

CABINET

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

Date: Wednesday, 21 December 2011

Time: 10.30 a.m.

A G E N D A

1. To consider 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 7th December, 2011 (copy supplied separately)
5. Draft Response to Government Consultation on Council Tax Reform (Pages 1 - 11)
 - Strategic Director of Resources to report.
6. British Heart Foundation Heart Town (Pages 12 - 14)
 - Director of Public Health to report.
7. Scrutiny Review of Regeneration Funding and Neighbourhood Renewal (Pages 15 - 30)
 - Strategic Director of Resources to report.

(A copy of the appendices to the final report will be available for inspection at the meeting)
8. Revenue Budget Monitoring (Pages 31 - 39)
 - Strategic Director of Resources to report.
9. 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 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).
10. Capital Programme - Capital Receipts Update (Pages 40 - 47)
 - Strategic Director of Resources to report.

11. Review of Non Residential Service Charges (Pages 48 - 54)
 - Strategic Director of Neighbourhoods and Adult Services to report.

12. Rationalisation of Property Assets - Council Offices, Doncaster Gate, Rotherham (Pages 55 - 60)
 - Strategic Director of Resources to report.

13. Strategic Partnering (Pages 61 - 65)
 - Strategic Director of Resources to report.

14. Digital Region (report herewith) (Pages 66 - 75)
 - Strategic Director of Resources to report.

| | | |
|---|--------------|---|
| 1 | Meeting: | Cabinet |
| 2 | Date: | 21 st December 2011 |
| 3 | Title: | Draft Response to Government Consultation on Council Tax Reform |
| 4 | Directorate: | Resources |

5 Summary

The report summarises the Government's proposals for the technical reforms to Council Tax, in particular **changes to exemptions for second homes and empty properties, which will generate additional income for authorities from the 2013/14 financial year.** Other proposals relate to Council Tax leaflets and payment profiles. The possible implications for Rotherham of the proposals are set out in this report. Attached as an appendix is the Council's proposed response to the Consultation paper issued on 31st October 2011.

6 Recommendations

Cabinet is asked to note :

- **The contents of this report; and**
- **The draft response to the DCLG Consultation Paper on the Technical Reforms of Council Tax.**

7 Proposals and Details

7.1 The Secretary of State for Communities and Local Government, published a Consultation Paper outlining Proposals for the Technical Reform of Council Tax WEF 2013/14 on 31st October 2011. The Consultation Paper requested responses by 29th December and the Council's draft response is attached as an appendix to this report. The response is being presented to Self Regulation Select Commission for consideration on December 8th prior to being submitted to Cabinet and then to the DCLG. The Government is seeking to make changes to legislation with a view to them coming into effect from 2013/14.

7.2 The changes being proposed by the Government are:

- Amending the range of discounts offered for second homes to 0% to 50% (instead of 10% to 50%); this would allow authorities to levy up to the full Council Tax on second homes.
- Replacing existing **Class A** (vacant dwellings where major repair works or structural alterations are required - valid for up to 12 months) and **Class C** (vacant dwellings valid for up to 6 months) with discounts of up to 100%, the value of which will be determined by billing authorities. Also proposed is abolishing exemptions for unoccupied repossessed dwellings (**Class L** exemptions) and making the lender (mortgagee) responsible for the Council Tax.
- Allowing billing authorities to levy an **empty homes premium** in respect of dwellings which have been left empty for two years or more.
- The default assumption will be that Council Tax payment will be in installments over 12 months rather than the current 10.
- Allowing authorities to publish online the information supplied with the annual Council Tax demand (i.e. the Council Tax leaflet) with a duty to supply a hard copy if requested.
- Changes to eliminate potential tax complications from arrangements involving third party suppliers where **solar panels installations** are placed on the roofs of dwellings without coming into the paramount control of the resident.

The Government wishes authorities to retain locally any additional revenue generated and accordingly Formula Grant will not be adjusted. However it is also noted that proposals discussed in the consultation on Business Rates Retention may affect this.

The DCLG indicated that it has no plans to change the rules on Council Tax relief currently available for homes left empty because a person has moved into a hospital or care home, (classes E and I) has died or has moved to provide care to another.- however the Council's response to the Consultation indicates that these discounts should also be reviewed on the same basis as other properties.

7.3 Implications for Rotherham

Second Homes

Currently there are **420 properties with a 50% second home discount in Rotherham this equates to a total discount of £0.207m pa** (after allowing for

Council Tax Banding). Under the proposals the Council would have discretion to award a discount of between 0% and 50%. Given the low number of properties involved no administrative or collection issues are foreseen.

At present Formula Grant is **not** reduced to offset any additional Council Tax income received on second homes. The removal of the discount on second homes would probably result in a reduction in the number of second homes declared and consequently a decrease in the amount allocated for second homes in Formula Grant. The Government is asking in the consultation for ideas as to how this problem can be overcome.

Empty Homes

Class A Exemptions - The Government proposes to abolish this exemption from Council Tax and replace this with a locally decided discount of between 0% and 100%. The additional amount raised by offering discounts below 100% would be retained by authorities.

At present there are **211 properties attracting a 100% Class A Exemption in Rotherham, which is equivalent to £0.2m** in Council Tax forgone (after allowing for Council Tax bands). Again, as the number of exemptions in Rotherham is not substantial, the replacement of the exemption should not result in any problems with tax collection and administration.

Currently properties are initially assessed for the exemption by the Council Tax Visiting Officer and inspected every 3 months to confirm that the exemption still applies. The current time limit of 1 year would seem reasonable. Allowing authorities discretion on the length and value of the discount as suggested could result in an increase in appeals and administration costs.

