

## SELF REGULATION SELECT COMMISSION

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

**Date:** Thursday, 19th April, 2012

**Time:** 3.30 p.m.

### A G E N D A

1. Apologies for Absence.
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. Communications.
5. Declarations of Interest.
6. Questions from Members of the Public and the Press.

#### **For Decision:-**

7. Minutes of the previous meeting held on 8th May, 2012 (herewith)

#### **For Monitoring:-**

8. Support Costs Review (report herewith) (Pages 1 - 8)
9. Update Report - Scrutiny Review into the Use of Consultants (herewith) (Pages 9 - 15)
10. Overview of Housing Revenue Account 30 Year Business Plan Modelling (report herewith) (Pages 16 - 23)
11. Scrutiny Review of RMBC's District Heating Schemes (report herewith) (Pages 24 - 26)

12. 2012/13 Money Matters Budget Consultation Findings (report herewith) (Pages 27 - 33)
13. Exclusion of the Press and Public.  
The following item is likely to be considered in the absence of the press and public as being exempt under Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended March 2006 – information relates to finance and business affairs).
14. Digital Region - Update (Andrew Bedford, Strategic Director of Resources, to report)
15. Date and Time of Next Meeting - Thursday, 31st May, 2012 at 3.30 p.m.

**Members of the Self-Regulation Select Commission:-**

**Councillor Hughes (Chairman)**

**Councillor J. Hamilton (Vice-Chairman)**

**Councillors Atkin, Beck, Currie, Donaldson, Ellis, Foden, N. Hamilton, Mannion, Parker, Sharman, Swift and Tweed.**

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO SELF REGULATION SELECT COMMISSION</b>
--

<b>1</b>	<b>Meeting:</b>	<b>Self Regulation Select Commission</b>
<b>2</b>	<b>Date:</b>	<b>19<sup>th</sup> April 2012</b>
<b>3</b>	<b>Title:</b>	<b>Support Costs Review</b>
<b>4</b>	<b>Directorate:</b>	<b>Resources</b>

## **5 Summary**

On 8<sup>th</sup> December 2011 Self Regulation Select Commission received an update on progress made in respect of the Support Costs Review (the now broader remit of what originally started out as the Central Establishment Charges (CEC) Review).

This report provides details of the proposed charging methodology to be adopted for the support services which have always been part of the Council, but excludes former RBT support services as these services are currently being reviewed by nominated services leads. Once reconfigured and fully reintegrated, appropriate bases for the allocation or apportionment of these costs will be identified and a final report will be produced with the consolidated analysis, supported by detailed financial information. This report will be produced once the Council's 2011/12 accounts have been finalised and audited.

## **6 Recommendations**

**Self Regulation Select Commission is asked to:**

- **Note the proposed charging methodology for Council support services (Appendix 1)**
- **Note the further work to be undertaken in respect of the former RBT support services currently under review as part of their reintegration into the Council**
- **Note that a consolidated report supported by detailed financial information will be presented to the Select Commission when this work has been completed.**

## 7.1 Background

Support Costs are those incurred through the operation of council services that support the delivery of front line services to the public. These charges are allocated or apportioned to the services they support, on an appropriate basis, so that a reasonable estimate as to the full cost of each service can be provided (i.e. including both direct costs incurred in service delivery and a fair share of the support costs incurred).

Over recent years there has been significant restructuring and downsizing of 'Support Services' to rightly ensure delivery of the Council's commitment to focus on and protect provision of value for money, front line services to the public. This restructuring and downsizing has taken place through a number of reviews:

- Management Review
- Business Support Review
- Localities and Premises Review
- Financial Services Review
- Performance and Management Review
- 2010 Rotherham Ltd reintegration
- RBT reintegration

There has also been a significant reduction in the number of buildings from which the Council operates so the historic basis for charging out office accommodation is no longer relevant. All of these factors and the new requirements stipulated in the new Service Reporting Code of Practice 2011/12 (SeRCOP) make this review appropriate.

Members may recall that the December briefing identified that Management and Back-Office staffing reductions amounted to 15.5% and front-line staffing reductions 3.2%. The 2012/13 budget savings continue this trend.

## 7.2 Progress Update

Services typically treated as 'support services' are Asset Management, Health and Safety, Human Resources, Finance, Legal, ICT, Office Accommodation costs, Procurement and some Corporate Services.

Finance have worked closely with Managers in support services to identify the key cost drivers and the most appropriate methodology for charging out their services to the operational services within Directorates. Appendix 1 to this report shows the proposed charging methodologies.

The recent decision to conclude the strategic partnering contract with BT and bring RBT services back in house requires the same work to be undertaken for most of these services (as most are support services). Leads have been nominated at Strategic Director or Director level to review these services so as to ensure the delivery of savings built into the 2012/13 budget, and smooth the reintegration of these services back into the Council. This work is currently ongoing and in some workstreams is nearing completion.

Once complete, appropriate charging methodologies will be identified for these services also, and the consolidated position will be reported back to the Self Regulation Select Commission. This consolidated position will include (for each support service):

- The proposed charging methodology (allocation, or apportionment and the basis of apportionment);
- The financial value to be charged to each Directorate as a result of the above;
- Details of services (and values) which are not charged out to front line services in operational Directorates (including Corporate and Democratic Core costs, Corporate Management costs and Non-distributed costs);
- Costs for support services which are borne by services outside of the General Fund (e.g. Housing Revenue Account (HRA), services sold direct to the public e.g Licensing, planning advice etc.)

### 7.3 (Former) RBT services undergoing review, restructure and reintegration

<b>HR and Payroll:</b>	Advice and Guidance Central HR Payroll & Operations Schools HR & Payroll
<b>Procurement:</b>	Management Category Management Purchase to Pay (P2P)
<b>Customer Services:</b>	Management Cashiers Registrars Welfare Rights & Money Advice Switchboard Housing Repairs Customer Service Centres
<b>ICT:</b>	Management Neighbourhoods & Adults ICT ICT Implementation - Management ICT Implementation – Applications ICT Implementation – Building ICT Implementation – Schools ICT Service Management Customer Support Customer Support Service Desk Data Applications – Applications Support Data Applications – Database Services Infrastructure - Communications Infrastructure – Servers RCI Service Governance & Transition Printing & Stationery
<b>Revenues &amp; Benefits:</b>	Management Technical Team Account Management Benefits Assessment Local Taxation Neighbourhoods & Adults Revenues & Payments

<b>Performance &amp; Change:</b>	Management Quality & Performance Information Team Resource Pool Service Development Change Team Bids
<b>Design &amp; Print:</b>	Design Studio

#### **7.4 Impact of the Support Costs Review**

Implementing the outcomes of this review will:

- Ensure that we are complying with the new Service Reporting Code of Practice 2011/12 (SeRCOP), which replaces the former Best Value Accounting Code of Practice (BVACOP);
- Provide services with transparency over the support costs which are included in their overall service and unit costs; and
- Provide greater scope to focus on ensuring delivery of value for money services

#### **8. Finance**

Appendix 1 provides details of the net budgets of Council Support Services which have been considered by this review to date. Once the review of the former RBT services has been completed a consolidated position showing details of proposed charging methodologies for all support services and the costs to individual Directorates will be provided in a future report to the Self Regulation Select Commission.

