partnerships, including Safer Rotherham Partnership, Children's Trust and those relating to vulnerable adults and children's safeguarding.

7.1.2. Membership of Health and Wellbeing boards

It prescribes a minimum membership including one nominated Elected Member, Director of Adult Social Services, Director of Public Health, Director of Children's Services, local HealthWatch, a relevant person for each GP Commissioning Consortia (one or more consortia can share a relevant person if the HWB agrees). Other membership is at the discretion of the local authority, in consultation with the rest of the HWB. GP Commissioning Consortia are under a duty to co-operate with the HWB. Elected Members of the local authority will decide who chairs the board.

Consideration is needed as to the full membership of the Board. It is being proposed that to ensure the democratic accountability of the Board, there is a minimum of three Elected Members of the Executive Committee with relevant portfolios; such as Health, Adults and Children's.

To ensure that the board is able to engage effectively with local people and neighbourhoods, local authorities are also able to choose to invite local

representatives of the voluntary sector and other relevant public service officials to participate in the board as required.

It is likely that as the PCT Clusters become established they will achieve a seat on the Health and Wellbeing Board to support the transition during the demise of the PCT and the SHA

7.1.3. Functions of Health and Wellbeing Boards

The primary aim of the health and wellbeing boards would be to promote integration, and joint commissioning across health and social care and partnership working between the NHS, social care, public health and other local services to improve democratic accountability.

The Board will be the strategic decision maker with overall responsibility for all health and social care budgets. The Government proposes four main functions:-

- to assess the needs of the local population and lead the statutory joint strategic needs assessment;
- to promote integration and partnership across areas, including through promoting joined up commissioning plans across the NHS, social care and public health;
- to support joint commissioning and pooled budget arrangements, where all parties agree this makes sense; and
- to undertake a scrutiny role in relation to major service redesign

It will be the responsibility of the Board to agree and sign-off all related commissioning plans, ensuring regard is given to the JSNA and agreed partnership Health and Wellbeing Strategy. If the Board feels that commissioning plans have not had adequate regard to the JSNA and Health and Wellbeing Strategy, they can write to the national NHS Commissioning Board.

There will be a statutory obligation for the local authority and GP Commissioners to participate as members of the board and act in partnership on these functions. The Health and Wellbeing Board would give local authorities influence over NHS commissioning, and corresponding influence for NHS commissioners in relation to health improvement, reducing health inequalities, and social care. Joint Commissioning and opportunities for greater integration across health and social care will be maximised as establishment of these will be a priority for the Health and Well Being Board.

7.2. Strengthening public and patient involvement

Local Involvement Networks (LiNks) will become the local HealthWatch.

Local authorities will be responsible for commissioning HealthWatch and it is being recommended that Cabinet agree to the decommissioning of LiNks and the commissioning of a local HealthWatch body.

7.3. Overview and Scrutiny Function (OSC)

The Bill anticipates the continuance of Local Authority scrutiny function on the NHS.

Local authorities will have the flexibility to decide how best to discharge powers in relation to scrutiny, however it is recognised that the split needs to be retained between the Executive and Scrutiny functions within the council.

There is a continuation of the requirement that all providers of NHS services may be required to attend scrutiny meetings or provide information to the local authority scrutiny function.

7.4. Local authority leadership for health improvement

When PCTs cease to exist in 2013, the Department of Health (DH) intends to transfer responsibility and funding for local health improvement activity to local authorities. Funding for health improvement includes that spent on the prevention of ill-health by addressing lifestyle factors such as smoking, alcohol, diet and physical exercise.

Local authority leadership for local health improvement will be complemented by the creation of a National Public Health Service (PHS). The PHS will integrate and streamline health improvement and protection bodies and functions, and will include an increased emphasis on research, analysis and evaluation. It will secure the delivery of public health services that need to be undertaken at a national level.

In order to manage public health emergencies, the PHS will have powers in relation to the NHS, matched by corresponding duties for NHS resilience.

Section 26 of the Bill proposes that each local authority must jointly appoint a Director of Public Health (DPH), who will be statutorily responsible for the public health functions of the local authority. Local DPHs will be jointly appointed by local authorities and Public Health England (PHE). The DPH will have a ring-fenced health improvement budget, allocated by PHE. There will be direct accountability to both the local authority, and, through PHE, to the Secretary of State. The Secretary of State, through PHE, will agree with local authorities the local application of national health improvement outcomes.

Consideration is needed as to the resources, including budget allocation and staffing levels, required by RMBC to adequately perform the necessary public health duties proposed by Government. RMBC will need to work closely with the DPH and NHSR to make key decisions in this area.

7.5 GP Consortium

From April 2013 the Bill proposes the Establishment of GP Commissioning Consortia accountable to an NHS Commissioning Board. These consortia will be responsible for the funding of the bulk of NHS services locally. There will be national commissioning of some specialist services. It is understood there will be a single consortium for Rotherham. This is commencing in shadow form in Rotherham and GPs have been appointed as leads for services such as Children and Young People or Mental Health and End of Life Care. Members need to consider appropriate council representation on this group and where this group fits with the Health and Wellbeing Board.

In order to support the organisational transition from the demise of PCTs and Strategic Health Authorities (SHAs) to GP commissioning consortia and a national NHS Commissioning body, PCT Clusters are to be established as time limited bodies. As part of the transition to 2013 the PCT cluster group for South Yorkshire will have an important role to play to ensure that commissioning of local services by PCTs can be sustained.

It is recommended that consideration is given to how Elected Members can engage with GPs to begin to build relationships to ensure effective partnership working.

7.6 Rotherham Joint Strategic Needs Assessment 2010/11

Since 1 April, 2008, Local Authorities and Primary Care Trusts are under a statutory duty under the Local Government and Public Involvement in Health Act to produce a Joint Strategic Needs Assessment (JSNA). In Rotherham the current JSNA is being refreshed. The JSNA establishes the current and future health and social care needs of the population, informing local priorities and targets, leading to agreed commissioning priorities that will improve outcomes and reduce health inequalities throughout the Borough.

Strategic Assessments in Rotherham

The JSNA is one of a number of strategic assessments undertaken locally which together provide a comprehensive and detailed assessment of local needs. Other borough wide documents are:-

- Local Economic Assessment (no longer a statutory duty)
- Joint Strategic Intelligence Assessment (statutory requirement)
- CYPS Audit of Need (required for C&YP Single Plan)
- Strategic Housing Market Assessment (requirement of Planning Policy Statement 3)
- Single Conversation (requirement for HCA funding)
- Child Poverty Needs Assessment (statutory requirement)

The JSNA will become a key document for the Health and Wellbeing Board; informing all strategies and commissioning plans relating to health and wellbeing, which the Board will be responsible for signing off. RMBC as the lead organisation will need to produce a revised JSNA, bringing together all partners of the Health and Wellbeing Board, including the local GP Consortium. This will need to be in place from September onwards in line with the new arrangements. Consideration is needed as to the appropriate staff resources needed to develop this piece of work and ensure it is properly communicated across borough. It is understood that national guidance will be published on taking forward JSNA under the new proposals.

It is also recommended that the number of needs assessments currently undertaken locally is streamlined over time where appropriate, and developed into a single, easily accessible format.

7.7. Health and Wellbeing Strategy

Work has been on-going for some time to develop the local Health and Wellbeing (HW) Strategy, which will update and replace the previous Public Health Strategy.

The HW Strategy will have to take regard of local need identified through the JSNA and will become the overarching strategy for the Health and Wellbeing Board, which all commissioning plans will sit under.

8. Finance

From April 2013, Public Health England will allocate ring-fenced budgets, weighted for inequalities, to upper-tier and unitary authorities in local government. Shadow

allocations will be issued to local authorities (LAs) in 2012/13, providing an opportunity for planning.

8.1. Health premium

Building on the baseline allocation, LAs will receive an incentive payment, or 'health premium', that will depend on the progress made in improving the health of the local population and reducing health inequalities, based on elements of the Public Health Outcomes Framework.

The premium will be simple and driven by a formula developed with key partners, representatives of local government, public health experts and academics.

9. Risks and Uncertainties

Legislation is subject to the will of Parliament.

10. Policy and Performance Agenda Implications

The Health and Wellbeing Board will have a duty to develop the JSNA. The DH will be preparing guidance on the future development of this piece of work under the new arrangements.

Government are currently consulting on the proposals in relation to the Public Health White Paper, including commissioning, funding and the proposed outcomes framework. The deadline for response is 31 March, RMBC are currently putting together a response in consultation with Directorates and Members, and will be submitted to Cabinet for sign-off on 9 March.

11. Background Papers and Consultation

Health and Social Care Bill 2011

Equity and Excellence: liberating the NHS white paper 2010

Healthy Lives, Healthy People: public health white paper 2010

Healthy Lives, Healthy People: consultation on commissioning and funding 2010

Healthy Lives, Healthy People: consultation on new outcomes framework 2010

**12 Contact:- John Radford, Director of Public Health
Matt Gladstone, Director of Policy, Performance & Commissioning**

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet
2.	Date:	23 February 2011.
3.	Title:	Blue badge fraud prosecutions - Publication of offenders' details on the Council's web site.
4.	Programme Area:	Environment and Development Services.

5. Summary

This report gives details of the proposals to identify, on the Council's web site and via press releases, offenders who have been prosecuted for fraudulent use of disabled persons' blue badges.

5. Recommendations

That the Cabinet approves:-

(i) the adoption of a policy to publicise details of convictions, in relation to the fraudulent use of disabled persons' blue badges, on the Council's website and via a press release; and

(ii) that the responsibility for making a decision to publicise on a case by case basis, be delegated to the Council's Parking Services Manager.

7. Details

The Council has had significant recent success in the prosecution of people who have been found to be fraudulently using disabled persons' blue badges. In an attempt to deter such activities, it has been the normal procedure to identify perpetrators and details of convictions via press releases. Guidance from the Home Office and the Ministry of Justice encourages the publicity of such information in appropriate cases and suggests that the information could also be placed on the Council's website. However, advice from the Council's Legal Service is that approval from the appropriate Cabinet Member is required before perpetrators are named on the Council's web site.

As a public body we have to respect the rights of offenders and act proportionately. However, the government guidance suggests that as a general principle, there should be a presumption in favour of publishing outcomes of criminal cases to:

- reassure the public that the Criminal Justice System is fair and effective;
- increase public confidence in the Criminal Justice System;
- improve the effectiveness of the Criminal Justice System e.g. by encouraging witnesses to come forward;
- discourage potential offenders and reduce re-offending.

It goes on to confirm that in the vast majority of cases there is no legal impediment to publication, as Councils (and the Police) have statutory functions connected with the Criminal Justice System. It suggests in the great majority of cases the decision making process will be straight forward and front line staff should routinely take the decision to publicise information.

It is proposed that the information publicised should be limited to:

- name, date of birth and summary of address (i.e. street name & area) of the offender
- brief description of the offence
- details of the sentence

It is proposed that where people are convicted in their absence because they have failed to appear at Court, the information should still be published on the website. However, the Council will need to distinguish between those defendants who have pleaded guilty and those who have been convicted in absence because they did not attend. If they later appeal or ask for the case to be re-opened then the information would have to be removed from the website immediately until the matter was resolved.