Class C – Vacant and Unfurnished. The table below shows the number of properties currently receiving a 50% Council Tax discount as a result of being unoccupied for more than 6 months.

| Council Tax Band | A | B | C | D | E | F | G | H | Total |
|--|-----|-----|-----|----|----|----|---|---|-------|
| Properties receiving 50% Zero Occupier Discount | 877 | 216 | 138 | 49 | 23 | 11 | 6 | 1 | 1,321 |
| Discount Awarded £'000 | 360 | 103 | 75 | 30 | 17 | 10 | 6 | 1 | 601 |

Of these properties 349 (equivalent to discounts of £143,000) are owned by the Council itself.

Currently 431 properties in the Borough are long term empty – vacant for at least 18 months - and receiving a discount of 50%. Ending this discount would generate an additional £0.2m pa.

Class L Exemption – Repossessed properties: it is proposed that the institution taking possession of the dwelling would be liable to pay council tax on that property. Unlike the other proposals around empty homes this additional income would be taken into account when determining the authority formula grant allocation so the net effect on authorities would potentially be nil.

Empty homes premium - The government is also asking for opinion as to whether authorities should be given the option of charging an 'empty homes premium' on properties that have been left empty for over two years. The current proposals may be more effective than the present 50% Council Tax discount in encouraging owners to bring empty properties back into use, however there could be significant implications for the administration and collection of the premium and a charge above 100% of Council Tax could be seen as punitive.

Council Tax Payments

The default assumption will be that Council Tax payment will be in installments over 12 months rather than the current 10. Currently the Council's normal payment profile is 10 monthly installments paid April to January with only Direct Debit payers being offered 12 installments. 18.2% of live accounts pay in 12 installments and a further 81.3% of live accounts pay by Direct Debit (38.6%) and cash etc (42.7%) over 10 installments (the remainder relates to Council debt e.g. for vacant council housing).

Making 12 installments mandatory and increasing the number of installments would have cash flow implications for the Council.

Information Supplied with Demand Notices

Currently the authority is obliged to provide, as a hard copy, information that comes with the Council Tax demand notice – the Council Tax leaflet. The Government "would like to remove this requirement and allow authorities to publish the information online with a requirement to provide a hard copy to a resident if requested". Currently it costs around £9k to produce the leaflet.

Solar installations on domestic properties

Changes are proposed to eliminate potential tax complications around arrangements with third party suppliers of panels. This should have no effect on current council tax income.

8. Finance

The financial issues are discussed in section 7 above.

9 Risks and Uncertainties

The costs of current discounts quoted do not include Police Fire and Parish precepts and the interaction of discounts with precepting authorities is still being assessed. The proposals would give the Council discretion to determine the actual discounts etc offered.

Problems may also arise in that if the Council offers no discount on empty homes and second homes, there will be less chance that empty homes are declared and registered, which could lead to the tax base being overstated. The proposals could also lead to additional administration being required to collect income.

Due to the changes being proposed in relation to the localisation of business rates the changes should not affect formula grant calculations for the authority

in the short to medium term. It is only when the Formula Grant system is reset under the new regime that problems may arise in determining the tax base.

10. Policy and Performance Agenda Implications

The Government proposals, if moved forward would present the authority with a number of options and potential new sources of income generation as a result of reducing or ceasing some Council Tax discounts.

11. Background Papers and Consultation

- Consultation Paper Technical Reforms of Council Tax – DCLG 31st October 2011
- Briefing from the LGA
- Briefing from Local Government Futures.

Contact Name: *Anne Ellis, Financial Services - Finance Manager (Financial Strategy)*, anne.ellis@rotherham.gov.uk

ROTHERHAM MBC

TECHNICAL REFORMS OF COUNCIL TAX - CONSULTATION

Rotherham MBC welcomes the opportunity to comment on the proposals for technical reforms of the Council Tax. In particular, any measures that increase the scope for local decision making and the adaptability of local taxation are much appreciated. This is particularly important given the financial pressures currently facing local authorities.

The Council is an active member of the LGA and would broadly endorse their comments on the proposals.

Although the Council is supportive of the objectives of increasing local financial autonomy and promoting local decision making and accountability, the Council is concerned that the interaction of the current proposals with other changes currently being considered in relation to the localisation of Business Rates and to Council Tax Benefit needs to be thoroughly explored.

Q1. Do you agree with the Government's proposal to extend the range of discount available to billing authorities in respect of second homes to 0 to 50 per cent?

RMBC currently awards a 50% discount to properties that are classed as second homes and welcomes the proposal to extend the range of discount available to billing authorities.

Q2. How might authorities choosing not to offer any discount on second homes identify them in order to report second homes as necessary for formula grant purposes?

Currently in Rotherham, each property is visited every six months to ensure that there has been no change that would affect the discount that has been awarded. In addition to visits other desk based checks are undertaken. To enable the authority to continue to identify a second home if no discount was given, we would anticipate our software company (and others) would make an amendment to the software used. A periodic review of these would also still need to be undertaken to check the categorisation of a second home was still correct. Literature available for Tax Payers and data capture would also need to be made relevant for purpose.

Q3. Do you agree with the Government's proposal to abolish Class A exemption and replace it with a discount which billing authorities may set in the range 0 to 100 per cent?

The Council do not see any issue with this exemption being replaced with a discount. However, there could be problems with allowing discretion over the percentage of discount allowed if authorities set different percentages and apply different criteria. Currently customers appeal to the Valuation Tribunal if they are unhappy with local authority decisions, it is unlikely this would be possible if each authority had a different system in place.

Q4. If Class A exemption is replaced by a discount, for what period should the new discount apply before such properties are treated as long term empties? Should the one-year time limit continue to apply, or should billing authorities have any discretion about it?

We consider the current one year time limit to be reasonable. As detailed above, allowing billing authorities to give discretion will undoubtedly mean an increase in appeals if there are differences in the administration and application of this type of discount.

Q5. If Class A exemption is replaced by a discount, should billing authorities be empowered to give different levels of discount for different cases?