For any costs allocated or apportioned to the Resources Directorate, it is proposed that the basis of apportionment to operational services (as required by SeRCOP) will be pro-rata to the value of all other support costs allocated or apportioned to operational Directorates.

#### **9 Risks and Uncertainties**

The review is necessary to ensure compliance with SeRCOP.

Failure to implement a revised charge out basis may mean that some services are receiving a disproportionate share of 'support costs'. Should this be the case, this would affect Unit Cost and Benchmarking comparisons.

#### **10. Policy and Performance Agenda Implications**

Will result in increased transparency of costs and provide greater scope to focus on ensuring delivery of value for money services.

**11. Background Papers and Consultation**

- Presentation and Briefing Note to Self Regulation Select Commission 15<sup>th</sup> September 2011
- Briefing to Self Regulation Select Commission 8<sup>th</sup> December 2011

**Contact Name: Pete Hudson**, Chief Finance Manager, ext. 22032  
[Peter.Hudson@rotherham.gov.uk](mailto:Peter.Hudson@rotherham.gov.uk)

## Council Support Services - Proposed Charging Methodology (Excludes former RBT Services)

PROPOSED BASIS FOR APPORTIONMENT				
Service / Cost Centre	Net Budget £	Budget Holder	Apportionment Basis	Other Notes
Facilities Management (Education Premises)	16,768	Ian Smith	Children & Young Peoples Services (Direct Allocation)	
Office Accommodation	2,430,494	Ian Smith	No. desks per Directorate. (Unused desks treated as Non-Distributable costs)	
Community Buildings	11,803	Ian Smith	No. desks per Directorate. (Unused desks treated as Non-Distributable costs)	
Facilities Management	532,807	Stuart Carr	Time Recording System	
Cent Training Facility	100,915	Stuart Carr	Pro Rata Net Budgets of C&YPS, NAS, EDS and Resources	
All Saints Toilets	16,812	Kim Phillips	Environment & Development Services (Direct Allocation)	
Asset Management	-11,501	Ian Smith	Allocation based on Managers assessment of consistent deployment of resources	
Health and Safety	216,565	Ian Smith	No. of individual staff per Directorate	
Caretakers	126,245	Ian Smith	Time Recording System	
High Greave Caretakers	-612	Ian Smith	Time Recording System	
Community Buildings-Caretakers	72,742	Ian Smith	Time Recording System	
Environmental Management	133,981	Ian Smith	Allocation based on Managers assessment of consistent deployment of resources	Time spent supporting Housing Revenue Account is non-distributable
Carbon Reduction Scheme	114,000	Ian Smith	Pro-rata to allocation of Environmental Management (above)	
Strategic Property	41,618	Ian Smith	Time Recording System	
Miscellaneous Properties	-130,875	Ian Smith	Pro-rata to allocation of Strategic Property (above)	
Shops and Offices	-464,533	David Stimpson	Pro-rata to allocation of Strategic Property (above)	
School Crossing Patrol	192,293	Ian Smith	Children & Young Peoples Services (Direct Allocation)	
Projects revenue	22,014	Brian Barrett	Pro-rata to Net Budgets of C&YPS, NAS, EDS and Resources	
Worksmart	110,560	Paul Smith	Allocation based on Managers assessment of consistent deployment of resources	
Premises Fund Catering	70,000	Stuart Carr	Children & Young Peoples Services (Direct Allocation)	
Premises Fund Education	124,550	Stuart Carr	Children & Young Peoples Services (Direct Allocation)	
Premises Fund Adults	297,205	Stuart Carr	Neighbourhood & Adult Services (Direct Allocation)	
Premises Fund EDS	89,000	Stuart Carr	Environment & Development Services (Direct Allocation)	
Premises Fund Community Buildings	15,000	Stuart Carr	Same proportions as Community Buildings	
Premises Fund Culture and Leisure	239,282	Stuart Carr	Environment & Development Services (Direct Allocation)	
Premises Fund Neighbourhoods	5,102	Stuart Carr	Neighbourhood & Adult Services (Direct Allocation)	
Community, Engagement & Cohesion	408,698	Zafar Saleem	Allocation based on Managers assessment of consistent deployment of resources	
Diversity Forum	19,420	Zafar Saleem	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
Communications and Marketing Team	549,481	Tracy Holmes	Allocation based on Managers assessment of consistent deployment of resources	
Rotherham Show	24,440	Marie Hayes	Environment & Development Services (Direct Allocation)	
Visitors Centre, 40 Bridgeway	31,242	Marie Hayes	Environment & Development Services (Direct Allocation)	



**PROPOSED BASIS FOR APPORTIONMENT**

<b>Service / Cost Centre</b>	<b>Net Budget £</b>	<b>Budget Holder</b>	<b>Apportionment Basis</b>	<b>Other Notes</b>
Town Centre Events	32,039	Marie Hayes	Environment & Development Services (Direct Allocation)	
Marketing and Events	9,665	Marie Hayes	Environment & Development Services (Direct Allocation)	
Visitors Information Centre	-6,296	Marie Hayes	Environment & Development Services (Direct Allocation)	
Legal Services Management	311,684	Robert Parker	Time Recording System	
Legal Services	646,806	Robert Parker	Time Recording System	
Legal Services Strategic Legal Partner	-38,501	Robert Parker	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
Data Protection	155,144	Robert Parker	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
Business Partnering & Strategic Finance	1,837,431	Pete Hudson	Business Partnering teams - direct allocation to supported Directorates. Finance Strategy - apportion pro-rata Business Partnering. Capital Finance team - split pro rata Budget per Directorate.	
Strategic Director of Resources	146,403	Pete Hudson	Resources (Direct Allocation)	
Internal Audit & Governance (IAG)	479,470	Marc Bicknell	Time Recording System	
Accountancy Services	222,738	Derek Gaffney	Managers Assessment of consistent deployment of resources to support each Directorate. Transactional costs - split by no. of Journals submitted per Directorate. General - Resources (Direct Allocation)	Year End costs (C&DC) and supporting Central Services and Housing Revenue account are non-distributable.
Financial Systems Support Team	163,539	Richard Douthwaite	Number of transactions per Directorate	Looking to establish Time Recording System as basis for charging for services
External Funding Team	92,471	Jonathan Baggaley	Allocation based on Managers assessment of consistent deployment of resources	In process of establishing a more representative Time Recording System
Financial Services Training Budget	32,503	Pete Hudson	Resources (Direct Allocation)	
Financial Transactions Services	409,014	Richard Lancashire	Managers Assessment of consistent deployment of resources to support each Directorate. Income & Creditors - number of transactions per Directorate. Debtors - number of invoices submitted per Directorate. Taxation - Resources (Direct Allocation). Fee Billing - number of requests for billing submitted by each team/Directorate.	
Trade Union Secondments	160,236	Simon Cooper	No. of individual staff per Directorate	
Human Resources - Strategic Unit	574,978	Simon Cooper	No. of individual staff per Directorate	
Recruitment Management System (RMS)	-19,000	Simon Cooper	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
Human Resources - Strategic Unit	-126,005	Simon Cooper	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
Human Resources - Special Projects	22,000	Simon Cooper	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
RMBC - Management Development	44,069	Tracy Parkin	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
HEART Awards	3,000	Tracy Parkin	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
Exchange	3,800	Tracy Parkin	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
Director of Commissioning Policy and Performance	209,276	Matt Gladstone	Resources (Direct Allocation)	