8. Finance

N/A

9. Risks and Uncertainties

There are risks with publicity of information and there is a decision making checklist and recording pro-forma in the guidance which will be used by the delegated officer in each case to minimise the risks. The risks include:

- if there are reporting restrictions on any case (which is rare in the prosecution of adults) then the information should not be publicised,
- particular care needs to be taken where 3rd party details might be revealed (e.g. a victim or a child) - this should be rare in these types of prosecutions but the delegated officer needs to be alive to this and ensure that such information is not publicised unless it is appropriate to do so..
- it might be inappropriate to publicise information because of the offender's particular circumstances e.g. they suffer from a mental health problem or there is some reason to believe they or their families may be at risk of reprisals.
- the guidance makes it clear that if the publicity is on a website then it should normally be removed after 1 month. If there is an appeal against the conviction/sentence then the information should be removed immediately.
- it is important to include the following message, as recommended in the guidance, on the same web page, to ensure there is no unlawful use of the information by 3rd parties:

This information is made available for a limited period in order to promote the openness, transparency and accountability of the criminal justice system to the people it serves. This information is made available solely on the basis that it is for the individual use of the person who has accessed this page. The information on this page must not be stored, recorded, republished, or otherwise processed without the explicit agreement of Rotherham MBC."

10. Policy and Performance Agenda Implications

N/A

11. Background Papers and Consultation

Criminal Justice System Guidance "Publicising Sentencing outcomes".

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ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet
2.	Date:	23 February 2011
3.	Title:	Rationalisation of Property Assets - Development Of An Asset Transfer Policy And Framework All Wards
4.	Directorate:	Environment & Development Services

5. Summary

To consider the creation of an asset transfer policy working group in order to develop an asset transfer policy framework. The aim of the policy framework would be to set out how the Council deals with both current and future asset transfers requests from the Third Sector, ensuring that all application received are dealt with on a fair basis and reduce the risk of failure for the applicants.

6. Recommendations

That:

- 1. Cabinet note the contents of the report and consider the options presented**
- 2. Cabinet approve Option 3 at 7.3 below and an Asset Transfer Policy Framework Working Group is initiated to develop a Policy Framework and that all current and future applications are deferred until completion and adoption of the policy**
- 3. That progress reports are submitted to Capital Strategy and Asset Review Team at regular intervals**
- 4. Once the Asset Transfer Policy And Framework is finalised it is considered by the Strategic Leadership Team before being submitted to Cabinet for approval and adoption**

7. Proposals and Details

The Land and Property Team have recently received two official requests for Asset Transfers for two very different assets which are as follows;

a) Age UK (formally known as Age Concern) have requested that the property that they occupy which is leased to them by the Council, 49-53 St Anne's Road Rotherham (see plan at Appendix 1), is sold to them at a nil (£0) consideration. This property is used for offices and is its Borough headquarters.

This asset has an annual Rental Value of £6,250 and if disposed on the open market could achieve a capital receipt of around £90,000.

b) Maltby Model Village Community Association (MMVCA) have requested that the land that they hold under a lease from the Council at a nominal rent (£50 per annum), known as the former Maltby Craggs Infant & Junior School Site (see plan at Appendix 2) off Blyth Road, Maltby, is sold to them at a nil (£0) consideration or a leased to them in excess of 25 years at a nominal rent (£50 per annum). This land is used as an area of open space for the community.

This Asset has a nominal value due to its existing planning status.

The aim of this report is to consider a way forward in dealing with both these two applications and future applications that the Council may receive. At the time of writing an additional two initial requests have been received, though further details of these are being awaited from the applicants.

It is anticipated that due to the publication of the Decentralisation and Localism Bill on the 13th December 2010, further applications will be received over the coming months.

In order that all applications are dealt with on a fair basis, and that full consideration is taken of the potential impact on the loss of potential capital receipts for each asset is considered, a robust Asset Transfer Policy would be required. This in turn will also assist the individual applicant and assist in reducing the chances of failure in the project. Therefore the current options available are as follows;

7.1 Option 1 – utilise existing disposal policy for dealing with asset transfer requests

In June 2003 Cabinet agreed to a Disposal Policy which included the disposal of assets to the third sector; a copy of the report is attached at Appendix 3.

This suggested that a business case approach be adopted when considering the disposal of land or premises to a community or similar group. It also ensured that the proposals minimised the financial burden and/or risk to the Council and that the 'Sponsoring' service, in consultation with the applicant, produced a robust business case to justify the disposal.

The presumption was to lease rather than dispose of the freehold interest of the asset. Using this approach this gave 3 options available as follows;-

- 1) Lease the asset at its full Market Rent with the occupier being responsible for all repairs and running costs. A duty on the sponsoring service was imposed to ensure that the occupant made full use of any grants available and ensure that the occupier is capable of fulfilling its obligations under the terms of the lease.

If the conditions of this option could not be satisfied then;-

- 2) As above, but the sponsoring service grants a subsidy to the occupier to cover the Market Rent which would be due under the terms of the lease.

If no internal or external funding or subsidy were available, then;-

- 3) In exceptional circumstances a lease is granted at a nominal rent of £50.00 per annum to cover administration costs.

Pros

- The policy is already in place and no further work and/or consultation is required.
- Decisions can be made for existing and forthcoming applications straight away - this involves reporting to the Capital Strategy and Asset Review Team under the existing policy

Cons/Risks

- The existing policy does not fully support the objectives of the 2006 Local Government White Paper and the principles of the Quirk Review promoting opportunities for community asset ownership/management, and promoting asset transfer as part of a local authority's 'place-shaping' role.
- The policy does not take into account the current economic situation with reduced budgets which will result in fewer 'sponsoring services' being able to support asset transfers by way of offering subsidies.
- This may lead to inconsistencies and unfairness – some services may be able to subsidise rents and others may not.

7.2 Option 2 – deal with asset transfer requests on a case by case basis

This option would result in each application being presented to the Capital Strategy and Asset Review Team and Cabinet by a Council officer as individual cases arose.

Pros

- No requirement to produce or adhere to a policy
- Quick decision making process as and when applications are made

Cons/Risks

- Decisions will be made on an ad hoc basis. This will inevitably lead to inconsistencies and unfairness which could lead to criticism of the Council and challenge
- Recommendations would be subject to case officers judgement rather than a robust policy framework. This could lead to ill informed decisions

7.3 Option 3 – Develop a Comprehensive Asset Transfer Policy

In June 2008, offices within Neighbourhoods and Adult Services with some input from Environment and Development Services produced an assessment framework for the potential and actual impact of Community Asset Management (CAM) Proposals. This was presented to Area Chairs on the 16 June 2008 – attached at Appendix 5.

This goes some way to address the principles behind the development of a Comprehensive Asset Transfer Policy, but does not fully address the need to develop a robust business case amongst other issues.

Suggested context and principles behind the development of a Comprehensive Asset Transfer Policy are set out in Appendix 4 for further consideration.

In order to develop these principles further it is recommended that an Asset Transfer Policy Framework Working Group is established in order to develop both a comprehensive asset transfer policy and to further expand and develop a Community Asset Management Process Review template.

This working group, led by EDS Asset Management, should be made up of officers from both Neighbourhoods & Adult Services and Children & Young People Services.

It is recognised that transfer of assets into the third sector will be challenging, not least in capacity building within the community.

Once this Working Group on Asset Transfer is running, progress on the development of the Asset Transfer Policy Framework should be reported back to members of CSART at regular intervals.

Pros

- A comprehensive policy will be developed and implemented across the Council as a whole.
- A working group made up of different members from each Directorate will ensure that a wide range of knowledge and skills and that is required for an effective asset transfer are brought together.
- All applications made will be subject to both a rigorous business case test and investigation in to any potential loss of capital receipts to the Council.
- A fully informed decision making process can be demonstrated which will provide a clear audit trail

- A robust community asset management transfer process will reduce the risks of failure, for both the organisation taking on the asset and for the Council who will need to monitor the organisation, to ensure the original aims and objectives are satisfied

Cons/Risks

- It may take up to 12 months to develop the necessary policy due to a requirement to consult with a number of agencies and interested parties.
- Existing applications that have been received may need to be deferred until the full policy is formally adopted which could lead to criticism of the Council

8. Finance

The rationalisation of property assets is essential to reduce budget pressures and to deliver front line services in the most cost effective way possible.

Financial impacts upon individual assets will be reported as part of the policy framework.

It is anticipated that the funding for the development of an asset transfer policy framework will be found from existing budgets in the Departments of Asset Management, Children and Young People Services and Neighbourhood and Adult Services

9. Risks and Uncertainties

The risks and uncertainties have been explored in 7.1 -7.3 above.

10. Policy and Performance Agenda Implications

None reported at this stage

11. Background Papers and Consultation

Report on Rationalisation of Property Assets - Development of an Asset Transfer Policy and Framework – Strategic Leadership Team 29 November 2010

Report on Rationalisation of Property Assets - Development of an Asset Transfer Policy and Framework - Capital Strategy and Asset Review Team 22 October 2010

EDS Finance Manager 18 November 2010

Appendix 1 & 2 - Location Plans

Appendix 3 - Report on the Council Policy for the disposal of land or buildings by sale or Lease – Cabinet 11 June 2003

Appendix 4 - Initial Draft Asset Transfer Policy Principles

Appendix 5 - Report on the assessment framework for the potential and actual impact of Community Asset Management (CAM) Proposals – Area Chairs 16 June 2008

Contact Names:

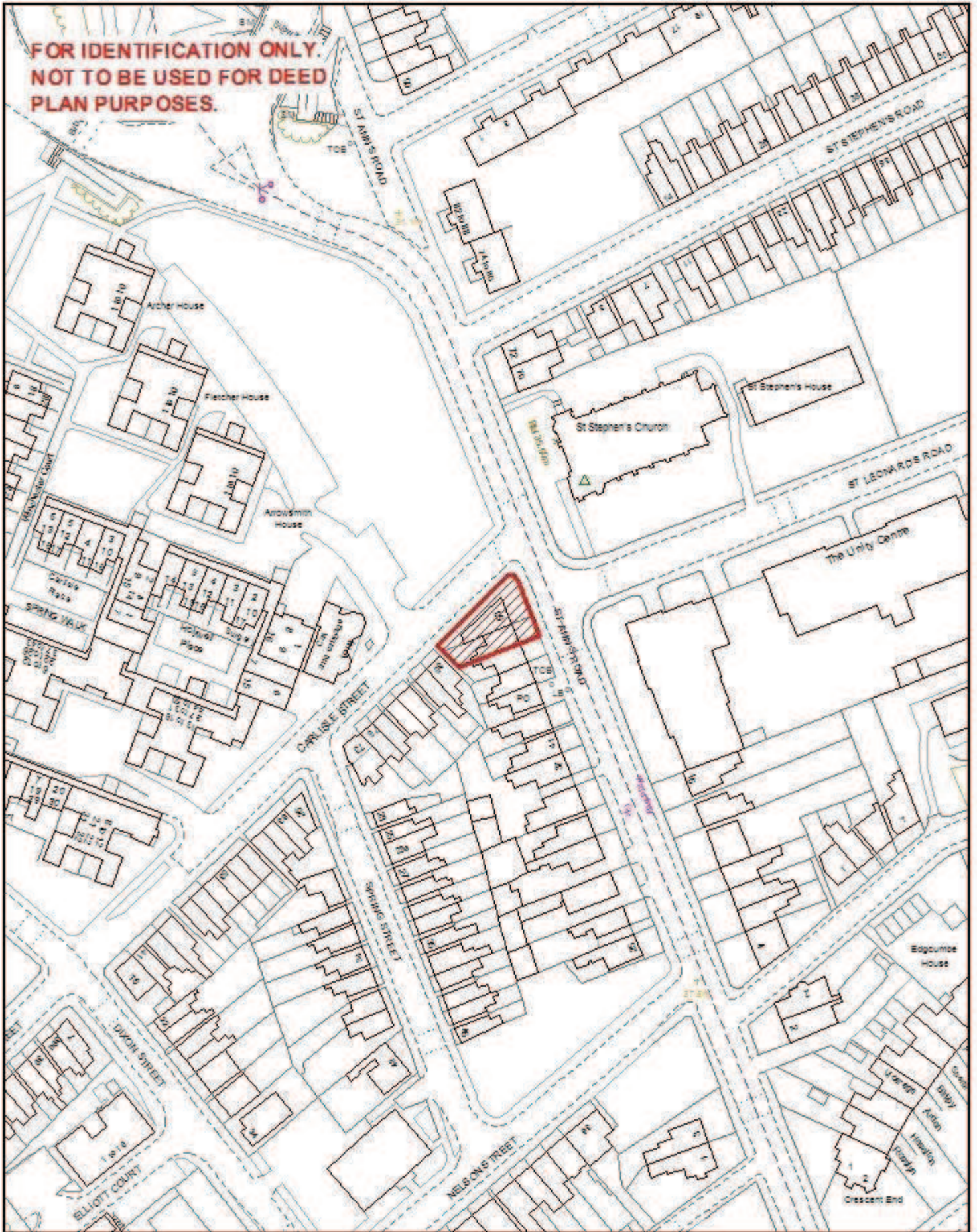
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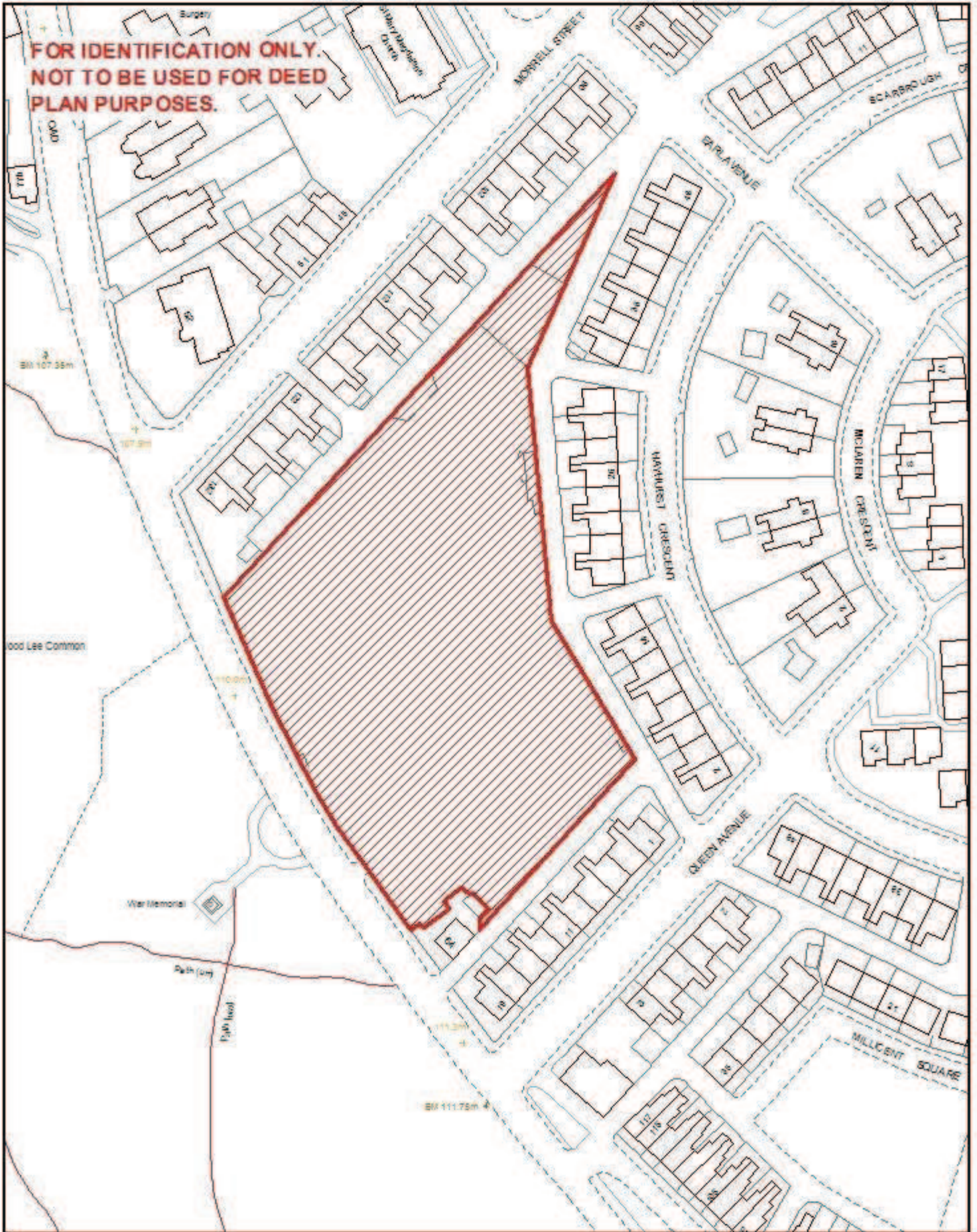


Scale 1:1250

Age UK
49-53 St Anne's Road
Rotherham

Rotherham MBC
Acting Strategic Director: Karl Battersby
Environment & Development Service
Bailey House, Rawmarsh Road
ROTHERHAM S60 1TD





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Scale 1:1250

**MALTBY CRAGGS FORMER
PRIMARY SCHOOL
BLYTH ROAD
MALTBY
ROTHERHAM**

<p>Rotherham MBC Strategic Director: Adam Wilkinson Environment & Development Service Bailey House, Rawmarsh Road ROTHERHAM S60 1TD</p>	
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ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS**1. Meeting**

Report to the Cabinet

2. Date of Meeting

11 June 2003

3. Title

Council policy for disposal of land and premises (Continuous Improvement)

4. Originating Officer

Carole Smith, Strategic Property Manager, Design and Engineering Service - extension 2192 e-mail: carole.smith@rotherham.gov.uk
Divisional Manager - Ian Smith, Head of Design and Engineering Service - extension 3850 e-mail: ian.eds.smith@rotherham.gov.uk

5. Issue

This report provides an update on existing land and premises disposal policy to incorporate best practice on asset management, to reflect organisational changes and refine reporting procedures.

6. Summary

See above.

7. Clearance/Consultation

Leaders Group 10 June 2003.

8. Timing

As soon as possible

9. Background

The current disposal policy and reporting procedures were last reviewed in June 2002. The policy and process implemented has proved successful in introducing a more corporate and structured approach to the way we deal with property disposals but can be further amended to shorten the time period between declaring an asset surplus to requirements and its eventual sale or re-use. Appendix 1 shows the proposed streamlined process for this. If the new procedure is adopted the fundamental principles previously agreed by Members (which have been subject to external and internal audit), will remain unchanged. These are as follows: -

- the time period between declaring an asset surplus to requirements and its sale/re-use must be minimised
- the marketing strategy will reflect the Council's need to produce capital receipts to finance the medium term Capital Programme, in an agreed timescale
- conditional contracts prior to marketing will be produced to minimise, as far as possible, the opportunities of third parties to make late bids
- an independent valuation will be obtained for private treaty sales where the estimated capital receipt is over £100,000

- a covenant in the sale of any land/premises for social housing or job creation will be imposed to ensure that the Council can buy back upon failure to develop in the manner for which the land has been sold
- the disposal process will comply with the probity requirements of the Council
- confidentiality will be maintained throughout the marketing period until legal completion
- offers to purchase will not be accepted from persons in debt to the Council unless that debt is cleared. Financial checks shall be made to ensure an applicant is able to pay
- in the event of an offer being made by or any person who is related to or has a business relationship with any Elected Member or senior officer of the Council or is a Member or senior officer of the Council then the decision to accept such an offer shall be made by the Executive Director, EDS or Cabinet Member, EDS, as appropriate
- a sale of an asset will be for the best consideration that can be achieved, except in certain defined circumstances which are set out below.

Service delivery is increasingly becoming a partnership with voluntary or other organisations and we must have a process that supports this in a transparent, equitable manner that is capable of being audited.

There are many instances throughout the Council where land and premises are being let at subsidised rents on many different kinds of tenancy and lease agreements. An audit is being carried out on such arrangements in all services to determine the extent of the practice and a further report will be brought to Members on the outcome.

¹⁰ **Argument**

A council may dispose (sell, lease or grant a tenancy) land and premises in any way it wishes providing it acts reasonably, with due regard to its financial duty to the taxpayer and as stated above, gets the best consideration (meaning income) reasonably obtainable. There are certain exceptions to this latter proviso – set out in brief in Appendix 2 – which permit a council to enter into disposal arrangements, generally for the public good, at less than best consideration. It is likely that these powers will be widened in the near future but greater freedom will make it even more important to demonstrate that decisions made are in an open, equitable and auditable way.

Business Case Approach

It is suggested that a business case approach is adopted when considering the disposal of land or premises to a community or similar group and that the following principles are applied:

- evaluate the potential of the asset by applying the evaluation model developed by the EDS, Asset Management Team which looks at the social, economic and environmental contribution the asset makes
- ensure that the decision making process leaves a clear audit trail
- ensure that the proposal minimises the financial burden and/or risk to the Council
- ensure that the sponsoring service, in consultation with the applicant, produces a business case to justify the action
- set time limits against any proposal to enable the Council to revisit at some future date if required
- lease rather than sell the asset, which secures the future use for the undervalue originally given.