At present, prior to the exemption being awarded a property is visited by a Council Tax Visiting Officer who assesses whether the criteria are met – i.e. the property is undergoing major repair or structural alteration. The property is then inspected every 3 months to confirm that the exemption still applies. If authorities were given discretion to give different levels of discount this would certainly involve an increase in the administration of this discount. Revenues staff would need appropriate specialist training and guidance to ensure correct level of discount was awarded dependent on the type of repair or structural alteration. It should be noted that the extra costs incurred in administration may outweigh any extra revenue generated.

Q6. Do you agree with the Government's proposal to abolish Class C exemption and replace it with a discount which billing authorities may set in the range 0 to 100 per cent?

Rotherham Council agrees with this proposal.

Q7.If Class C exemption is replaced by a discount, for what period should the new discount apply before such properties are treated as long term empties? Should the six month time limit continue to apply, or should billing authorities have any discretion about it?

It is our opinion that if the Class C exemption is replaced by a discount, the Government should legislate allowing a 100% discount be awarded for the first six months from the date the property becomes empty. If this was not to be the case, we believe the administration and collection of liabilities would be problematic. Typically, the debts involved would be small resulting in court action possibly being taken on smaller debts than at present which may result in increased costs and reduced satisfaction with the Council's service.

If a full six months 100% discount is not awarded for an initial period, the Council anticipates seeing a trend with the creation of fictitious liabilities with tenants as a means of tax avoidance.

Q8.If Class C exemption is replaced by a discount, should billing authorities be empowered to give different levels of discount for different cases?

Discretion to award different levels of discount for different cases would allow the Council to consider the reason a property remains empty and enable targeted and focussed work to be undertaken to bring the property back into use or for the owner to sell the property. However this approach is likely to complicate administration of the discount and could lead to an increase in administration costs per case.

Also, as with other areas of the consultation allowing discretion may see an increase in appeals for which the current appeals system, under which tax payers appeal to the Valuation Tribunal, may not be appropriate as tribunals are not currently geared up to deal with local schemes.

Q9.Should Government seek to make mortgagees in possession of empty dwellings liable to council tax?

The Council believes this is a sound proposal. The administration and collection of liabilities raised to mortgagees in possession should be relatively straightforward.

Q10.Would enabling local authorities to levy an empty homes premium on council tax have a significant impact on the number of homes being left empty?

The ability to levy an empty homes premium may see a significant impact in the number of homes being left empty; however the administration of this change would increase the administration required by the authority both in ensuring accounts were being billed correctly and in collecting the ensuing liability, for example in tracing the owners of properties.

Q11. In terms of a percentage of normal council tax, what should the maximum permitted premium be?

The Council believes levying a charge above the 100% maximum Council Tax liability would be punitive.

Q12. How long should a dwelling have remained empty before the empty homes premium might be applied in respect of it?

If this proposal was introduced we do not believe the premium should be applied until 12 months has passed.

The Council would also ask that Class E and I exemptions relating to properties left empty due to the owner being in residential care or receiving care elsewhere due to illness or old age should also be reviewed on the same basis as other exemptions.

Q13. Should constraints be placed on the purposes to which the additional tax revenue generated from an empty homes premium may be devoted?

The Council believes that authorities and local communities are best placed to decide how additional tax revenues generated by an empty homes premium should be used.

Q14. What circumstances if any should be defined as being inappropriate for levying the empty homes premium, and why?

Like the Government, the Council considers that an empty homes premium should not be levied on properties that are left empty as a result of a death/probate.

Q15. What practical issues would have to be addressed if the premium were to be implemented (for example in the consistent identification of empty homes) and how should they be resolved?

Currently, RMBC visit long term empty properties on a three month rolling cycle. The proposals have the potential to make the administration of liabilities more laborious. For example, if an empty homes levy was introduced, there may be an increase in the creation of fictitious tenancies as a way of avoiding tax. Visits may have to be carried out more frequently to identify the liable person. Debt collection would be more difficult in most cases and almost impossible where properties have been abandoned. This may lead to an increase in the number of debts that have to be written off. Currently, over 22% of accounts relating to properties which have been empty for at least 2 years have reached the debt liability order stage and this proportion could increase.

Q16. Do you agree that Section 66(2C)(a) should be amended along the lines suggested?

Yes.

Q17. Do you agree that the default pattern of council tax bill instalments should be payment by 12 monthly instalments (with other arrangements to be reached by agreement between taxpayer and billing authority)?

The Council does not support this proposal. Disadvantages include the interest on cash flow lost as payments are spread over a longer period, and an increase in processing costs, i.e. more costs in cashiering, paypoint transactional costs and back office processing of payments. As the proposal states taxpayers would be given the choice of paying over 10 or 12 instalments, costs of contacting each tax payer and administering their responses must also be factored in to this proposal.

Q18. Do you agree that billing authorities should be able to discharge their duty to provide the information that must currently be supplied with demand notices by publishing it online (with the exception of information relating to penalty charges, and subject to the right of any resident to require hard copy)?

Rotherham MBC fully supports this proposal. For the sake of consistency, We believe this should also apply to major precepting authorities and to parishes. We would also welcome clarification on whether the proposal will be applied to Business Rates bills.

Q19. Do you agree that domestic scale solar photovoltaic installed on dwellings should be treated as part of those properties?

Yes.

Q20. Do you agree that domestic scale solar photovoltaic should be defined as installations having a maximum generating capacity of 10 kW?

Q21. In what circumstances if any do the rules requiring the separate banding of self contained units of accommodation within a hereditament give rise to unfairness?

For RMBC the number of exemptions awarded for unoccupied annexes is 34 and for occupied annexes is 37 - the numbers are very low as part of the overall total number of properties.

In the past the Council has received customer enquiries regarding separately banded annexes where it has been felt that the annexe should be assessed as one property. This is generally where ownership has been transferred and the annexe is no longer used for its original purpose. Such cases frequently

become appeals to the Valuation Office agency. If the Council were able to award an exemption due to planning restraints preventing the annexe being let, the problem could be resolved. However, for unoccupied annexes with no planning restraints the customer would receive two bills.