**PROPOSED BASIS FOR APPORTIONMENT**

<b>Service / Cost Centre</b>	<b>Net Budget £</b>	<b>Budget Holder</b>	<b>Apportionment Basis</b>	<b>Other Notes</b>
Commissioning Team 1	616,336	Janine Parker	Allocation based on Managers assessment of consistent deployment of resources	Commissioning Teams set to merge into one Cost Centre. Basis for apportionment will remain the same.
Commissioning Team 2	15,619	Chrissy Wright	Allocation based on Managers assessment of consistent deployment of resources	Commissioning Teams set to merge into one Cost Centre. Basis for apportionment will remain the same.
Commissioning Team 3	457,538	Chrissy Wright	Allocation based on Managers assessment of consistent deployment of resources	Commissioning Teams set to merge into one Cost Centre. Basis for apportionment will remain the same.
Performance & Quality Team 1	225,305	Sue Wilson	Environment & Development Services (Direct Allocation)	
Performance & Quality Team 2	294,589	Dave Roddis	Neighbourhood & Adult Services (Direct Allocation)	
Performance & Quality Team 3	374,581	Sue Wilson	Children & Young Peoples Services (Direct Allocation)	
Workforce Panel	15,499	Tracy Parkin	Resources (Direct Allocation)	
Fairtrade	2,081	Deborah Fellowes	Environment & Development Services (Direct Allocation)	
Local Involvement Networks (LINKs)	100,100	Matt Gladstone	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
Corporate Improvement Team	137,959	Matt Gladstone	Resources (Direct Allocation)	
Audit Inspection & Other Fees	273,346	Pete Hudson	Time Recording System	Statutory External Audit treated as C&DC.
Education PFI	1,195,063	Pete Hudson	Children & Young Peoples Services (Direct Allocation)	
Riverside House	446,247	Colin Earl	No. desks per Directorate or floor area for service (eg Café, Library, Customer Services). (Unused desks treated as Non-Distributable costs)	
Customer Service Centres	-767,600	Richard Copley		Pending: RBT reintegration
Customer Service Centre	717	Colin Earl		Pending: RBT reintegration
Voluntary Sector; Advice & Development (ICIB)	522,000	Zafar Saleem	Pro-rata to Net Budgets of CYPS, NAS, EDS and Resources	
Probation Loan Charges	-129,893	Pete Hudson	Neighbourhood & Adult Services (Direct Allocation)	

**ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS**

<b>1.</b>	<b>Meeting:</b>	<b>Self Regulation Select Commission</b>
<b>2.</b>	<b>Date:</b>	<b>19<sup>th</sup> April 2012</b>
<b>3.</b>	<b>Title:</b>	<b>Update Report - Scrutiny Review into the use of Consultants</b>
<b>4.</b>	<b>Directorate:</b>	<b>Resources on behalf of all Directorates</b>

**5. Summary**

This report provides an update on the agreed actions arising from the Scrutiny Review of Consultants and an analysis of revenue expenditure on Consultants over the last 4 years.

**6. Recommendations**

**Members are asked to note the report.**

## 7. Proposals and Details

A Scrutiny report into the use of Consultants was considered by Cabinet on 8<sup>th</sup> April 2009. This review was initiated by the Performance and Scrutiny Overview Committee following the publication of the National Audit Office's report entitled 'Central Government's Use of Consultants' in December 2006. The investigation into the use of public funds on consultants identified that the public sector consulting market grew by 33% over a 3 year period with a spend in the third year (2005/06) of £2.8 billion, £1.8 billion of which was spent by central government.

On 17<sup>th</sup> June 2009 Cabinet approved the proposed response to the recommendations identified in the Scrutiny report and on 15<sup>th</sup> January 2010 a further report was presented to Performance and Scrutiny Overview Committee providing an update with regard to progression of the recommendations within the original report.

Appendix 1 to this report provides a further update on progress made in respect of implementing the remaining recommendations which had not been implemented when the update report was presented on 15<sup>th</sup> January 2010.

## 8. Finance

Since 2008/09 when the Council implemented arrangements for tracking revenue expenditure on Consultants it has significantly reduced expenditure in this area:

2011/12 (est)	2010/11	2009/10	2008/09
£'000	£'000	£'000	£'000
342	529	402	1,388

Details of Consultancy Expenditure by Directorate for 2011/12 are shown below:

Directorate	£'000	Key Areas for Expenditure
Children & Young People's Services	217	School Business Partnerships and School Improvement Partnerships (£115k*) (Education Specialists – often Headteachers) Review of SEN Assessment Service (£8k) Leadership Development for Schools (£42k*) Impower Review of Early Years (£52k)  * = £157k Funded by Dedicated Schools Grant (DSG)
Environment & Development Services	85	LDP Infrastructure Delivery Plan (£80k) MARE - Flood risk (£5k)
Resources (Asset Management)	40	Project Management (£17k) Asset Disposal (£23k)
<b>Total</b>	<b>342</b>	

In addition to the above the Council has two elected Member approved Framework Agreements in place. One for the provision of specialist Legal advice with Bevan Brittain and one for specialist Finance advice with Price Waterhouse Coopers (PwC). Spend with Bevan Brittain in 2011/12 was £115k and spend with PwC was also £115k.

The renegotiation of the contract (Framework Agreement) with PwC included agreement to provide work to the value of £100k at no cost to the Council. This 'service credit' was used in 2011/12 to undertake the Procurement review which led to the identification of significant potential savings which greatly contributed to setting the Council's 2012/13 budget.

### **9. Risks and Uncertainties**

Failure to maintain a tight control framework for the use of consultants may result in the Council not optimising value for money in the use of its resources.

Downsizing of the Council's workforce will inevitably result in the loss of some key skills. This may, in some instances, result in the need to engage consultants. Monitoring of spend on Consultants into the future is therefore essential.

### **10. Policy and Performance Agenda Implications**

Implementation of the recommendations from the review provides a tighter control framework for the use of Consultants and helps to ensure the skills transfer to staff when employment of consultants is appropriate. This will develop our staff, reduce the reliance on consultants into the future and in doing so, reduce costs and increase value for money from in-house staff resources.