Using these principles, it is suggested that, one of the following options should be considered and utilised as a conclusion to the business case:

Option 1

- Lease the asset on the basis of an open market value with the occupier being responsible for all repairs and running costs associated with the proposed use
- Impose a duty on the sponsoring service to ensure that the community group or voluntary organisation makes full use of any external grant available to pay for any building conversion works, running costs (i.e. rent, rates, utilities etc.) and reflect that financial contribution in the lease terms
- Impose a duty on the sponsoring service to ensure that the community organisation is capable of fulfilling its obligations under the terms of the lease

Only if the conditions of the preceding option can not be satisfied, the following option should be pursued:

Option 2

As above, but use any available internal grant the Council is empowered to make to support the project. This will always involve a lease at full market value, obligations as above, but the sponsoring service may wish to grant back to the organisation certain costs to support the use. While this could include the value of the rent, the subsidy will be clear and capable of review.

Option 3

If the sponsoring service confirms that it is impossible for external or internal funding to support the project then a lease shall be granted at the nominal rent of £50.00 to cover administration costs. This option shall only be selected in exceptional circumstances, with time limits if possible, because: -

- it will cause inequity across the Borough and all potential groups will assume they can obtain Council property at nil value almost as of right, which tends to happen now
- it sets the market value of rents for such property at £0, which when reviewed, may provide evidence towards disposing of the property anyway because the income can not support the liabilities of retaining the property
- as a principle, it does not support best practice in asset management planning as advocated by the ODPM
- it can lead to arbitrary decisions

In all three options the sponsoring service shall hold in its budgets the full costs of servicing the lease in the event that the tenant defaults and pays for all legal and estates costs in setting the agreements in place.

Adopting a corporate approach to dealing with community assets is fair and open and streamlining the process of asset disposal will support continuous improvement of our service

¹¹ **Risks and Uncertainties:** Community aspirations may be raised which can not be fulfilled if the application of the business case approach demonstrates that a particular project is not viable. Under these circumstances the sponsoring service may be faced with additional costs to make the project viable. The sponsoring service may also incur costs if the project folds or does not meet its obligations. In certain cases the business case may demonstrate that a high capital receipt could be forthcoming by a disposal on the open market and under these circumstances it is more appropriate to dispose of the asset to support the capital programme. In all cases a project management approach to using the asset should be taken to ensure outcomes are achieved.

¹² **Finance:** The implementation of a revised disposal process will support the medium term capital programme.

¹³ **Sustainability:** The adoption of a clear policy and procedure will safeguard the Council's property assets.

¹⁴ **Wards Affected:** All.

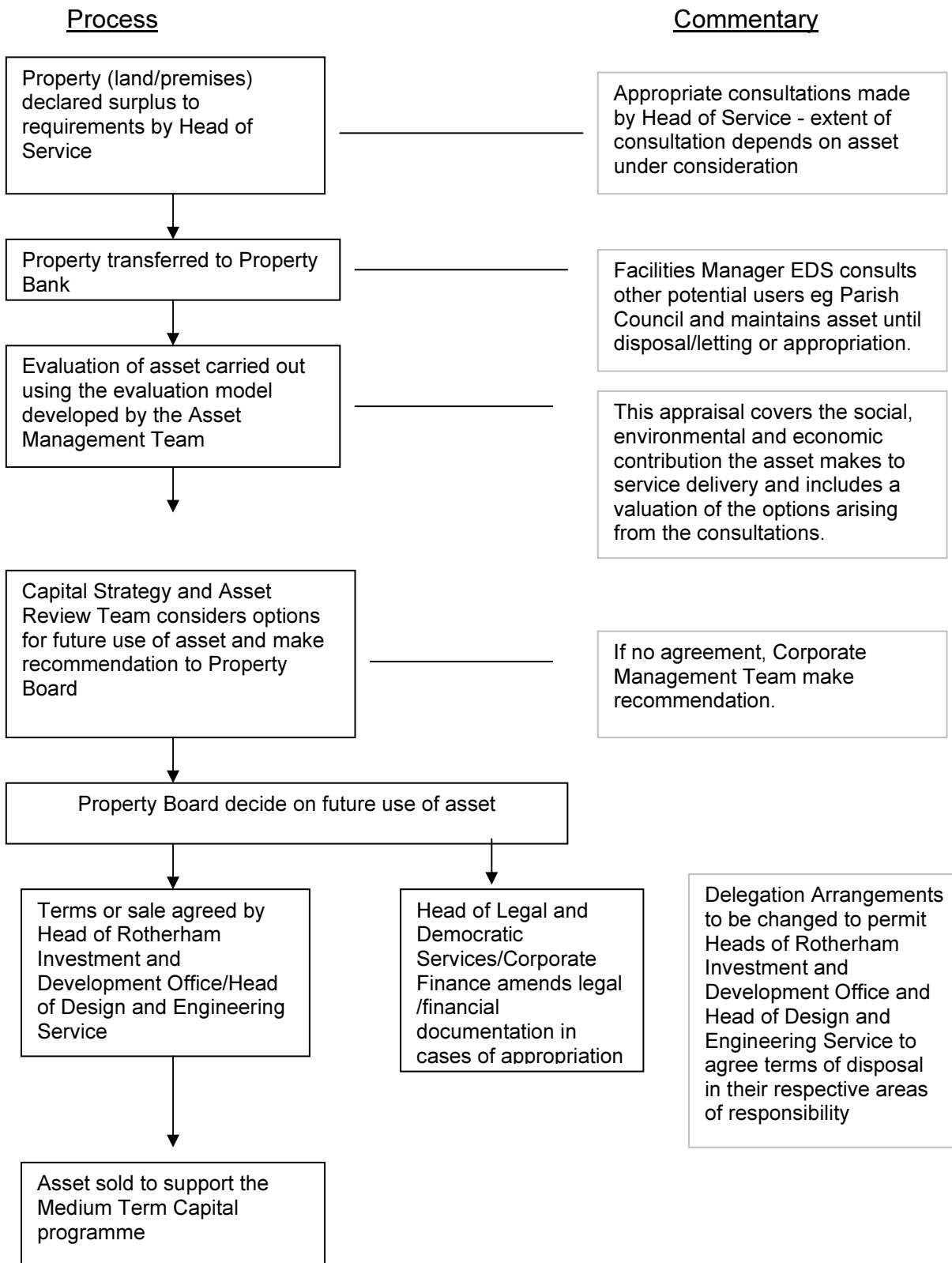
¹⁵ **References:** Capital Strategy and Asset Review Team on 13 February 03. Cabinet on 05 June 02.

¹⁶ **Presentation:** The proposals contained in this report, if adopted, provide a clear auditable trail on the decision making process for property disposals.

¹⁷ **Recommendations: that**

- (i) **the reporting process as set out in Appendix 1 will be adopted for property disposals and that delegation arrangements will be changed to reflect the streamlined process;**
- (ii) **the principles outlined in this report are approved and set out in the form of guidance notes to be presented to members of the Capital Strategy and Asset Review Team/ Property Board by the Executive Director, Economic and Development Service;**
- (iii) **the business case method of dealing with community disposals is adopted; it supercedes all previous resolutions of the Council and all cases are brought to the Capital Strategy and Asset Review Team for consideration;**
- (iv) **a report be brought to the Property Board on the extent of the assets currently let at less than market value and that these assets will then be scheduled for review.**

DISPOSAL PROCESS: KEY EVENTS



Appendix 4

Initial Draft Asset Transfer Policy Principles

Introduction

This document sets out the recommended principles that the Council should adopt to provide clarity as to how Rotherham Metropolitan Borough Council will approach the transfer of community buildings or land to the Third Sector (voluntary and community organisations) and other Not For Profit Organisations.

National Policy Context

The 2006 *Local Government White Paper* confirmed the Government's intention to increase opportunities for community asset ownership and management, and promoted asset transfer as part of a local authority's 'place-shaping' role. The Secretary of State for Communities commissioned Barry Quirk, Chief Executive of LB Lewisham to carry out a review into the barriers preventing community asset transfer.

The 'Quirk Reviews' findings *Making Assets Work* were published in May 2007. All the Review's recommendations were accepted by the Government and published a week later as an implementation plan in *Opening the transfer window: the government's response to the Quirk Review*. The Government's plan for taking the review forward included a demonstration programme with local authorities and their partners, a guide to managing risks in asset transfer and a series of regional awareness-raising workshops.

The Quirk Review found that a careful increase in the community's stake in an asset can bring a wide range of additional benefits for the community, the organisation receiving the asset and the local authority facilitating the transfer. The benefits of community ownership and management can outweigh risks and opportunity costs.

The Government's Empowerment Action Plan published in 2007 includes actions relating to the transfer of assets and to a programme of support for community anchors, including the availability of further funding to support the development of anchors.

In July 2008 CLG White Paper "Communities in Control: real people real power" confirmed ongoing support for the Quirk review, announced the establishment of a national Asset Transfer Unit, extended the Advancing Assets programme by a further year and announced a £70m Communitybuilders fund. The origins of this agenda go back to the ODPM's 2003 *Communities Plan (Sustainable Communities: Building for the future)*. This acknowledged that sustainability is only possible where local communities play a leading role in determining their own future development.

This position has been further reinforced with the recent launch of the Decentralisation and Localism Bill that was published on the 13th December 2010.

The Legal position

Section 123 of the Local Government Act 1972 imposes a legal obligation not to dispose of land (other than tenancies of seven years or under) for consideration "less than the best that can reasonably be obtained" – unless the Secretary of State gives consent to such a disposal at undervalue.

The Courts have taken a restrictive interpretation of "consideration", effectively requiring it to have commercial value of some form to the Council in question.

The General Disposal Consent 2003 relaxes the situation by giving blanket general consent of the Secretary of State to under value disposals, subject to certain pre-conditions clearly linked back to the well-being powers in the Local Government Act 2000 where;

- (a) The Council "considers that the purpose for which the land is to be disposed is likely to contribute to the achievement" of any or all of the promotion or improvement of the economic, social or environmental well-being of the whole or any part of its area, or of all or any persons resident or present in its area"
- (b) The undervalue is no more than £2m being the difference in the disposal value and Market Value or the difference in the capitalised rental value and Market Rent Value in the case of leases granted.

The consent gives authorities autonomy to carry out their statutory duties and functions and to fulfil such other objectives as they consider to be necessary or desirable but authorities must remain aware of the need to fulfil their fiduciary duty in a way which is accountable to local people. None of the above removes the Council's discretion in deciding whether or not to dispose of an asset in the first place.

The Basis of Asset Transfer

Asset transfer is considered to relate to freehold and/or leasehold arrangements at less than best consideration. Asset transfer may take a number of legal forms. At one extreme, a transfer of the Council's freehold interest in land or property would mean the entire ownership of the asset would pass from the Council to the community based group. However, restrictions (called „covenants“) will ensure the property remains available to local people to use and prevent it being sold for development.

A lease will give a community based group the exclusive right to use the asset for the duration of the lease. A lease can run for any period - commonly from a few months, up to 125 years. At the end of the lease the asset will return to Council control. The Council will write in to such leases an appropriate clause under which the asset would revert to the Council, for example: in the case of bankruptcy; in the case of corruption;

if the anticipated benefits of transfer are not realised or if the organisation wishes to develop and move into bigger premises. In addition, an appropriate review period will be written into any community asset transfer contract.