Q22. Should the Government seek to make changes to these rules, and if so, what changes?

The problems arise as detailed in Q21 and are usually centered around annexes that are no longer used for the original purpose but still have a kitchen area or bathroom facilities (even where these are not in use) it would be helpful to clarify the position in such cases.

RMBC Cabinet Meeting

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|-----------|------------------------|---|
| 1. | Meeting: | Rotherham Metropolitan Borough Council Cabinet Meeting |
| 2. | Date: | 21st December 2011 |
| 3. | Title: | Rotherham: British Heart Foundation Heart Town |
| 4. | Programme Area: | Public Health |

5. Summary

To outline proposals for making Rotherham a British Heart Foundation *Heart Town*.

6. Recommendations

That Cabinet support the Cabinet Member for Health and Wellbeing's decision for Rotherham becoming a British Heart Foundation Heart Town with an aim to launch the initiative in January 2012

7. Proposals and Details

What is a Heart Town?

- The British Heart Foundation (BHF) wants to establish 50 Heart Towns across the UK, mobilising communities to help prevent and fight circulatory and heart disease. BHF would like to build on existing relationships within the borough and to establish Rotherham as one of the first 50 Heart Towns, and the first in South Yorkshire.
- Becoming a heart town will put an increased focus on cardiovascular disease, increasing awareness of risk factors and improving health and wellbeing of the community. The initiative aims to bring communities together through local fundraising and volunteering as well as raising awareness of heart disease and offering residents a range of support services including, schools initiatives, workplace health and lifestyle information resources.
- BHF will provide access to its information and training resources and organise a 'One Day' fundraising initiative to support their Mending Broken Hearts Appeal. A BHF team of staff and volunteers for Rotherham will coordinate local activity. The national ambassador for the Mending Broken Hearts Appeal, Jo Ward, lives in Kiveton Park. Events run and information produced under the Heart Town banner could signpost to existing local services that benefit cardiovascular health (eg Rotherham Stop Smoking Service, Reshape Rotherham, DC Leisure).
- A visual identity for Heart Towns has been produced and can be used to publicise Rotherham's commitment to reducing cardiovascular disease.
- Heart Town status is a 5-year commitment.

Why Rotherham?

- Cardiovascular diseases are a leading cause of death in Rotherham. Whilst more people die of cancers than of ischaemic heart disease (IHD), no single cancer causes more deaths than IHD. The combination of IHD, cerebrovascular disease, heart failure, complications and ill-defined heart disease cause 29.4% of all male and 28.9% of all female deaths in the borough.
- Early death rates from heart disease and stroke, whilst falling, are still higher than the England average.
- Rotherham is worse than the England average for lifestyle factors that contribute to poor cardiovascular health (smoking rates, obesity, population who are physical active and eat healthily).
- BHF already has a significant presence in Rotherham and has invested heavily in our community. It has funded
 - specialist nurses for heart failure, palliative care, cardiac care and a cardiac rehabilitation team
 - £100,000 Hearty Lives project for primary prevention of CVD for adults with learning disabilities, plus a further £140,000 for a service development manager within RMBC to manage the work
 - 58 schools are running the HeartStart (emergency life support training) scheme, with £10,000 invested for further development
 - Six community HeartStart schemes
 - Two Help a Heart grants awarded to voluntary sector groups
 - Two local BHF voluntary groups
 - Two BHF shops

What does Rotherham have to commit in order to become a Heart Town?

- RMBC would have to sign a community pledge with BHF agreeing to become a Heart Town for a five year period
- Adopt Heart Town branding
- Working with BHF, create a Heart Town ride/walk/run in the centre of town
- Support BHF work in schools, businesses and the community
- Support BHF fundraising and volunteering initiatives including:
 - One Day event and existing campaigns in the town
 - Red for Heart – be part of the BHF campaign for National Heart Month in February
 - Hand on Heart – nurturing a community of volunteers in the town
 - The BIG donation – encouraging the community to recycle and donate to BHF shops

8. Finance

There should be no additional funding required to become a Heart Town. If the branding were to be used on signage there would be cost implications related to production of the new signs, but BHF may be able to broker sponsorship for this through their corporate fundraising contacts.

There would be some officer time required to ensure the partnership approach is implemented successfully.

9. Risks and Uncertainties

There may be potential local reputational risk if RMBC is seen to be working with a major national charity and not supporting local voluntary organisations with the same aims. Other Heart Towns appear to have minimised this through having the One Day fundraising events splitting the sponsorship between BHF and local charities. This risk, however, is extremely small.

10. Policy and Performance Agenda Implications

The Heart Town initiative and the associated increased awareness of cardiovascular disease could help contribute to the achievement of relevant proposed indicators within the public health outcomes framework and the local health and wellbeing strategy.

11. Background Papers and Consultation

<http://www.bhf.org.uk/get-involved/in-your-area/heart-towns.aspx>

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| ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS |
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|----|---------------------|---|
| 1. | Meeting: | Cabinet |
| 2. | Date: | 21st December 2011 |
| 3. | Title: | Scrutiny review of regeneration funding and neighbourhood renewal – final report |
| 4. | Directorate: | Resources Directorate |

5. Summary

The attached report sets out the findings and recommendations of the *scrutiny review of regeneration funding and neighbourhood renewal*. The report was endorsed by Overview and Scrutiny Management Board (OSMB) at its meeting on 2nd December 2011.

Members are asked to consider the final review report, focusing in particular on the recommendations and links with other workstreams.

6. Recommendations

- a) That Cabinet receive the report and recommendations and note the links to other workstreams and – in particular – the November 9th Cabinet report: *targeting and coordinating resources to the most deprived areas*.
- b) That Cabinet members' responses to the recommendations are fed back to OSMB within two months.

7. Proposals and Details

Background

The review was commissioned following the publication of the latest indices of multiple deprivation, which showed a deterioration for a number of areas in Rotherham.