### **11. Background Papers and Consultation**

- Cabinet Report, Scrutiny Review of Consultants, 8<sup>th</sup> April 2009
- Cabinet Report, Response to Scrutiny Review Report into the use of Consultants, 17<sup>th</sup> June 2009
- Update Report to Performance and Scrutiny Overview Committee 15<sup>th</sup> January 2010

#### **Contact Name:**

Pete Hudson. Chief Finance Manager, Resources Directorate. Ext 22032;  
e-mail: [peter.hudson@rotherham.gov.uk](mailto:peter.hudson@rotherham.gov.uk)

**Appendix 1: Progress with regard to the unimplemented recommendations arising from the Scrutiny Review relating to the Use of Consultants as at 15<sup>th</sup> January 2010**

<u>Scrutiny recommendation</u>	<u>Proposed action/ comment</u>	<u>Target date</u>	<u>Cabinet Recommendation</u>	<u>Progress Update (March 2012)</u>
<p><b>Recommendation 2</b> No procurement process for the engagement of consultants should commence unless a clear business case is stated and can justify the appointment of external consultants. This should be costed and approval to proceed with the procurement process being sought from the Strategic Director or another senior officer such as a Director of Service as authorised by the Strategic Director.</p>	<p>Directorates to update Delegated Powers to reflect required authorisation levels.</p>	<p>End July 2009</p>	<p>Accept the recommendation and endorse the proposed actions.</p>	<p>References are contained in delegated powers schedules in specific areas where consultants may be used. Procurement and Finance to assess whether any further references are needed.</p>
<p><b>Recommendation 4</b> Members of the review group would welcome the development of an internal staff skills database to promote internal redeployment and secondment rather than external consultant use wherever possible.</p>	<p>HR to undertake a staff skills audit and create and maintain a skills database</p> <p>HR to evaluate the merits of establishing an in-house consultancy service</p>	<p>End March 2010</p> <p>Business Case to CMT mid August 2009</p>	<p>HR to undertake the skills audit and report back on the merits of establishing the proposed database.</p> <p>Endorse the proposed actions.</p>	<p>Skills captured to date include Emergency Planning and Language skills. Due to budget and systems development priorities associated with Shared Service with Doncaster MBC, further systems development along the lines of self service or on-line capture is currently deferred. Employee skills are however assessed on recruitment to the Council and in PDR's where competencies and core skills aligned to grades and job content are set out. This allows services to identify and 'move' talent more flexibly in-house. Some examples where this has been helpful to date include the</p>

<u>Scrutiny recommendation</u>	<u>Proposed action/ comment</u>	<u>Target date</u>	<u>Cabinet Recommendation</u>	<u>Progress Update (March 2012)</u>
				use of colleagues to work on Digital Region, SYPTE Review, Director Group and Budget Workstream leads.
<p><b>Recommendation 5</b> The learning needs of internal staff are assessed at the outset of a project and objectives for the consultants to transfer these skills are agreed and set out in the consultants brief.</p>	Explore with Strategic HR opportunities to develop the ‘non-specialist’ skills some consultants are engaged to provide.	End July 2009	Accept the recommendation and endorse the proposed actions.	Downsizing of the workforce has resulted in this not being implemented in any formal way. It is not possible to be definitive and expect the input from consultants to be no longer necessary, however, known staff skills are being capitalised on which has resulted in successful activity in respect of minimal input from consultants on Organisational management reviews, Senior staff recruitment, Emergency Planning service with Sheffield, HR & Payroll and Internal Audit services with Doncaster
<p><b>Recommendation 7</b> That a corporate review is undertaken to establish best practice and expertise available from other Local Authorities and a directory of these services maintained centrally - possibly within the RBT procurement team – so that officers can consider these services as an alternative to the appointment of a consultant.</p>	OGC Buying Solutions has recently placed a notice with the European Union to establish Framework Agreements for use by or on behalf of UK Public Sector Bodies (including all local authorities) Consultancy	Start December 2009	Accept the recommendation and endorse the proposed actions.	OGC Framework implemented but managed through the (former) RBT Client Team rather than RBT.  PRO5 Organisations (Buyer Consortium including YPO) are looking to have a new

<u>Scrutiny recommendation</u>	<u>Proposed action/ comment</u>	<u>Target date</u>	<u>Cabinet Recommendation</u>	<u>Progress Update (March 2012)</u>
	<p>This framework agreement will last for 36 months with an option to extend for a further 12 months.</p> <p>It is proposed that Rotherham Council adopts this as it's framework for consultancy procurement and that all officers within the Council must utilise this agreement if procuring any consultancy within the areas available.</p>			<p>Framework in place by the end of August 2012 for Consultancy, Legal Services and Translation Services.</p>
<p><b>Recommendation 8</b> The review group recommends that in the light of this review, the Standing Orders are amended to include specific reference to 'consultant'. In addition, that the thresholds are revised to exclude oral quotation. Further, the Council may wish to consider a review of Parts 41–48 of the Standing Guide in relation to the appointment of any contractor, body or organisation outside of the Council.</p>	<p>Amend Standing Orders to include specific reference to consultants and incorporate as an appendix, a Code of Practice for the Procurement of Consultants.</p> <p>Consideration be given to amending Standing Orders to exclude oral quotation for contracts valued £5k to £20k .</p>	<p>End July 2009</p> <p>End Aug 2009</p>	<p>Accept the recommendation and endorse the proposed actions.</p>	<p>Standing Orders contain references into the use of consultants in specific areas. Procurement and Finance to assess whether any further references are needed.</p> <p>Following consideration by the Council's Legal Officer it is recommended that this action is not implemented as it would set RMBC Standing Orders apart from contract standing orders adopted universally by other Local Authorities and public bodies. It would also create unnecessary administrative burden. It is instead proposed to reiterate to</p>



<u>Scrutiny recommendation</u>	<u>Proposed action/ comment</u>	<u>Target date</u>	<u>Cabinet Recommendation</u>	<u>Progress Update (March 2012)</u>
				officers that when obtaining oral quotations, they keep records for audit purposes.
<p><b>Recommendation 10</b> That the Council urgently review its decision to exclude consultancy from the scope of RBT's procurement activity. It is recommended that CMT receive a report as soon as possible, with a view to adding in consultancy as an item of 'addressable spend' from April 09.</p>	<p>Explore with RBT the potential implications of this proposal and report back to CMT.</p> <p>Additionally, RBT to manage access to the framework agreement referred to in recommendation 7.</p>	<p>End August 2009</p> <p>Start December 2009</p>	Accept the recommendation and endorse the proposed actions.	OGC Framework implemented but managed through the (former) RBT Client Team rather than RBT. Post RBT re-integration, this is to be managed within the procurement team.
<p><b>Recommendation 11</b> Within the Procurement Framework, RBT &amp; Directorates to work closer to Social Enterprise/Community based businesses to supply skills and local knowledge to the council as appropriate.</p>	Work with the LSP to identify opportunities for sharing skills across organisations	March 2010	Accept the recommendation and endorse the proposed actions.	<p>Procurement and Commissioning work closely with the VCS in market shaping activities including Provider Forums, Consultation Events, Meet the Buyer Events, etc.</p> <p>Supporting the Local Economy Project Group established.</p>
<p><b>Recommendation 13</b> The Audit Committee receive quarterly reports from the RBT Procurement Team setting out details of expenditure on consultants, the savings generated through procurement and issues arising out of the monitoring and evaluation of the framework.</p>	Audit Committee to receive quarterly reports from the Client Team	From Implementation of Framework	Accept the recommendation and endorse the proposed actions.	There has been a significant reduction in consultancy spend over recent years. Details of Directorate spend on Consultancy is routinely included in Budget Monitoring reports to Cabinet Members, however, a report has not yet been taken to Audit Committee.