The Council will discuss with community based groups what sort of transfer will be most suitable to meet the needs and expectations of the groups and local people.

The default position should be that the Council should seek to retain the freehold interest of the property and grant a lease to the community based group, though the Council should consider other options if it is in the best interest of local people.

Criteria for considering requests for Community Asset Transfer

The asset transfer decision involves the assessment of a number of criteria including:

- Benefits to respective parties eg Council, Community, Third Sector generated by the transfer of the asset to the community
- Raising of capital receipts for future investment in direct service provision.
- Loss of any existing income
- Potential loss of opportunity costs arising from transfer
- Retention of assets for direct service delivery

The Asset Subject To Transfer

The asset that is capable of transfer shall be defined as follows;

- An asset is either land or buildings or both in the ownership of the Council. A policy should not specifically include or exclude any asset from potential transfer to a community group, allowing each case to be considered on its own merits and in the context of the Councils existing disposal policy
- An asset that is not currently needed or identified for future investment value or identified within the Capital Receipts programme.
- An asset that is not currently required for service delivery, which could best be provided directly by the Council rather than through the community, Third Sector or other Not For Profit Organisations.
- The transfer will be an asset that will assist in delivering the core purpose and corporate outcomes of the Council.
- The asset is fit for purpose and would not impose an unreasonable liability to the Third Sector or Not For Profit Organisation or the Council
- That the transfer or management of an asset would not be contrary to any existing obligation placed on the Council

The Applicant

The applicant should be a third sector voluntary, community or not for profit organisation - i.e. it must be a legal entity which:-

- Is non-governmental - not part of the statutory sector;
- Is non-profit distributing - it must reinvest any surpluses to further its social aims / community benefits;
- Has well defined community benefit objectives
- Is appropriately constituted, for example, a registered charity, a community interest company or a charitable incorporated organisation, a not for profit company; a co-operative.
- Holds a constitution that can allow for the management/ownership of buildings and or provision of services.
- Can demonstrate that it understands health and safety issues and compliance with legislation/statutory requirements arising from ownership or management of the asset and or running a service.
- Can demonstrate good governance by operating through open and accountable co-operative processes, with adequate monitoring, evaluation and financial management systems;
- Can demonstrate management experience and/or expertise
- Can demonstrate how they will address any capacity building requirements within their organisation.
- Can demonstrate that the organisation is sustainable.
- Can provide copies of the accounts of the organisation.
- Can demonstrate a track record of delivering services or property management
- Can demonstrate that the organisation has a clear purpose and understanding of the activities it wishes to deliver.
- Can demonstrate that it has the skills and capacity within, or available to, its managing body to effectively deliver services and manage the asset;
- Can embrace diversity and work to improve community cohesion and reduce inequalities
- Can engaged in economic, environmental or social regeneration in Rotherham or be providing a service of community benefit in line with the Councils core purposes

Proposed use

The applicant should be able to provide a clear and unambiguous use for the asset and be able to demonstrate that;

- The proposed use will assist in the delivery of the Councils core purpose and corporate outcomes.
- The proposed use will ensure extensive reach into the community and will be open to all.

- The proposed use will maximise opportunities to ensure sustainability, for example, through income generation, social enterprise and the hiring of space and facilities
- There is an evidenced need and demand for the activities being proposed within the local community
- The applicant has established how much space it requires to deliver its proposals, and how they will make good use of such facilities.
- The applicant will need to demonstrate how the premises will be managed on a day to day basis, and take account of legislation affecting occupation of premises

Jonathan R Marriott, Principal Estates Surveyor, Asset Management

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Area Chairs
2.	Date:	16th June 2008
3.	Title:	Assessment Framework for the Potential and Actual Impact of Community Asset Management (CAM) Proposals
4.	Programme Area:	Neighbourhoods and Adult Services

5. Summary

Community Asset Management (CAM) is a way of helping organisations in achieving financial independence, which in turn can cultivate entrepreneurship and reaffirm links with the community, by releasing building and land assets currently owned/managed by a statutory agency.

This paper describes an Impact Assessment Framework and the work currently being undertaken by a Neighbourhood Investment Team/EDS working group. It explains how the assessment should work, what the scores mean, and lays out the assessment questionnaire.

6. Recommendations

- 1. That Members recommend adoption of the framework contained herein**

7. Proposals and Details

The Quirk review has stimulated thinking within local authorities, statutory organisations and communities regarding the most appropriate management and ownership of assets currently owned by statutory organisations.

The Quirk review permits the council to look a fresh at how it can continue to serve the needs of communities and opportunities to encourage partners including the community and voluntary sector to support this aim.

Some assets will always be best owned and managed by the Council and the Quirk review recognises that where local authorities are best placed to manage assets to provide quality local services this should continue. However, some VCOs will aspire to take more responsibility for services, property and/or building to bring about a better quality of life and environment where they live.

The Council is required to develop a framework to enable assets to be owned and managed in a way which supports community and strategic needs

This paper sets out a framework outlining the steps necessary to ensure the VCO sector is able to be supported in providing services and managing land and property to deliver effective and efficient services throughout the Borough, providing an impact assessment framework that attempts to assess the project's potential before permission is given to go ahead; and an assessment of the projects impact following its completion (or at an agreed length of time after the project has begun).

A recent report from the National Council for Voluntary Organisations (NVCO) also makes the following recommendations:

- Impacts assessment needs to be approached as a tool for enhancing performance improvement and organisational development within VCOs, not simply as a reporting requirement.
- It is crucial that impact is evaluated in a way that is meaningful to users and that any learning is acted upon.
- There is a clear need for skills development and capacity building in relation to the assessment of impacts for both VCOs working in rural areas and those organisations that fund them.
- The Capacity Building and Infrastructure Framework, currently being developed by the Active Communities Directorate in the Home Office, should support exemplars of good practice in relation to the evaluation of impacts and act as a catalyst for development at a local level.
- Impacts assessment needs to be built in to projects rather than bolted on after the event.
- Assessment criteria should be negotiated during grant or contract discussions and should not be altered during the course of the programme except by mutual consent.
- VCOs and funders should consider the potential value of evaluating global impact rather than focusing on component projects in isolation. This should allow

organisations to produce a single impact report that they could 'passport' across different funders.

- A database of indicators of impact could be developed along similar lines to the successful Office for National Statistics social capital questions bank to meet the need of VCOs and funders for support in developing appropriate tools for assessing impact.
- Both funders and VCOs should think about the impact of impact assessment on activities they wish to support. In particular they will need to make a balanced assessment about any capacity that may be diverted from delivery activity towards assessment activity and make a judgement about the degree of assessment they require on that basis.

The attached framework follows many of these recommendations whilst remaining easy to complete yet providing all relevant information, including equal opportunity monitoring on a project's objectives. It provides a simple scoring process to help assist the organisations involved to assess a project's potential prior to being given the go ahead. By also allowing for a post assessment within the main document, it cuts down on the number of forms required, and allows an easy to track project development map that captures relevant comment.

The proposed procedure for the assessment of a community proposed asset management project¹ is as follows:

1. The community group/organisation contacts the local Area Assembly office or 2010 Neighbourhood Team to discuss their proposals informally with named council officers and discuss the capacity building opportunity.
2. The group is sent the Impact Assessment Form should this be appropriate.
3. The organisation returns the completed PART ONE self assessment form to the designated Assessment Officer who also answers the relevant questions.
4. If the PART ONE Assessment is rejected- for example because the proposed project is significantly contrary to other plans or priorities, then the designated Assessment Officer will write to the group explaining why the proposal has been rejected.
5. Should the assessment be recommended for support, the organisation should then complete PART TWO. They may request help and information from the relevant agencies to assist them.
6. The Part Two Section A of the form would then be provided to both the Lead officer of the Corporate Asset management team and the lead officer of the Neighbourhood investment asset management team. The appropriate officer, dependent on General Fund asset or Housing Asset, would complete PART TWO Section C and present a recommendation to CESART after appropriate service and Member consultation.
7. If the proposal is not supported the designated Assessment Officer will write to the group explaining why the proposal has been rejected.
8. If the scoring "passes" the proposal, then the application is sent to the REGEN Board for final approval/rejection with comments made on the form accordingly (PART TWO SECTION D).

¹ As opposed to a RMBC proposed scheme which has an HMR managed procedure

9. If successful, the designated Assessment Officer will complete the Impact Assessment form either on completion of the project or at an agreed date to monitor the projects effectiveness.

8. Finance

The paper costs of producing the Assessment Form are negligible, but officer time in helping groups assess the viability of their project proposals is likely to be extensive, especially at the start of the process.

Questions need to be addressed as to who provides the support, who funds the support, how is the assessment of competency conducted.

Officers nominated to provide this service will need Impact Assessment training, and it is likely that RMBC will have to work with RotherFED in devising a community IA training programme.

9. Risks and Uncertainties

At this stage the risk is the ability of officers and groups to be able to conduct comprehensive impact assessments.

Furthermore finance proposed from external agencies such as the DTA to assist councils and community groups with CAM proposals are still, for the most part, just proposals.

This process ends with approval for the project 'in principle'. There will need to be a competency assessment and this inevitably will require a time lag as the competency will follow the setting up of new constitutions and legal structures to allow some community organisations to receive an asset or sign legally binding contracts with the council and others. It will in many cases require capacity building and an assessment of the management body and their business plan. It will require a clause within the memorandum of understanding and articles of association or IPS rules which clarifies what happens to the asset should things go wrong.

10. Policy and Performance Agenda Implications

Delivery of the proposed pilot will have positive implications to RMBC policies and strategies regarding:

- Community Call for Action
- Our Futures 3 Devolving, Empowerment and Communities
In particular OF3 objectives around Participatory Budget Pilot and Community Involvement Objectives and specifically **Ref 29.**: A clear set of evaluation criteria (including risk assessment) to enable us to understand capacity within the community will need to be devised to consider the benefits of community control of assets, allowing for consideration on a case by case basis
- The Community Strategy
- The Area Assembly agenda

11. Background Papers and Consultation

Community Asset Management (Area Chairs Report)

Our Futures 3

The Quirk Review

Asset Management Procedures by Arnold Murray

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Appendix 1

Rotherham Council Impact Assessment for Community Asset Management (CAM) Proposals

The Assessment Framework

COMMUNITY MANAGEMENT ASSET PROCESS REVIEW TEMPLATE

Instructions to Reviewers

The practice of Community Asset Management is constantly evolving and open for improvement to ensure that all stakeholders involved benefit as fully as possible. Use of this Review Template should:

- assist organisations and institutions to rate and thereby improve their projects and proposals in order to realize better project and development outcomes
- assist the principle budget holder (e.g. RMBC) assess the likely impact of supporting a scheme

The review template serves as a guide for the proposee, the reviewer and the REGEN Board (who will give the final go ahead for a scheme to take place) in analysing how suitable a proposal is. The template should be used as a guide in undertaking the review. The template can also be used as a reference to assist the planning and implementation of a CAM proposal should it be successful.