The initial scoping and research in July and August was followed by review sessions at Dinnington Resource Centre (6th October) and Overview and Scrutiny Management Board (21st October).

The main aims, as set out in the agreed scoping document, were to:

- assess the effectiveness of past neighbourhood-based regeneration programmes in Rotherham and identify good practice and key lessons
- see whether learning could be applied to the planning or delivery of existing or future projects to ensure the greatest impact is made
- analyse, in particular, the various intensive neighbourhood management schemes (i.e. Chesterhill, Local Ambition Programme) and assess the potential for further roll out.

Recommendations

The final review report (see attached) sets out a number of recommendations relating to various policy areas, which are summarised here:

Housing

- Work more proactively with private landlords and review housing allocations policy and practice.

Resource allocation

- Give area assembly teams greater flexibility to target their efforts where they are most needed and consider an overall shift to targeted rather than universal services.

Neighbourhood working

- Consider how the role of local coordinator can be created in deprived areas as part of wider local governance arrangements that incorporate a key role for members and senior officers and adapt *community budget* principles as appropriate.

Aspirations

- Ensure a renewed focus on raising aspirations through council commissioning processes, strategy development and effective partnership working (e.g. working with Jobcentre Plus to address barriers to employment.).

Strategic

- Ensure key council policies and strategies - particularly the economic plan - have an explicit focus on tackling long-term issues in the most deprived communities.

Prevention and early intervention

- Ensure that *prevention and early intervention* principles underpin the approach to targeting resources in deprived areas.

Communities of interest

- Carry out equality analyses and ongoing impact assessments and monitoring to ensure all proposed actions recognise and address the particular issues facing groups with protected characteristics under the Equality Act 2010.

Linkages

As the final report points out, the issues covered by the review overlap with a number of ongoing initiatives that are looking at how the council and partner agencies can make a sustainable impact in the borough's most deprived areas. These include:

- *Targeting and coordinating resources to the most deprived areas* – recent report to Cabinet by the director of commissioning, policy and performance (CPP) that covered similar ground to this review and suggested a four phase approach to tackling deprivation
- *Integrated single needs assessment* – aims to identify key themes from local intelligence documents that will help us to better target resources in the most deprived communities
- *Rotherham Partnership* – mapping service provision and partner spend to identify the extent to which core agencies' resources are targeted at Rotherham's most deprived neighbourhoods.
- *Scrutiny* – review of private landlords and forthcoming sessions on housing allocations and the economic plan

The scrutiny review reinforces a number of the recommendations in the director of CPP's report (e.g. deprived area "champions", more targeted approach to resource allocation). In particular, the *critical success factors* identified in that report (e.g. community involvement and ownership; local coordination and visibility; flexible use of resources) are borne out by the evidence presented as part of the review.

The full range of actions summarised above and set out in more detail in the final review report, will underpin the council and Rotherham Partnership's renewed long-term commitment to tackling deprivation and inequalities in Rotherham.

8. Finance

The scrutiny review has highlighted the fact that establishing effective working arrangements at a local level – in genuine partnership with local people – is often as important as the level of investment provided.

Through the various recommendations outlined in the report, the council and Rotherham Partnership should aim to better coordinate and target resources at areas of greatest need, recognising that it will mean a reduction or withdrawal of services in other areas.

9. Risks and Uncertainties

There is a risk that interventions will be short term and not achieve a sustainable impact. To avoid this, we will need to ensure that any new approaches are properly embedded within the council and partner agencies and become “the norm”.

10. Policy and Performance Agenda Implications

Understanding and responding effectively to the issues explored by this review are central to delivering the council’s corporate plan priority: “making sure no community is left behind”. Assessing our progress in reducing inequalities will be an increasing focus of the new performance management framework.

Effective working at a local level, in partnership with communities, responds to the government’s Localism agenda and the direction of travel indicated by initiatives such as *community budgets*.

11. Background Papers and Consultation

Targeting and coordinating resources to the most deprived areas – Cabinet report, 9th November 2011

A range of officers and members, who had been involved in various regeneration programmes, either attended the review sessions or were invited to provide written evidence.

All background material, including local and national evaluation reports, is either included in the report’s appendices or available on request.

Contact Name(s):

Michael Holmes, Policy Officer, x54417

Deborah Fellowes, Policy and Scrutiny Manager, x22769

Scrutiny Review of Regeneration Funding and Neighbourhood Renewal

Report of the Overview and Scrutiny
Management Board Panel

December 2011

Scrutiny Review Group:

Cllr Glyn Whelbourn (Chair)

Cllr Hilda Jack

Cllr Darren Hughes

Cllr Jenny Whysall

Cllr Jacquie Falvey

Cllr Jane Hamilton

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1 EXECUTIVE SUMMARY

The review was commissioned by RMBC Cabinet following the publication of the latest indices of multiple deprivation, which showed deterioration for a number of areas in Rotherham.

The main aims, as set out in the agreed scoping document, were to:

- Assess the effectiveness of past neighbourhood-based regeneration programmes in Rotherham and identify good practice and key lessons
- See whether learning could be applied to the planning or delivery of existing or future projects to ensure the greatest impact is made
- Analyse, in particular, the various intensive neighbourhood management schemes (i.e. Chesterhill, Local Ambition Programme) and assess the potential for further roll out.

Panel members agreed to focus on four particular areas that had previously been targeted for neighbourhood-based regeneration activity:

- Dinnington (SRB1)
- Ferham (Local Ambition Programme [LAP])
- Canklow (Housing Market Renewal Pathfinder, LAP)
- Chesterhill (intensive neighbourhood management pilot)

Summary of Key Findings

The review highlighted a wide range of issues that were felt to contribute to an area's continued vulnerability or "deprived" status, as well as identifying critical success factors within the various programmes. These included:

Problems / Issues

- Private landlords not letting responsibly - the same tenants "churning" around a small number of properties
- Housing allocations criteria not creating desired mix of residents
- Poor perceptions of deprived areas and stigmatising of residents
- Low aspirations / culture of worklessness
- Duplication and silo working leading to ineffective use of resources
- Short term programmes raise expectations, but then aren't continued or embedded

Successes

- Local coordinators provided visible presence and link between communities and service providers
- Good level of community engagement and involvement
- Regular walkabouts identified environmental issues that could be dealt with quickly
- LAP provided a tailored approach for each area rather than "one size fits all"
- Leadership role of local ward members

Summary of Recommendations

Housing

- Work more proactively with private landlords and review housing allocations policy and practice.