<b>ROTHERHAM BOROUGH COUNCIL –REPORT TO MEMBERS</b>
---

<b>1.0</b>	<b>Meeting:</b>	<b>Self Regulation Select Commission</b>
<b>2.0</b>	<b>Date:</b>	<b>19<sup>th</sup> April, 2012</b>
<b>3.0</b>	<b>Title:</b>	<b>Overview of Housing Revenue Account 30 Year Business Plan Modelling</b>
<b>4.0</b>	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

## **5.0 Summary**

From 1 April 2012 the current Housing Revenue Account (HRA) subsidy system will cease and a new a self financing process commence. Over a 30 year period this new system may produce significant surpluses.

Based on our assumptions the council will be able to maintain its housing stock to the decent homes standard and also be able to invest in other priorities, for example an ongoing programme of building council houses to deal with the acute shortage of affordable housing in the borough. Such a programme has the ability to deliver training and job opportunities which can have a significant effect on regeneration in the borough.

Initial financial modelling has taken place and indicates that:

- current housing stock investment plans can be delivered;
- debt can be serviced and/or repaid; and
- surplus resources can meet long term and wide ranging investment needs

The report also demonstrates that whilst the surplus resources can be accessed, an alternative funding vehicle may be required to effectively “bring forward” or “smooth out” the projected surplus resources from the latter part of the Business Plan.

## **6.0 Recommendations**

**That the Self Regulation Select Commission notes:-**

- 1. The work to facilitate the borrowing of up to £33m (permissible against the debt cap ceiling), in order to address short to medium term housing related investment priorities.**
- 2. The further report to Cabinet identifying and costing these short to medium term priorities for consideration and approval.**

3. **The securing of external support to assist officers:-**
  - a) **Define and model future Investment methods available across the term of the Business Plan and**
  - b) **To undertake an estates needs analysis and investment planning as described in section 10.0.**
  
4. **The injection of an additional £1m p.a. into repairs as described in Section 9.2**

## 7.0 Background

- 7.1 In recent years there has been a significant improvement in the quality of the boroughs housing stock as a result of the investment of over £300m of funding sourced from the Decent Homes Programme and HRA. Notwithstanding these significant investments, the Council has a clear ambition to continue to raise both the quality of existing stock and provide further social, affordable new housing to meet the local need within the borough.
- 7.2 Rotherham tenants have for many years benefited from some of the lowest rents in the country. This has however limited the availability of resources to invest in repairs and maintenance activities. As a result planned works such as painting, roofing, guttering, fencing and boundary treatments have been restricted or ceased, and now represent significant financial challenges.
- 7.3 The increasing cost of home ownership, the comparative affordability of council housing and the difficult economic and financial prospects facing many of the borough's residents has also meant that council housing is highly sought after. Demographic and lifestyle pressures mean that demand for family housing and small, two bedroom properties, especially bungalows is high. Similarly, given the pressure on household incomes tenants want houses that are fuel efficient and economical to heat and light.
- 7.4 The replacement of the HRA subsidy system by the self financing arrangements provides an opportunity to begin to address some of these issues regarding the size and quality of the housing stock, the nature of the surrounding estates and the wider housing services support services. Used prudently, available resources can present significant investment opportunities not only for housing services in Rotherham, but also for the borough through work to transform our communities and the job and training opportunities that this investment will attract.
- 7.5 From the 1 April 2012, the self financing system will be operational. The intention behind the new arrangements is to:
- Give local authorities the resources, incentives and flexibility they need to manage their own housing stock for the long term; and
  - Give tenants greater transparency and accountability as to how the rent collected is spent on the services provided.

The old system was structured upon a subsidy payable to a local authority, or by a local authority to the Government, based upon assumed rental income, offset by the assumed cost of running the service (including the cost of servicing housing related debt). Any "surplus" of income over expenditure would be payable to Government. Rotherham was in such a position (this is called negative housing subsidy).

The new system allows Rotherham to retain all the rental income in exchange for a share of the national housing debt. Each authority will become responsible for long term business planning and the management of all existing and future housing debt. The HRA will remain a ring-fenced account within the General Fund and therefore will not impact on the Council's general finances, and the strict protocol of the HRA ring fence arrangements are further endorsed through the self financing regime.

As well as presenting the Authority with significant opportunities, the move to self financing also transfers all financial risks from DCLG to the Authority. Changes in inflation, local policy, rental rates, investment and debt management decisions, will all impact on the financial viability of the Business Plan. Robust, proactive management of all aspects of the Plan will be essential throughout the 30 year period.

## **8.0 The 30 Year Financial Plan**

**8.1** A 30 year draft Financial Plan has been developed by the Director of Neighbourhoods in conjunction with Financial Services, using a model from the Chartered Institute of Housing (CIH). The model assumptions and outputs have been given a high level quality review by CIH and the Council's Strategic Finance Partner, PwC. This provides Members with appropriate assurances that the base Model framework is robust and assumptions used in projecting forward the outputs are reasonable.

## **9.0 Outcomes of the 30 Year Financial Plan**

**9.1** The 30 year Financial Plan demonstrates that substantial surpluses could be generated during the latter years of the Plan, thus presenting opportunities to shape the business moving forward and deliver against local priorities and investment needs. However it is important to recognise that the model is extremely sensitive to what appear to be relatively minor variations in inputs, such as rental levels or inflation. For example, to realise the following scenarios it is critical that the journey towards converge in 2016/17 is maintained. If the future rent policy after convergence is set at just 0.5% **below** RPI, instead of 0.5% **above** RPI, there will be a reduction of £516m in HRA balances by 31 March 2041 which is equivalent to a loss of additional investment of about £25k for each property.

**9.2** Various options have been modelled and the outputs are described below. In each example, the Base Case is flexed to model different scenarios.

### **Option 1 – The Base Case Scenario**

This scenario, does not allow for any additional new investment or any significant repayment of debt. At the end of 30 years we would be faced with a HRA surplus of £796m, but a debt of £229m.

**Option 2 – Base Case + £1m additional spend on repairs**

This options is as above, with the addition that as a means of partially addressing significant under investment in previous years, it injects £1m p.a into the maintenance programme. This will help to address some of the limitations imposed by the previous subsidy system and service demand. In thirty years time the HRA balance will be £728m and the outstanding debt £230m.

**Option 3 - Base Case + £1m additional spend on repairs + Repay Debt**

If in addition to option 2, the decision is taken to repay the debt, it would leave an outstanding HRA balance of £671M at the end of the business plan period.