Structure of the Template

The review template is divided into two main sections:

- **PART ONE:** An initial SELF ASSESSMENT form. This section will enable groups to assess whether Community Asset Management is the correct way forward to achieve the outcomes desired.
- **PART TWO:** A detailed proposal section, allowing appraisal scoring, comprising a table with a series of questions on the following topics:
 - **The project's objectives:** questions related to the aims, objectives, methodology and approach of the project
 - **Practical implementation:** questions related to the practical implementation of the project, techniques used and how issues arising in the public process were dealt with; and,
 - **Practitioner and stakeholder attitudes:** questions related to the behaviour of various stakeholders and the practitioner in the public process.

Undertaking the Review

The following is a suggested review methodology:

- Read through the questions in the template prior to embarking on the review of the project. They provide a framework in which the review can be undertaken as well as providing a useful indication of the nature of information that has to be acquired;
- Review all relevant documentation on the assessment process and community asset management processes. This may include the Scoping Reports, other Assessment Reports, minutes of meetings, information documentation sent to stakeholders, comments submitted by stakeholders, advertisements, media reports etc;
- Review the legal requirements;
- If possible, interview key participants in the project from a variety of stakeholders groups. Interviews can take the form of on site interviews, email or telephonic interviews. Interviewing participants in the process will provide a more balanced and textured view of the public process than a review of documentation alone;
- Complete the template as outlined below.

Using the Template

As indicated above, the review template is divided into two sections.

a) PART ONE: Self Assessment Form

- Part 1 should be completed before Part 2. It should allow the proposing group to assess whether or not the project is truly applicable. **The Group should not complete Part 2 until Part 1 has been reviewed by the nominated officer.**

b) PART TWO

- As indicated, there are a series of questions on aspects of the project and provides the interface to the technical aspects of the assessment process. These will be scored by the reviewer, but the applicant should also consider the question as a prompt to determine whether:
 - **The aspect was complete and / or well done (Score C/ 10 Pts):**
 - Answering thus, implies that this aspect of the process represents best practice; legal requirements have been met or exceeded; or community participation in the process was/will be optimal.
 - **The aspect was adequate (Score A/ 5 pts):**
 - Answering thus, implies that although this aspect of the process may not meet best practice requirements, and there is room for improvement, community participation in the process was not unduly compromised, and decision making would not be compromised. It also implies that this aspect meets legal requirements.
 - **The aspect was poor and / or incomplete (Score I/ 0 pts):**
 - Answering thus, implies that this aspect has compromised the community's ability to meaningfully participate in the assessment; that legal requirements have not been fulfilled and/or that additional work is required to ensure decision making is not compromised.
 - **Unknown (Score U/ 0 pts):** Answering thus implies that insufficient information is available on this aspect to enable the reviewer to make a judgement.

Generally speaking, a rule of thumb on the applicability of a proposed project going forward for consideration to the REGEN Board for support would be based on the points gathered, *although some conflicts with other priorities may also take precedence over the success or otherwise of an application.*

90 pts plus = Project passes initial assessment; pass to Steering Group with recommendation to proceed.

75 to 85 pts = Project has potential. Review Requested by Steering Group.
50- 70 pts = Not acceptable but assessor may request further detail
0- 45 pts = Not acceptable; project fails initial assessment.

PART ONE: Self Assessment Form

Name of Project: _____

Name of Organisation: _____

Contact Details: _____

Lead Officer for Assessment:

New	Existing

1. Is this an assessment of a new or existing proposal?
2. What is the main purpose and aims of the project?

5. Do you have monitoring data available on the number of people who are using the existing service/asset and/or will be affected by your Project? If so, what are these?

6. Risk Assessment Relating to Quirk Principle.

6a. For the Organisation/Community Group and the Assessment Officer: <i>Please take your time and make as objective as possible your assessment of the following risks.</i>	Community Group Answers Y/N	Assessment Officer Answers Y/N
Does your organisation have the capacity to take over and manage the asset?		
Are you able to raise the funds needed to purchase or refurbish the asset offered?		
Are public bodies able to support your application?		
Does your organisation have the skills needed to effectively manage the asset?		
Are your plans representative of the wider community, inclusive to all, including vulnerable groups within your neighbourhood, and therefore used in the public interest?		
Are your plans sustainable?		
Do you have resources for professional/support staff?		

6b. For the Assessment Officer Only	Assessment Officer Answers Y/N	Reason for answer
Does transfer of ownership of this asset impair strategic objectives of the local authority and/or its LSP partners? Are any of these significant enough to deny progress of the proposal?		
Is there confusion and lack of awareness over roles, responsibilities and liabilities between the landlord and the organisation?		
Is there any conflict between conflicting community organisations over ownership or management of assets?		

PART TWO: FULL PROPOSAL AND ASSESSMENT

<p>Section A – General Information:</p> <p>1. What is the project definition? <i>NOTE – insert name of the project being impact assessed (include also the full range of the management institution’s duties and powers, ie. everything that the institution does, whether formal or informal, written or unwritten)</i></p>	<p>Score</p>	<p>This column to be completed by Reviewer post project (or on an agreed review date).</p> <p>Has the Project kept to its original definition? If not, what has changed and why?</p>
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<p>Section A – General Information:</p>	<p>2 – What is the aim, objective or purpose of the project? <i>NOTE – Wherever possible quote directly from function documentation linking with Vision, Aims, Values, Objectives and good practice for all stakeholders.</i></p>	<p>Score</p>	
<p>This column to be completed by Reviewer post project (or on an agreed review date).</p>	<p>Has the project achieved its aims and objectives? <i>If yes, please state how.</i></p>		

<p>Section A – General Information:</p> <p>3 – What outcomes are intended through this project and for whom? <i>NOTE – Outcomes are different from your aims and objectives. They should be very specific. For example an outcome may be that you will have held 10 community events within 12 months. Wherever possible in responding to these questions, be specific & name the stakeholders involved & base your answers on all the related requirements.</i></p>	<p>Score</p>	<p>This column to be completed by Reviewer post project (or on an agreed review date).</p>
		<p>Has the project delivered against the key outcomes? <i>Please list those outcomes achieved and those unachieved. If unachieved please list reasons why. Also list unexpected outcomes should there be any.</i></p>

<p>Section A – General Information:</p> <p>4 – What factors will contribute to the intended outcomes of the project?</p>	<p>Score</p>	<p>This column to be completed by Reviewer post project (or on an agreed review date).</p> <p>How did the project take full advantage of the factors?</p>
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<p>Section A – General Information:</p>	<p>5 – What barriers if any, could detract from the projects intended outcomes?</p>	<p>Score</p>	
<p>This column to be completed by Reviewer post project (or on an agreed review date).</p>	<p>How did the project mitigate against any potential negative factors?</p>		

<p>Section A – General Information:</p> <p>6 – How do the intended outcomes link with other institutions and groups? Does your project link with other projects within the neighbourhood or borough?</p>	<p>Score</p>	<p>This column to be completed by Reviewer post project (or on an agreed review date).</p>
		<p>Did the project take full advantage of these potential links? How did the project make these links work?</p>

<p>Section A – General Information:</p> <p>7 – Who defined or defines the project and determines the intended outcomes?</p>	<p>Score</p>	<p>This column to be completed by Reviewer post project (or on an agreed review date).</p> <p>Was there continuity of resource within the project?</p>
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<p>Section A – General Information:</p> <p>8 – Who is responsible and accountable for implementing the project and what training have they had, or qualifications do they hold?</p>		<p>Score</p>	<p>This column to be completed by Reviewer post project (or on an agreed review date).</p>	<p>In your opinion, did the project take full account of these skills and experiences?</p>
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<p>Section A – General Information:</p> <p>9 – Who are the stakeholders, both inside and outside the institution, who should be involved with this function? What roles do the stakeholders play in the implementation of the Project and how?</p>		<p>Score</p>	<p>This column to be completed by Reviewer post project (or on an agreed review date).</p>
		<p>Were the stakeholders clearly defined and properly identified as having a part to play within the project? Were these stakeholders utilised correctly? Were any additional stakeholders involved at a later stage and if so, why?</p>	

<p>Section A – General Information:</p> <p>10 – Are there any concerns the project could have differential impact on the grounds of age, sex, religious, racial or ethnic origin and if so why?</p>	<p>Score</p>	<p>This column to be completed by Reviewer post project (or on an agreed review date).</p>
		<p>Did the project fulfil equal opportunities regulations?</p>

<u>Section B: EXAMINE THE DATA AND RESEARCH AVAILABLE</u>	Score
<p>1 – What information (including data) is available and/or is needed, to inform the assessment of the impact of the project?</p> <p>EXAMPLES/THINKING PROMPTS:</p> <ul style="list-style-type: none"> • Demographic data and other statistics • Recent research findings • The results of consultations or recent surveys (NB qualitative and quantitative data) • Information from groups and agencies directly in touch with particular groups in the communities we serve (for example, qualitative studies by trade unions and voluntary and community organisations) • Comparisons with similar projects elsewhere • Recommendations of inspection and audit reports and reviews • Recommendations/reports by representative groups/bodies 	

 Project Signature

 Title

Date

Assessor's Comments

Section C: Assessors Comments

This section to be completed by the designated assessment officer prior to decision on support.

1. Does the project help RMBC achieve any other objectives? Or, does the project support any other RMBC initiatives/targets etc? If so, which? (add 5 pts per additional initiative)

2. Does the project conflict with any other objectives/initiatives/targets etc? If so, which? (deduct 5 pts per initiative)

3. Overall, does the project meet the necessary criteria to progress?

(Y/N)

Final Score

4. What are your reasons?

Section C: Assessors Comments

This section to be completed by the designated assessment officer prior to decision on support.

5. Any Further Comments

Assessor Signature Title

Date

Assessor Signature following Title
Review

Date

Section D: Comments by REGEN BOARD

Part 1: Initial Comments (on submission of proposal)

Part 2: Comments following final assessment (if applicable)

Signature (Part 1) Title

Date

Signature (Part 2) Title

Date

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET
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1.	Meeting:	Cabinet
2.	Date:	23 February 2011
3.	Title:	Continuation of the provision of loans to residents experiencing financial difficulty as a result of the economic downturn
4.	Directorate:	Financial Services

5. Summary

This report asks Cabinet to agree a one year extension to the scheme currently being operated through the credit unions for the provision of loans to residents experiencing financial difficulty as a result of the economic downturn.

Since the scheme commenced, 123 families have been helped, including 98 where the funding has assisted in avoiding homelessness and has saved the Council over £500,000 in estimated homelessness costs

An original decision by Cabinet made the funding available for two years, until 31 March 2011, following which time it would be paid back to the Council, less any bad debts. As the level of bad debts is lower than the Council originally provided for, the scheme could be extended for a further year without exceeding the Council's original cost estimate.

Both LASER and Rothersave credit unions are moving to more visible premises in the town centre. LASER's move has been supported through Local Area Agreement Reward Grant funding. Rothersave has recently made a request for a small amount of support and, if Members agree, a contribution could be made from funding approved for credit crunch purposes.