Resource allocation

- Give area assembly teams greater flexibility to target their efforts where they are most need and consider an overall shift to targeted rather than universal services.

Neighbourhood working

- Consider how the role of local coordinator can be created in deprived areas as part of wider local governance arrangements that incorporate a key role for members and senior officers and adapt *community budget* principles as appropriate.

Aspirations

- Ensure a renewed focus on raising aspirations through council commissioning processes, strategy development and effective partnership working to address barriers to employment.

Strategic

- Ensure key council policies and strategies - particularly the economic plan - have an explicit focus on tackling long-term issues in the most deprived communities.

Prevention and early intervention

- Ensure that *prevention and early intervention* principles underpin the approach to targeting resources in deprived areas.

Communities of interest

- Carry out equality analyses and ongoing impact assessments and monitoring to ensure all proposed actions recognise and address the particular issues facing groups with protected characteristics under the Equality Act 2010.

2 METHODOLOGY

Following the initial scoping exercise with members in July, extensive desk-based research was carried out throughout August. This looked at evaluation reports from a number of local programmes, as well as an evaluation of the *national strategy for neighbourhood renewal*.

Deprivation data was analysed to show trends over time for the review's focus areas and to compare Rotherham's progress on key economic indicators to other, similar districts.

This research identified a number of key themes that were then explored in more detail in October's review sessions. The sessions took place at Dinnington Resource Centre (6th October) and Overview and Scrutiny Management Board (21st October). Officers, ward members and community representatives were invited to attend and share their experiences of various regeneration schemes.

For further information see appendices:

Appendix A - research summary

Appendix B – themes and questions

Appendix C – Dinnington session notes

Appendix D – OSMB session notes

3 POLICY CONTEXT

National

A recent communities and local government committee report on regeneration strategy, concluded that ministers have no adequate strategy to address the complex problems faced by England's most deprived communities.

The report found the government to be "focusing overwhelmingly upon the achievement of economic growth, giving little emphasis to the specific issues faced by deprived communities and areas of market failure".

The sudden withdrawal of housing market renewal funding was particularly criticised, with the committee pointing out that "the decision to end funding so suddenly has had a profound impact on the lives of people in town and cities throughout the North and Midlands".

The committee recommended "that the government set out a plan for a "managed wind-down" of the housing market renewal programme in all pathfinder areas. In doing so, it should ensure that sufficient funds are available to eradicate the blight that has been left in many neighbourhoods".

Ultimately, the committee recommended that the government produces "a national regeneration strategy which addresses all these issues and sets out a coherent approach to tackling deprivation and market failure in the country's most disadvantaged areas. This should be the first step towards a more determined focus on the part of government to tackling the deep-seated problems that still blight too many of our communities.

The government's response to the report talked about the housing market renewal programme being halted because it "knocked down neighbourhoods in some of the most deprived areas of the country, and left families trapped in abandoned streets." The government also announced a £30m transition fund

“to help those people living in the worst-affected streets”.

The response went on: "We know that true regeneration can only be achieved by creating the conditions for communities and businesses to thrive in. That's why we have axed the regional development agencies and introduced business-led local enterprise partnerships and low tax, low regulation enterprise zones that are being planted across the country to give businesses the incentives they need to grow their local economy and create thousands of new jobs."

To some extent this approach chimes with findings of the recent evaluation of the Labour government's national strategy for neighbourhood renewal, which identified "economic performance in the wider sub-regional economy" as one of the most powerful factors in determining the likelihood of a neighbourhood improving.

Community budgets

Building on the previous government's Total Place initiative, the Coalition is launching a series of community budget pilots, enabling increased local control over public finances as part of the decentralisation drive.

The overarching aim of community budgets is to enable partners to redesign public services in their areas, agreeing outcomes and allocating resources across different organisations.

The three distinct community budget strands are:

Families with complex problems – Rotherham is a pilot area for this strand, which aims to give local councils and their partners control over spending to tackle social problems around families with complex needs.

Whole place - developing a pooled budget comprising all funding on local public services in an area

Neighbourhood level – this is probably the most relevant strand for the regeneration review. The aim is to give people more power over local services and budgets in a neighbourhood and align these with all the other resources that the local community can bring.

The neighbourhood could be an estate, a few streets, a ward, a collection of wards, or a parish. It must be something residents relate to and identify with.

Government see three potential scenarios in neighbourhood-level community budget areas

- A 'willing coalition' of residents, the council and other public service providers that would like to set up a community budget
- The local community represented by an 'association', 'anchor organisation' or 'neighbourhood council' are keen to draw down powers and responsibilities but are struggling to progress
- Local service providers are keen to devolve more resources, but the community lack the desire, confidence or capacity.

There may be opportunities for Rotherham to apply the community budget concept in tackling neighbourhood deprivation, building on the emerging pilot for *families with complex problems*.

Community First

Complementing community budgets, *Community First* is a new government funding programme, delivered by the Community Development Foundation. It aims to help communities come together to identify their strengths and local priorities in order to plan for their future and become more resilient.

Within Rotherham, a total of £712,000 has been allocated to 11 wards (based on deprivation data) over 4 years, with spending priorities to be determined by local panels supported by the council and key VCS organisations.

The council will have no direct control and limited influence over this funding, but again it could be used to help tackle problems identified by this review.