**Option 4 - Base Case + £1m additional spend on repairs + £30m Capital Investment then Repay Debt**

If in addition to option 2, the decision is taken to utilise the borrowing headroom of up to £33m, then repay the debt, the outstanding HRA balance at the end of the period will be £559m.

**Option 5 - Base Case + £1m additional spend on repairs + Use HRA Balances to fund Capital Investment**

If this approach were to be followed, whilst the council would be left with £338m debt at the end of the 30 year period, it would be at a serviceable level, and the benefit of £330m of additional investment would be realised.

**10.0 Financial Plan Modelling Conclusions and Next Steps**

This report demonstrates that HRA self financing presents significant investment opportunities in the future, if the assumptions contained within the model are realised.

It can be seen from the various models that the Plan demonstrates that current investment requirements can be met, debt can be serviced and / or repaid and that surplus resources present opportunities for the Authority to address long term and wide ranging investment needs. This will enable the Council to start addressing both local and national agendas, providing maximum benefit to both the Council and the wider community.

Now, subject to Cabinet agreement we need to bring forward proposals for possible future investment priorities, and to work up formal proposals to utilise the available £33m borrowing headroom. This work is already underway and can largely be achieved from existing resources. However, a more fundamental piece of work relates to the longer term strategy for our council estates. To achieve sustainable estates, which remain attractive places to live in the longer term, it will be necessary to consider a range of more significant

interventions. Support will be required to undertake a rigorous and robust process aimed at informing estate based investment decisions. In determining investment priorities it will be essential that as a council we have a clear understanding of the viability of each housing estate and the works that will be required to ensure that they are sustainable and desirable areas to live. This could potentially involve significant remodelling, investment or disinvestment.

In comparison to the scale of other recent investment in housing, the surpluses may appear relatively modest. Consequently it is important that as part of this work we consider how the available resources can be used to lever in supplementary sources of investment.

In addition, it is also apparent that whilst the surplus resources can be accessed, an alternative funding vehicle may be required to effectively “bring forward” the surplus funds from the latter part of the Business Plan to the earlier years. This may include some form of borrowing against the projected surplus. To aide Rotherham consider how best to access the funding earlier, and lever in additional resources, it is proposed to appoint specialist advisors in this field.

Through the Council's Framework Agreement, initial discussions have taken place with Pricewaterhouse Coopers(PwC), who are exploring various funding vehicles to unlock the resources available later in the Business Plan, without jeopardising current constraints on borrowing caps. Discussions have also taken place with CB Ellis, relating to the asset management assumptions within the model and the opportunities to that may be available relating to financial leverage. It is therefore recommended that an appraisal takes place regarding the most appropriate and cost effective support available to assist the council with its intentions and that authority is given subject to normal procurement rules to engage a company on a consultancy basis to further research these options.

### **11.0 Finance**

Covered in Part 8 above.

### **12.0 Risks and Uncertainties**

The Business Plan Model is based on a number of key assumptions which have risks and uncertainties associated with them. The impact of these risks if they were to occur, either individually or collectively, could have a significant impact on the level of HRA balances and the amount that is available to fund future investment needs.

- **Level of Future Rent Increases.** It is assumed that the Authority will work towards rent convergence in 2015/16 (with actual convergence being achieved in 2016/17) with rents thereafter being set at 0.5% above assumed RPI. Rent increases below this assumption will lead to a significant reduction in the amount of HRA balances available to deliver against local priorities and meet future investment needs.
- **Future Repairs and Maintenance Requirements.** Expenditure on the maintenance of the existing housing stock needs to be at a level to ensure that decent homes standards are maintained and the stock does not

deteriorate. Further work is required to improve and refine the quality of asset management information that the council owns. If additional expenditure is required on maintenance, over and above the assumed level, this naturally reduces the amount available to meet future investment needs.

- **Future Capital Investment Requirements.** This is intrinsically linked with repairs and maintenance above. By ensuring that the APEX stock condition survey is up to date and the cost information incorporated in the Asset Management Strategy is robust and subject to continual review, the Business Plan can be used to ensure that future investment needs are met and that the stock is being adequately maintained.
- **Inflation.** A long term RPI assumption of 2.5% has been applied from 2016 to all expenditure items. This links in with rent policy above and will need constant monitoring to ensure the Business Plan modelling remains robust. Differential inflation rates can be applied, for example, if construction inflation exceeds revenue related inflation.
- **Interest Rates.** Interest Rate risk will be managed as part of the Treasury Management / Debt Management Strategy. Prudent assumptions have been made on borrowing and investment rates based on current market conditions.

These risks will be mitigated by building into the Council's Governance framework an appropriate monitoring and review cycle for the Business Plan and its underpinning strategies – it will be essential that any changes in policy, new housing initiatives etc are evaluated across the term of the Plan to fully assess the long term implications of the decisions being made.

### 13.0 Policy and Performance Agenda Implications

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

The proposal contributes towards our key corporate strategic themes of:-

- Rotherham Proud
- Rotherham Safe
- Rotherham Alive
- Fairness
- Sustainable Development

These key themes are reflected within the Individual Well-being and Healthy Communities outcome framework, as follows:

- **Improved Quality of Life** – by creating opportunities for an improved quality of life (Objective 6).
- **Economic well-being** – providing affordable high quality housing, to meet identified needs and create sustainable neighbourhoods.



- **Safe** – by creating neighbourhoods that are clean, green good quality homes.

The initiative links to the key investment theme in our Local Investment Plan.

- **Climate Change** – introducing a range of measures to address issues such as fuel poverty, reduce household energy consumption, minimise environmental impact.

These key investment themes align with the Council's corporate priorities of:-

- Making sure that no community is left behind.
- Helping to create safe and healthy communities.
- Ensuring care and protection are available for those people who need it most.
- Providing quality education, ensuring people have the opportunity to improve their skills, learn and get a job.
- Improving the environment.

#### **14.0 Background Papers and Consultation**

Steve Smith – Chartered Institute of Housing  
Simon Martin – PricewaterhouseCoopers

##### **Report Authors**

Dave Richmond- Director Housing and Neighbourhood Services

[Dave.richmond@rotherham.gov.uk](mailto:Dave.richmond@rotherham.gov.uk); Ext 54958

Jon Baggaley – Finance Manager; Financial Services

[Jonathan.baggaley@rotherham.gov.uk](mailto:Jonathan.baggaley@rotherham.gov.uk); Ext. 54516

Maureen Gatt – Finance Director; Neighbourhoods and Adult Services

[Maureen.gatt@rotherham.gov.uk](mailto:Maureen.gatt@rotherham.gov.uk); Ext. 742288

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS</b>
--

<b>1.</b>	<b>Meeting:</b>	<b>Self-Regulation Select Commission</b>
<b>2.</b>	<b>Date:</b>	<b>19 April 2012</b>
<b>3.</b>	<b>Title:</b>	<b>Scrutiny review of RMBC’s District Heating Schemes</b>
<b>4.</b>	<b>Directorate:</b>	<b>Resources</b>

**5. Summary**

At the meeting of the Self-Regulation Select Commission on January 12th 2012, it was agreed that “a Review take place on District Heating Charges under the remit of value for money.” This report asks for expressions of interest to be part of the review.