Both credit unions would also welcome the Council's support through continuing to jointly promote the loan schemes.

6. Recommendations

Cabinet is asked:

- **To approve the extension of the credit crunch loans scheme by one year, to 31 March 2012**
- **To agree to making a contribution of £1,000 to the cost of Rothersave moving to more visible premises**
- **To support proposals for providing joint publicity with the credit unions on the support being provided by the Council.**

7. Proposals and Details

7.1 Credit Crunch loan schemes

At its meeting on 11 February 2009, Cabinet agreed to make available £250,000 to residents of Rotherham who had been disadvantaged by the economic downturn. This was part of a wide package of support for local residents and businesses, It was made available through Rothersave and LASER credit unions, which also meant that the credit unions would be supported by helping them to increase their membership.

The funding was to provide small loans to assist people at risk of losing their homes through a 'Rent-in-Advance' scheme, or to assist residents facing other significant financial difficulties.

The scheme has been a substantial success and a significant part of the Council's support to residents during the economic downturn.

Since the scheme began, 98 families have been given a rent-in-advance loan to help them move into rented accommodation. If these families had become homeless, the cost to the Council in homelessness costs would have exceeded £500,000. These cases also helped the Housing Solutions Team to achieve the target of reducing the use of temporary accommodation by 50%, in accordance with a Government target.

The scheme has also helped 25 residents experiencing other financial difficulties, such as significant debt / bills that, left unsettled, could have led to escalating actions being taken by creditors.

The original decision by Cabinet made the funding available for two years, until 31 March 2011, following which time it would be paid back to the Council, less any bad debts. At the time, the Council anticipated a bad debt level of up to £35,000 over the period of the scheme. It is currently estimated that bad debts will be not exceed £20,000 by 31 March 2011. On this basis, the scheme could be extended for a further year without exceeding the Council's original cost estimate.

The Credit Crunch Partners' Group recognises that the benefits derived from the scheme (assisting residents in need, preventing homelessness) will be lost if the scheme ceases as planned in March 2011. **This report, therefore, asks Cabinet to agree a one year extension to the scheme.**

7.2 Re-location of Credit Unions

Both LASER and Rothersave credit unions are moving to more visible premises in the town centre. LASER's move has been supported by £20,000 of funding from the Local Area Agreement Reward Grant received in 2010.

Rothersave has recently made a request for support for its move. It has identified costs of £1,651 and would welcome a contribution of £1,000 towards these costs. No further funding exists within the LAA grant, and Rothersave's requirements do not meet the criteria for any current town centre related grant schemes. If Members

agree, a contribution could be made from funding approved for credit crunch purposes.

Both credit unions are keen to promote their activities and regard the move to new premises as an opportunity to highlight their services, including the schemes that are provided through them by the Council. They have asked to Council to assist by jointly publicising and promoting the schemes.

Cabinet is asked:

- **To agree to making a contribution of £1,000 to the cost of Rothersave moving to more visible premises**
- **To support proposals for providing joint publicity with the credit unions on the support being provided by the Council.**

8. Finance

Financial information is provided in the detailed report above. It is expected that any cost of extending the loan scheme by a further year could be accommodated within the original estimate of (bad debt) costs provided for the scheme.

A small amount of funding is available from the Credit Crunch budget set up by the Council originally in 2009/10. This could be used to provide a grant of £1,000 to Rothersave, to assist with its move to new premises.

9. Risks and Uncertainties

The following risks have been identified should the continuation of the scheme not be agreed:

- NI 156 Temporary Accommodation targets not being met
- An increase in the number of homeless cases
- Increased hardship experienced by individuals and families
- Increased costs borne by other agencies, including social services, in terms of crisis intervention.

10. Policy and Performance Agenda Implications

Tackling the economic downturn and the impact of it is consistent with a range of priorities within the Community Plan and Rotherham MBC's Corporate Plan.

A scheme to assist residents to move into rented accommodation helps the Council achieve housing and homelessness prevention targets.

The initiative also assists Rotherham's Financial Inclusion Strategy by increasing access to advice, affordable credit and financial capability guidance and support, particularly to those who are most vulnerable through partnership working.

11. Background Papers and Consultation

Cabinet Report, 17 December 2008
Cabinet Report, 11 February 2009.

Contact Names:

Andrew Bedford, Strategic Director of Finance, x 22004
Colin Earl, Director of Audit & Governance, x 22033

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet
2.	Date:	23rd February 2011
3.	Title:	The Future of Council Housing in Rotherham
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

This report summarises the responses to the test of opinion carried out to understand the views of tenants and leaseholders on the options available to manage and maintain the council's housing stock.

The overwhelming majority of tenants have supported the view that it is in their best interests for the council to directly provide housing management services in the future. The report outlines the steps that need to be taken if a decision is taken to bring the services back in house.

6. Recommendations

That Cabinet:

- **Note the outcome of the tenants and leaseholders 'test of opinion' survey.**
- **Agrees that the management of Council Housing should return to the direct control of the Council.**
- **Receive a further report on the steps required to close down 2010Rotherham Ltd.**
- **Receive a further report setting out organisational arrangements as a result of bring back services in-house.**

7. Proposals and Details

7.1 Background

At its meeting on the 3rd November 2010, Cabinet considered a comprehensive report, detailing the outcome of a financial options appraisal undertaken by Pricewaterhouse Cooper and other related matters entitled "The Future Management of Council Housing in Rotherham". This report set out the background and rationale for returning Housing Management Services to the Council. The main issues highlighted in the report were:

'The Council's Arms Length Management Organisation (ALMO), 2010 Rotherham Ltd, was set up in May 2005 following a positive outcome to a tenant consultation and gave Rotherham the only means to access around £218m towards the cost of delivering the Decent Homes standard across its 21,000 properties.....

The (PwC) report notes that the ALMO was set up and chosen as an option by tenants because of a strong economic argument. Now that Decent Homes Funding is coming to an end, this economic argument no longer exists, and there are strong arguments in favour of a return to in-house provision. Chief amongst these arguments are the compelling economic benefits of generating significant savings from administration, management, and other back office functions and transferring them into frontline housing related services which directly improve the lives of tenants, leaseholders and residents living in some of Rotherham's most deprived and challenging neighbourhoods.'

Cabinet accepted the arguments put forward in the report and recommended:

- 1 That the findings of the independent options appraisal undertaken by PwC be noted.*
- 2 That the future of Rotherham's arms length management organisation (ALMO), 2010 Rotherham Ltd. be considered further.*
- 3 That, subject to further consideration of the outcomes of a comprehensive programme of consultation, including a tenants' test of opinion survey, a report be submitted to the Cabinet on the possible reinstatement of the direct management of housing services by the Council.'*

The test of opinion has now been completed.

7.2. Tenants and Residents Consultation

In accordance with Section 105, of the Housing Act 1985, the Council is required to consult with, and have regard to, the views of tenants before taking a final decision on a matter of housing management. This proposal falls within that requirement and therefore the Council undertook a comprehensive approach to consulting with tenants and leaseholders on the future for management of council homes.

Although it was not under any legal obligation to do so, the Council decided to include leaseholders in the same consultation processes as a matter of good practice. The test of opinion was undertaken during January and February 2011.

The process for consultation included:

- Two newsletters issued to all tenants and leaseholders. Both newsletters included questionnaires for the postal 'test of opinion'. This resulted in 1934 and 2228 returns respectively.
- There was a telephone poll undertaken designed to obtain the views of a random sample of 15% of tenants and leaseholders, using the same questionnaire as included in the newsletter. Care was taken to avoid duplication and double counting. This resulted in 3428 completed questionnaires.
- Overall, 7590 questionnaires were completed.
- The establishment of a Council website/email contact and telephone hotline for any tenant enquiries about the proposal.
- There were a series of 7 area based road shows held around the Borough with all council tenants and leaseholders invited to inform them of the options and give the opportunity for discussions and to ask questions. These were supported by Rotherfed, Tenants and 2010Rotherham Ltd.
- Presentations were given to RotherFed's Executive Board and the RotherFed Borough Wide Forum.

The financial options appraisal undertaken by PwC demonstrated that stock transfer, sale or other forms of shared ownership would not be in the best interests of Rotherham's tenants or residents. Of the remaining two options, PwC recommended that returning services to the direct management of the Council was the most appropriate way forward from a financial perspective. This recommendation formed the basis of the consultation process which sought the views of residents in relation to the Council's preferred option of returning the service to the direct management of the Council. It was felt that as such this approach represented an honest attempt to seek the views of tenants on the genuinely viable options. Both the written questionnaire and the telephone poll used the consultation exercise as an opportunity to ask respondents for their priorities for service improvement.

In response to a question about whether the council should in the future deliver housing services directly, the results were as follows:-

	Yes %	No %	Don't know %	TOTAL
Questionnaire 1	1837 94.98%	54 2.8%	43 2.22%	1934
Questionnaire 2	2121 95.2%	41 1.84%	66 2.96%	2228
Telephone poll	3217 93.84%	130 3.79%	81 2.45%	3428

Overall, there were 7590 completed questionnaires. This represented a return of approximately 36%. Care was taken to avoid double counting; however in a sample of this size and complexity, a small margin of error can be expected. Well over 90% of respondents expressed a preference to see the service return to the direct management of the Council.

7.3 The Way Forward

Should the Council decide to bring back housing management services, the management agreement will be allowed to lapse. However the timescales for organising such a rapid return are exceedingly short and there is the possibility that there will be a need to hold the agreement over for a short period. In view of these extremely challenging timescales some contingency planning has taken place by officers from both the Council and 2010Rotherham Ltd.

This work is being led by the Director for Housing and Neighbourhoods but has specific support from identified managers from other professional disciplines including finance, human resources and legal services.

One of the critical issues that needs to be addressed includes the future organisational form that services will take should they be integrated back into the Council. This will not only propose a new operating model but also deal with such issues as the appropriate application of TUPE and associated pay and condition issues.

A further issue relates to the potential winding up of the company which must be carried out in compliance with legislation and good practice whilst protecting the company and the council interests. It may be that there is a role for some form of steering group post return of services, to support the Council during this period of transition, and to reassure tenants that their interests are at the heart of the process.

There will also be a need to have a clear process for communicating with tenants and leaseholders and advising them of any potential service changes. Of over-riding concern is that services to tenants and leaseholders are not impacted negatively by the return process. This means that all efforts must be made to achieve a smooth return of services, providing residents and staff with timely and effective communications throughout the process.

Subject to a proper financial appraisal of the transactional costs of integrating services and the need to fully comply with all appropriate legislation including TUPE requirements; it will be important for staff retention and morale purposes to offer as much certainty as possible regarding the process and timescales for reintegrating services. Losing critical staff could unduly affect the quality of service and effective transition.

It is proposed to bring a further report to cabinet within the next four weeks, identifying the timescales for the return of services and the proposed organisational arrangements for the management of this service post return.