Local

Rotherham's neighbourhood renewal strategy (2005-10) and working neighbourhoods plan (2008-11), both sought to reduce inequalities in the borough. The neighbourhood renewal strategy (NRS), whilst targeting a number of specific areas identified as the most deprived in the borough, outlined a comprehensive approach linked to the old corporate plan/community strategy themes (Alive, Safe, Learning, Achieving, Proud). The broad aim was to improve the quality of life for people living in Rotherham's most deprived neighbourhoods, enabling everyone to realise their potential and benefit from the regeneration of the borough.

The working neighbourhoods plan, on the other hand, had an exclusively economic focus, aiming to address the gaps and needs around enterprise, employment and economic investment within our most disadvantaged communities.

The economic plan, which runs until 2020, but is due to be refreshed over the next 12 months with input from the new Rotherham Economy Board, has a specific strand on *economic inclusion and increasing participation*. This strand sets out actions needed to close the gap between Rotherham's disadvantaged and better-off communities, raising aspirations and encouraging enterprising behaviour.

The council's corporate plan has a specific priority of *making sure no community is left behind*. This is fundamentally about reducing inequalities and making sure no-one is disadvantaged by where they live.

Targeting and coordinating resources to the most deprived areas

This was a recent report to Cabinet that covered similar ground to this review and suggested a four phase approach to tackling deprivation

Integrated Strategic Needs Assessment (ISNA)

The ISNA aims to identify key themes from local intelligence documents that will help partners to better target resources in the most deprived communities.

The themes that have emerged are: housing, lifestyles (health and disabilities), jobs and worklessness, aspirations and pride in communities.

There will be a report to SLT and then members in November and December setting out findings and recommendations.

4 KEY FINDINGS

Problems / Issues

- *Private landlords not letting responsibly - the same tenants “churning” around a small number of properties*

This was highlighted as a problem in evidence from all of the case study areas. At the Dinnington session, witnesses talked about pockets of deprivation concentrated in a small number of streets. The areas tended to be characterised by a high proportion of private rented accommodation, with tenants “churning” around the same small number of properties/streets. The effectiveness of Dinnington landlords’ group, which aims to tackle the issue of problem tenants, is limited by poor attendance.

- *Housing allocations criteria not creating desired mix of residents*

An attempt had been made in Canklow to use housing allocations criteria to create a good mix of families, (e.g. a minimum number of people in employment, ensuring no history of anti-social behaviour etc.), but evidence suggested that more “problem” families had moved in.

Demolitions in Chesterhill were also largely a result of a failing allocations policy, which had created a concentration of problem tenants and a high level of churn (some properties being let seven times a year).

- *Poor perceptions of deprived areas and stigmatising of residents*

This was a strong theme in Canklow in particular and had been picked up in the Local Ambition Programme evaluation. The panel heard an example of a comprehensive school teacher referring to a child pejoratively as a “Canklownian”. There were concerns about how we might be able to address these ingrained issues.

- *Low aspirations / culture of worklessness*

Again, this was a recurring theme. There was an example, again from Canklow, of a pupil asking a teacher: “Why do you work?!” It was pointed out that the Jobcentre Plus outreach/drop in sessions in the LAP areas had been successful, but were not continued when LAP ended. This leaves a question of how people in deprived areas are going to be supported to access jobs and employment support.

- *Duplication and silo working leading to ineffective use of resources*

This was identified as a frequent problem and it was felt – in all the Local Ambition Programme (LAP) areas - that the coordinator played a key role in addressing this. Area Assemblies recognised the need to focus on particular areas, but lack of resources is an issue.

- *Short term programmes raise expectations, but then aren't continued or embedded*

There were examples of this from all of the case study areas. Not surprisingly, the fairly recent premature ending of LAP (due to government cuts) was highlighted. Another example was the Jobcentre Plus outreach/drop-in sessions in the Local Ambition areas, which were very popular, but haven't been continued.

In Dinnington, there were examples of interventions that hadn't been sustained or appeared to be piecemeal. This included housing enforcement resources that had helped to ensure 200 properties were brought up to a decent standard. This had now changed from a proactive to a reactive service.

Successes

- *Local coordinators provided visible presence and link between communities and service providers*

This was emphasised as being crucial by everyone who'd been involved in LAP, including ward members from East Herringthorpe. In both Ferham and East Herringthorpe, reinstatement of a local coordinator was identified as the top priority should any additional funding become available.

- *Good level of community engagement and involvement*

Community engagement had been central to the Canklow regeneration programme. Canklow Community Partnership had played an active role in the initial planning phase, for instance by sitting on recruitment panels to select consultants. Throughout the programme, officers had talked directly to households and businesses affected by demolitions and development, and had involved the local school and resident groups.

In Ferham, LAP had helped agencies develop links with community groups, particularly Ferham Community Group, the local TARA.

- *Regular walkabouts identified environmental issues that could be dealt with quickly*

The ability to deliver “quick wins” in response to residents' concerns was important. Regular walkabouts in Ferham, which have continued – though with reduced frequency – since the demise of LAP, led to visual improvements to the area with litter, fly-tipping and bins on streets reduced.

- *LAP provided a tailored approach for each area rather than “one size fits all”*

The importance of tailoring services to the needs of a particular area was another lesson from LAP. Panel members heard that, in East Herringthorpe, the youth service were a key partner, as there were issues around youth engagement, whereas in Ferham the police and SNT were more prominent, and in Canklow the local school was crucial.

- *Leadership role of local ward members*

The experience of Chesterhill, the original intensive neighbourhood management pilot, was that it was critical to have a strong democratic lead and visible involvement of ward members. All of the case study areas touched on the issue of having effective local governance arrangements.