**6. Recommendations**

That Members:

- a. **reaffirm that they wish to undertake a review of district heating charges under the remit of value for money;**
- b. **nominate members to be part of a small steering group to scope the review and determine who the panel wish to interview;**
- c. **receive a further report on progress.**

## **7. Proposals and Details**

- 7.1 The Panel received a report to its January meeting outlining proposals for Housing Rent Increase 2012/13, which includes charges for heating in those areas covered by a district heating scheme.

The report detailed that the council operates 3 distinct schemes, each with a separate charging format:

- A pooled metered scheme;
- An unmetered scheme at Beeversleigh; and
- Switch 2 card meter scheme at Swinton

- 7.2 In 2007/08, the Cabinet Member approved a three year strategy for ensuring the full recovery of district heating costs. Due to ongoing and significant increases in the prices of gas and utility charges in general, this strategy has yet to be fully realised.

- 7.3 Under its remit, the Self-Regulation Select Commission agreed to undertake a review to ascertain whether value for money is being secured.

- 7.4 The commission is asked if it still wishes to undertake this review. If so, it is suggested that a small steering group is set up to determine the scope of the review, identify witnesses, and undertake background research. This work will be supported by relevant officers across Directorates.

- 7.5 Mindful of elections and potential changes to the commission's membership, it is suggested that this work commences early in the new municipal year, after annual meeting of Council.

## **8. Finance**

- The cost attached to the review will be met through existing resources.
- The financial implications of any recommendations emerging from the review will require further exploration by Cabinet and the Strategic Leadership Team on the cost, risks and benefits of their implementation.

## **9. Risks and Uncertainties**

Failure to ensure the full recovery of district heating costs in the long term may have an impact on the Housing Revenue Account.

## **10. Policy and Performance Agenda Implication,**

It is important that residents receive reliable, competitive and value for money heating. This links to the wider Affordable Warmth and Anti-Poverty Agendas.

There is also evidence to demonstrate that communal heating systems can contribute to the limitation of emissions of harmful gases. This has positive implications for the Council's Environmental policies.

**11. Background Papers and Consultation**

Housing Rent Increase 2012/13 – Report to Cabinet, 18 January 2012  
Self-Regulation Select Commission – Minute 43, 12 January 2012

**Contact:**

Caroline Webb, Senior Scrutiny Adviser, direct line: (01709) 822765  
e-mail: [caroline.webb@rotherham.gov.uk](mailto:caroline.webb@rotherham.gov.uk)

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS</b>
--

<b>1.</b>	<b>Meeting:</b>	<b>Self Regulation Select Commission</b>
<b>2.</b>	<b>Date:</b>	<b>19<sup>th</sup> April 2012</b>
<b>3.</b>	<b>Title:</b>	<b>2012/13 Money Matters Budget Consultation Findings</b>
<b>4.</b>	<b>Directorate:</b>	<b>Resources</b>

### **5. Summary**

This report provides key headlines from the recent Money Matters Budget Consultation that took place to help inform the Council's Budget for 2012/13. The Money Matters Budget Consultation has been active since 11<sup>th</sup> October 2011 and was completed on 23<sup>rd</sup> December 2011.

### **6. Recommendations**

**The Self Regulation Select Commission is asked to:**

- **Note the headline messages arising from the analysis of the Money Matters Budget consultation.**
- **Consider how the consultation findings align with, and can help to shape, the Medium Term Financial Strategy and allocation of resources moving forward.**

## **7. Proposals and Details**

The Council has carried out a Budget Consultation exercise – “Money Matters” for the second year running. This paper discusses the findings from the consultation with the Public about the 2012/13 budget. This consultation is particularly important in the context of significant change in the Local Government environment in terms of policy and reductions in Local Authority budgets and will help us to ensure that we protect those services which matter most to local people and to align spending with public priorities.

This report provides analysis of the results that have informed the budget setting process. In general this analysis shows that there is a strong correlation between the results from the different types of consultation. Clear messages are emerging about those service areas which are viewed as highest priority. There is also strong consensus on the areas where there is most support for spending more, or protecting current spend and areas where the Council should consider reducing spending.

The following sections of the report provide a summary of the different types of consultation being undertaken and the headline results from the e-survey, budget simulator and the communities of interest workshops.

### **Consultation programme**

A combination of qualitative and quantitative methodologies was needed to ensure the approach is robust. There is value in getting both people’s initial perceptions and more considered views given the competing priorities and complexities of the budget. This ensured the approach is more inclusive, as different people will prefer to be consulted in different ways.

The consultation commenced with an Area Assembly workshop in October and ended with the close of the e-survey and budget simulator on December 2011. The publicity for this consultation began at the Rotherham Show last September where over 160 people expressed an interest in participating in this consultation and provided email addresses.

When we hosted the consultation via the e survey on our website, we used the Budget Simulator for the first time. The budget simulator allows people to make suggestions about what proportion of the council budget they would like to see spent in a particular service area. One feature of the budget simulator is that it tells you the possible negative and positive consequences of reducing or increasing spending in a particular area, meaning respondents are able to make a more informed decision. .

The online consultation has been complemented by workshops with communities of interest (BME, Older People, Young People, LGBT, Faith, Carers and Women) and communities of place (via area assemblies) to enable more qualitative discussion to take place..

### **Summary of findings**

The headline messages below are based on an amalgamation of the outcome of the various consultation methods deployed. .

**The statutory services which in relative terms should be given lower budget protection were**

- Asset Management
- Planning
- Day Care
- Grounds Maintenance
- Information, advice and support
- Waste Services
- Libraries, Arts and Heritage

**The non statutory services which in relative terms should be given lower budget protection were:**

- Promoting Rotherham – events & marketing
- Managing large scale building projects
- Faith school & 16+ students travel costs
- Help and advice about energy bills
- Area Assemblies
- Promoting the Borough through archives & arts
- Hospitality and Catering
- Pest Control
- Dealing with Motorbike Nuisance

**Who should deliver the services?**

Whilst some differing views emerged, overall there was clear support for the Council to continue to deliver almost all the services consulted upon. This recognises the trust that the public has in the council and the quality of services provided.

The strength of working in partnership was also recognised, particularly with voluntary organisations and/or social enterprises. Advice, Support and Information services were an area identified as potentially suitable for partnership working. .

The Council already works in partnership with a variety of agencies on the delivery of a wide range of council services. The consultation responses have reaffirmed this is appropriate but has not drawn out areas where partnership working is not already evident.

**Areas for Improvement**

We can continue to refine the way we consult in future years. We have opted for an exercise that is low cost, but enables us to assess trends in opinion. Some respondents fed back that there were too many questions in the survey. Also having the e survey and the budget simulator both on the online page probably affected the response rate for both; it would be more effective to just have one of them in the future.