8. Financial Implications

Advice received from PwC suggested that the financial benefits achieved by returning housing management services to the control of the council would be in the region of £1m p.a. post exit costs. Returning the service provides the Council with the opportunity to assimilate and absorb functions and by so doing remove costs from back office and management functions. This will allow any Housing Revenue Account

savings to be reinvested into those services which matter most to tenants (and hence the question in the questionnaire) and which have a more immediate effect on tenants' perceptions of the quality of service. However rationalising existing structures and reductions in staffing levels will potentially result in redundancies. This would incur associated costs of redundancy pay and release of pension benefits.

If a decision is taken to bring 2010 Rotherham Ltd back in-house the company will not be recognised as a 'going concern' and the cumulative trading losses will have to be met by the Council.

In the event of wind-up, the implications of the required accounting treatment in the Council's accounts of the ALMOs accumulated pensions deficit is currently being clarified.

It is incumbent on the Directors of 2010 Rotherham Ltd to undertake a due diligence test with regard to the wind-up of the Company to identify whether there are any further liabilities which are at present unknown.

Some legal advice has been provided in-house, however 2010Rotherham Ltd has engaged an external contractor for a small amount of legal assistance. It has also been necessary to engage specialist financial advice to undertake due diligence activities. Consequently it is expected that the costs associated with the consultation, legal and financial aspects of preparing for transfer will cost in the region of £40k.

Costs associated with the actual transfer will be considerable more and will be heavily influenced by the final proposed shape of the organisation and any staff exit costs. Greater clarity on this will be provided in the next report.

9. Legal Implications

In June 2006, Communities and Local Government (CLG) published guidance for Local Authorities looking at the future management of their ALMOs entitled *Review of Arms Length Housing Management Organisations*. In terms of tenant consultation, the guidance states that:

- 'local authorities are required to consult with their tenants on any significant change in management arrangements;
- The department believes that tenants should be similarly involved in any future decision to change their management arrangements, and
- We would expect any such consultation to be as comprehensive as that undertaken to set up the ALMO

Further consultation needs to take place with the Department for Communities and Local Government. However the Department has indicated that the decision to end the ALMO arrangements rests with the Council, providing that a process as rigorous as that which set up the ALMO has been followed. Despite a significant fall in stock numbers during the intervening 7 years between the two consultation exercises there has been a similar commitment to testing the opinion of residents, with common features of both being roadshows, newsletters, hotlines and questionnaires.

10. Risks and Uncertainties

There are financial risks associated with this proposal; the indicative expected efficiencies of circa £1m p.a. need to be subject to further detailed scrutiny. In addition as described above, there will be costs associated with the transfer. These will relate to exit costs for Council and ALMO staff, and there may be issues associated with equalisation of pay between the two organisations, which could also cause financial pressures. TUPE arrangements will apply.

A failure to adequately consult the workforce both in terms of the ALMO and Council functions which may be impacted upon, could lead to challenges and disruption of employment relations. Legal challenges could also be faced from ALMO employees whose jobs are deemed not to be transferring from the ALMO to the Council. Equally, any decisions to allow ALMO employees to transfer to the Council and compete for positions in revised structures could also face challenge from existing Council employees. Differentials in pay between transferring ALMO employees and Council employees must be assessed and dealt with to avoid equal pay challenges, though taking such action could lead to legal challenge where this results in reductions in pay. Further information on these issues will be provided in a subsequent report.

There is a risk of the decision being challenged. However the Board of 2010Rotherham Ltd have indicated their acceptance that the Council has the right to make the decision regarding transfer and along with senior management at the ALMO have been supportive of the process to date. There is also a risk that tenants may challenge the decision, again however Rotherfed have been helpful, for example assisting with the road shows, and there is clearly a strong degree of support for the changes from tenants as a whole.

The main risks now appear to be around the potential for service disruption and declining performance standards during any period of uncertainty. There is a real risk that managers within the service will seek security elsewhere. This risk is compounded by the potential for significant pay differential between the contracts of existing ALMO staff and potentially lower grading of posts post transfer. This risk is the subject of considerable attention as the new organisational form is being considered and developed and mitigating actions will be required to reassure the workforce and avoid the service becoming unstable.

11. Policy and Performance Agenda Implications

The proposals in this report have the potential to make a significant impact on the Council's performance agenda, particularly in relation to housing and the support that is offered to some of the most vulnerable neighbourhoods in the borough.

12. Background Papers and Consultation

- Options Appraisal for the Management of Council Housing in Rotherham, PriceWaterhouse Cooper LLP, October 2010
- 2010 Rotherham Ltd Management Agreement

- The Future Management of Council Homes. Cabinet paper 3rd November 2010

Contact Name:

Dave Richmond, Director of Housing and Neighbourhood Services

Telephone: 23402

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	CABINET
2.	Date:	23RD FEBRUARY, 2011
3.	Title:	MEMBERS' TRAINING AND DEVELOPMENT PANEL MINUTES
4.	Directorate:	CHIEF EXECUTIVE'S

5. Summary

To consider Members' training matters.

6. Recommendations

To receive the minutes of the meeting of the Members' Training and Development Panel held on 20th January, 2011.

7. Proposals and Details

To ensure implementation of the Council's Training and Development Policy in accordance with the meeting's Terms of Reference.

8. Finance

The Panel has its own training budget.

9. Risks and Uncertainties

Without proper training and support being in place there is a risk that Members' capacity to make decisions is not soundly based.

10. Policy and Performance Agenda Implications

To consider best practice in relation to Member training and development.

The aim is for every Elected Member to be given suitable opportunities for development and training to help support all aspects of their role.

11. Background Papers and Consultation

A copy of the minutes of the meeting of the Members' Training and Development Panel held on 20th January, 2011, are attached.

Contact Name : Cath Saltis, Head of Scrutiny and Member Services, Chief Executive's Directorate – Tel. 01709 822779 cath.saltis@rotherham.gov.uk

**MEMBERS' TRAINING AND DEVELOPMENT PANEL
THURSDAY, 20TH JANUARY, 2011**

Present:- Councillor Sharman (in the Chair); Councillors Dodson, Littleboy, Smith, Steele, St. John, Turner and Mrs. C. Cockayne.

Apologies for Absence were received from Councillors Austen, Gosling, Lakin, Pickering and Whelbourn.

33. MINUTES OF THE PREVIOUS MEETING HELD ON 17TH NOVEMBER, 2010

The minutes of the previous meeting held on 17th November, 2010 were agreed as a correct record.

With regards to Minute No. 23 (Personalisation Agenda) a further training session had been arranged for Friday, 4th February, 2011 in the Town Hall at 10.00 a.m.

It was also noted that in respect of Minute No. 25(3) (Member Development Charter), an area on the intranet had been dedicated to Members with access to relevant information, including training and development. This was now available via the Members and Democratic tab on the intranet and headed up "Members Homepage".

34. SOUTH YORKSHIRE AUTHORITIES - MEMBER DEVELOPMENT GROUP

Consideration was given to a report introduced by Cath Saltis, Head of Scrutiny and Member Support, which set out details on the proposals to re-establish the South Yorkshire Member Development Group, in which Chairs and Vice-Chairs from each Local Authority and Joint Authority Member Development Groups would be invited to attend, along with nominated representatives.

The purpose of this Group was to oversee, monitor and evaluate learning and development activities for Councillors in South Yorkshire, approving an annual programme and in order to achieve this it was proposed that the Group meet three times a year. Rotherham had offered to host the meetings, providing managerial and business support.

The importance of building on the strengths was emphasised and allowed Member Development to be built more collaboratively at a sub-regional level to increase capacity, procure learning packages and realise efficiencies. Local Authorities could deliver joint training and awareness around generic topics such as corporate parenting, licensing, planning, safeguarding, charring skills and scrutiny with the Joint Authorities delivering sector-led training at a regional level.

The Terms of Reference, circulated with the agenda papers, were subject to approval by the respective Member Development Panels and for suggestions to be made accordingly, including the involvement of Parish Councils. Feedback from the other Authorities would be provided in due course.

The Panel were in favour of the re-establishment of this Development Group and valued this initiative. It was also noted that as Mrs. C. Cockayne (Parish

Council representative] had been democratically chosen to represent Parish Councils on this Panel by the Parish Council Network Group, it was feasible for her to be the nominated representative for Rotherham.

Agreed:- (1) That the South Yorkshire Member Development Group be re-established.

(2) That the terms of reference include the involvement of a Parish Council Representative from each Authority.

(3) That the South Yorkshire Member Development activities for 2010-2011 suggested in the report be incorporated into the training list

35. MEMBERS' TRAINING AND DEVELOPMENT BUDGET

Consideration was given to the Members' Training and Development Budget introduced by Cath Saltis, Head of Scrutiny and Member Development, and Charlie Longley, Senior Account,.

The Panel were informed that the current budget was £31,495, which was made up from a budget of £30,975, less £10,000 offered as a one off budget saving for 2010/11, plus £10,520 funding from the Regional Efficiency Improvement Partnership carried forward from the previous financial year.

Expenditure spent to date amounted to £11,984 with various commitments and other activities planned for this financial year.

Members were encouraged to contact the Head of Scrutiny and Member Support should they wish to engage in any other development activity.

Agreed:- That the information be noted.

36. WINTER TRAINING PROGRAMME/CONFERENCES

Consideration was given to the Member Development Programme – Winter 2010/11 and its contents introduced by Cath Saltis, Head of Scrutiny and Member Development.

Particular attention was drawn to:-

- The new date for the Corporate Parenting Session – 25th January, 2011 at 10.00 a.m.
- Personalisation “My Choice – My Future” Session – 4th February, 2011 at 10.00 a.m.
- Emergency Planning Awareness Raising – 8th February, 2011 at 2.00 p.m. – Meadowhall.
- Standards Committee Training Sessions – Various in February, 2011.
- Project Argus Training – 11th March, 2011 at 2.00 p.m.
- Fraud and Corruption Training – Various in April, 2011.

Also included were various events and conferences put forward for approval.

It was also noted that a new date had been arranged for the assessment of the

Member Development Charter for the 8th February, 2011, which may require interviews with newly elected or existing Members. Further information was to be provided in due course.

Agreed:- (1) That the contents of the Winter Programme 2010/11 be welcomed.

(2) That Members be urged to indicate which sessions they were to attend on the internal training events contained within the Winter Programme.

(3) That two places be booked for Councillors P. Russell and Walker on the "Councillor's Role in Promoting Personalisation and Safeguarding Events" in Manchester on the 1st March, 2011.

(4) That no places be booked at this stage on the "Rewriting the Script - Preparing Overview and Scrutiny for the 'New Localism'" seminar on 8th February, 2011 in London.

(5) That two places be booked for Councillors Currie and Lakin on the "Early Intervention for Families At Risk" Conference on the 28th February, 2011 in Manchester.

(6) That a place be booked for Councillor Doyle on the "Ageing Well Leadership Programme" to be held February/March, 2011 in either Coventry or Newcastle.

37. DATE AND TIME OF NEXT MEETING

Agreed:- That the next meeting of the Members' Training and Development Panel take place on Thursday, 17th February, 2011 at 2.00 p.m.

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