## **8. Finance**

The total cost of the consultation is £2,536 which includes the Budget Simulator.

## **9. Risks and Uncertainties**

The main concern would be the failure to consult at all as we would not be able to demonstrate to the public that we understand and act upon their views.

## **10. Policy and Performance Agenda Implications**

We currently have a revised Corporate Plan which provides detail of the key priorities we aim to deliver. We therefore need to ensure that funding is aligned to the priorities. This consultation is also intended to inform the mid term financial strategy and budget matrix, to help us identify where we could potentially make the savings.

## **11. Background Papers and Consultation**

Consultation Findings (Appendix 1)

### **Contact Name:**

Matthew Gladstone (Head of Commissioning, Policy & Performance), email: [matthew.gladstone@rotherham.gov.uk](mailto:matthew.gladstone@rotherham.gov.uk) Tel No: x22791



## Appendix 1

### Consultation Results

Overall there were 434 responses for the E Survey. This compares with the total number of 598 responses in 2010, over a much longer period.

The age of respondents is similar to last year's consultation, with few under 25 or over 65. There was an equal gender split amongst the public. 18% of the public considered themselves to be disabled (lower than expected). 13% of public were BME (similar to the 2010 survey).

### Results from the General Public

The following results suggest that people understand that the Council needs to reduce its spending and show a willingness to contemplate reductions in a number of service areas. Of members of the public who participated, 66% agreed with the Council's approach of protecting services for the most vulnerable.

#### Question 1 – Priority Services

People were asked to name the 5 services they felt were most important to protect

Public Safety inc. Health & Safety and Env. Health	56%
Road Maintenance & Transport Management	54%
Waste Services	46%
Learning and Education	40%
Children's Social Care	32%

The 5 services that were felt to be less important to protect:

Asset Management	5%
Planning	21%
Grounds Maintenance	22%
Community Safety	22%
Day Care	23%

Universal services which deliver a tangible benefit to residents are seen as the key priorities, followed by services aimed at children. There was general agreement about relative priorities when public funding is getting tighter.

#### Question 2 – Reducing Spending

People were asked whether they agreed or disagreed with reducing spending on a number of service areas. There was support for reducing spending in many areas as illustrated below:

#### Highest level of agreement to reduce spending:

Managing large scale building projects	79% (28% strongly)
--	--------------------

Hospitality and catering	77% (30% strongly)
Help and advice about energy bills	76% (31% strongly)
Faith school & 16+ students travel costs	75% (30% strongly)
Promoting Rotherham – events & marketing	72% (37% strongly)

#### **Other services where over two thirds agree to reduce spending**

Support to Area Assemblies	67% (32% strongly)
Promoting the Borough through archives & arts	66% (23% strongly)

#### **Services where the majority disagree with reducing spending**

Pest Control	77% (46% strongly)
Attracting new businesses & investment	55%
Public safety such as CCTV & school crossing	53%

The willingness of participants to contemplate reduced spending across many service areas is striking and may reflect a realisation that there is now far less money available to support service delivery. There was a good level of agreement about where to reduce spending. In only 3 out of 17 services covered by the survey did the majority of the public participants disagree with reducing spending. Of these, only Pest Control showed a particularly high level of disagreement with any reduction. As this is a low cost service even if savings were supported it would not be able to make a significant contribution to the budget.

### **Question 3 - Who Should Deliver Services?**

There is clear support for the Council to continue delivery of almost all the services consulted upon. However, there is also strong support for the council to continue to work with voluntary organisations and/or social enterprises and other partners to deliver services.

#### **Results by Service Area**

<b>Service</b>	<b>Council</b>	<b>Voluntary Sector</b>	<b>Social Enterprise</b>	<b>Private Sector</b>
<b>Adult Social Care</b>	<b>90%</b>	33%	20%	8%
<b>Residential Care</b>	<b>72%</b>	33%	37%	12%
<b>Day Care</b>	<b>60%</b>	<b>38%</b>	<b>47%</b>	7%
<b>Housing</b>	<b>70%</b>	3%	22%	30%
<b>Advice, Support and Information</b>	<b>38%</b>	<b>63%</b>	<b>42%</b>	3%
<b>Learning &amp; Education</b>	<b>93%</b>	17%	20%	12%
<b>Children's Social Care</b>	<b>93%</b>	32%	17%	5%
<b>Young People's Services</b>	<b>62%</b>	<b>48%</b>	33%	7%
<b>Libraries, Arts and Heritage</b>	<b>67%</b>	23%	25%	10%
<b>Roads &amp; Transport Management</b>	<b>88%</b>	0%	5%	30%
<b>Public Safety</b>	<b>85%</b>	20%	23%	13%
<b>Planning</b>	<b>75%</b>	8%	12%	18%
<b>Regeneration</b>	<b>60%</b>	18%	25%	25%
<b>Waste Services</b>	<b>78%</b>	5%	15%	28%

<b>Green Spaces</b>	<b>57%</b>	28%	<b>37%</b>	12%
<b>Asset Management</b>	<b>62%</b>	7%	17%	32%
<b>Leisure, Sport &amp; Recreation</b>	<b>58%</b>	27%	<b>48%</b>	18%
<b>Community Safety</b>	<b>92%</b>	28%	28%	7%

### **Results from the Budget Simulator**

A total of 96 participants successfully completed the budget simulator exercise by reducing spending by at least £20 million. Only 7 people managed to reduce spending by exactly £20 million with 89 people reducing spending by more than £20 million, sometimes considerably more. The average (mean) reduction was £22.4 million although this was inflated by a small number of participants who made very large reductions.

Most people made reductions in service budgets or kept them the same. In a small number of cases, spending was increased on some services which meant that others had to be cut more as a consequence.

The collective view of participants is that all services should see spending reduced by between 10.3% and 21.3%. The average suggested reduction in spending per service area is as follows:

	<b>% Reduction</b>	<b>Amount saved</b>
Leisure, Sport and Recreation	21.3%	-£1.43 m
Library, Arts & Heritage	20.7%	-£0.89 m
Advice, Info & Support to Communities	20.2%	-£0.41 m
Asset Management	19.2%	-£0.50 m
Residential Care	16.6%	-£4.92 m
Planning	16.4%	-£0.11 m
Day Care	15.9%	-£1.06 m
Adult Social Care	15.9%	-£6.04 m
Regeneration	15.7%	-£0.15 m
Public Safety (Env. Health etc)	15.1%	-£0.42 m
Grounds Maintenance & Greenspaces	14.8%	-£0.06 m
Community Safety	14.6%	-£0.25 m
Children's Social Care	14.0%	-£3.30 m
Access to Housing	13.7%	-£0.03 m
Waste Services	12.2%	-£1.22 m
Young People's Services	11.8%	-£0.30 m
Learning and Education	10.8%	-£0.31 m
Road Maintenance & Transport Mgt	10.3%	-£0.96 m
<b>All Services</b>	<b>15.4%</b>	<b>-£22.38 m</b>

Caution is needed in interpreting the results above which are based on only 96 participants. However, the results give some indication about budget priorities.