5 RECOMMENDATIONS

Based on the extensive research carried out as part of this review and – in particular – the findings of the two review sessions, the panel would make the following recommendations:

1. More proactive work needed with private sector landlords to foment a more responsible approach to letting – to be picked up via the *scrutiny review of private landlords*.
2. Review the council’s approach to housing allocations to ensure existing policy and practice are helping to create sustainable communities – this to be referred to the *Improving Places* commission.
3. Investigate how existing area-based staff, across partner agencies, can take on the role of dedicated “coordinator” for specific areas, working with communities and partner agencies to ensure joined-up, responsive service delivery
4. Ensure reviews of neighbourhood management / area assemblies address the issue of how area-based teams can more effectively target their efforts and resources where they are most needed.
5. Consider whether the council and – where appropriate – partner agencies should move to an explicitly targeted, rather than universal, approach to service delivery, concentrating resources where they are most needed and withdrawing services from relatively affluent areas.
6. Ensure that the approach to supporting deprived areas is based as far as possible on the principles of prevention and early intervention so that resources target those areas that are at risk of becoming severely deprived, as well as those that are already suffering severe deprivation.
7. Investigate whether: a) existing funds can be redirected AND/OR b) additional external funds can be secured to provide short-term support that will help prevent areas that are vulnerable to becoming severely deprived from reaching “tipping point”.
8. A range of measures are recommended to address the issue of low aspirations:

- 8.1. Investigate whether the Inspire-Aspire toolkit can be used to evaluate the impact of commissioning activity on the aspirations of families
- 8.2. In conjunction with Jobcentre Plus (JC+) and drawing on any evaluation of the impact of outreach sessions held in the LAP areas, look at how the council, JC+ and other partners can work together to help people in deprived areas overcome barriers to employment
- 8.3. Refer this issue to the *Improving Places* commission as part of their examination of the Rotherham Economy Board and economic plan.
9. In the absence of a focused neighbourhood renewal strategy or working neighbourhoods plan, consider whether the economic plan – as part of its refresh – should have an increased focus on addressing relevant issues in the borough’s most deprived communities.
10. Reflecting the council’s corporate priority of “making sure no community is left behind”, ensure specific actions are planned within key council policies/strategies to reduce area-based inequalities. This should ensure a long-term focus - within the most deprived communities - on underlying issues such as poor health, employment and skills.
11. Making links with the council’s community budget pilot for families with complex needs, and with reference to the government’s community budgets prospectus and local integrated services initiative, prepare a report on the feasibility and possible benefits of establishing community budgets for specific Rotherham neighbourhoods. This should consider the need for effective local governance arrangements that enable genuine community involvement and partnership working.
12. Consider the benefits of identifying “champions” at member and senior officer level who can advocate for deprived areas and help to ensure that obstacles to effective, locally-led service delivery are swiftly overcome.
13. The focus of this review and many of the related initiatives highlighted in this report is on place-based deprivation. It is important to ensure that the particular issues faced by communities of interest within targeted geographical areas are also addressed, to ensure that all diverse groups benefit from the outcomes of interventions. Consideration needs to be given to groups with protected characteristics under the Equality Act 2010. These include older people and young people, disabled people, women, men, different ethnic groups, faith groups and lesbian, gay bisexual and transgender people. Otherwise, there is a danger of “double disadvantage” with certain groups disadvantaged by where they live and facing further barriers if services or interventions are not inclusive of their particular needs and requirements.

We would recommend that all actions arising from this review and any related initiatives to improve conditions in Rotherham’s most deprived neighbourhoods are subject to equality analysis and ongoing impact assessments and monitoring. This is to ensure that actions are inclusive of all groups with protected characteristics. Specific approaches to engage diverse communities will also be required.

6 THANKS

The review group would like to thank the witnesses for their time, co-operation and willingness to engage in this process. Their contributions are gratefully acknowledged.

7 CONTACT

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| | | |
|---|---------------------|---|
| 1 | Meeting: | CABINET |
| 2 | Date: | 21st December 2011 |
| 3 | Title: | Revenue Budget Monitoring for the period ending 30th November 2011 |
| 4 | Directorate: | Financial Services |

5 Summary

In setting the 2011/12 Revenue Budget the Council had to manage an unprecedented level of savings (£30.3m) resulting from the withdrawal of Central Government funding and grant allocations. It did this by ensuring the budget process focused on the customers the Council serves, the communities and businesses of Rotherham. Consequently, as a first course of action, our management and administration, and back office costs were streamlined.

This report provides details of progress on the delivery of the Revenue Budget for 2011/12 based on performance for the first 8 months of the 2011/12 financial year. It is currently forecast that the Council will overspend against its Budget by £7.393m (3.4%). This shows an increase in overspend of £470k compared to the budget monitoring report for the first 6 months of 2011/12. The main reasons for the forecast overspend are:

- The continuing service demand and cost pressures in looking after vulnerable children across the Borough, which are also being felt both nationally and locally by a large number of councils;
- Additional, one-off property costs relating to the continued rationalisation of the Council's asset portfolio as part of the efficiency drive to reduce operational costs; and
- The extended timescale for realising the full forecast management and business support savings of £1.45m.

6 Recommendations

Cabinet is asked to:

- **Note the progress made to date in delivering the significant financial challenges presented in the Council's Revenue Budget;**
- **Determine further actions to be taken by Directorates so as to minimise the impact on the Council's medium term financial position**

7.1 Proposals and Details

This report presents details of spending against budget by Directorate covering the first 8 months of the 2011/12 financial year – April to November.

7.2. The Overall Position

| Service Area | Annual Budget 2011/12 | Projected Outturn 2011/12 | Variance after Actions (over+)/under spend) | |
|---|--------------------------|---------------------------------|--|-------------|
| | £'000 | £'000 | £'000 | % |
| Children & Young People Services | 35,514 | 40,831 | +5,317 | +15.0 |
| Environment and Development Services | 39,668 | 39,264 | -404 | -1.0 |
| Neighbourhoods & Adult Services | 79,922 | 79,751 | -171 | -0.2 |
| Resources | 22,299 | 22,588 | +289 | +1.3 |
| Central Services | 42,219 | 44,581 | +2,362 | +5.6 |
| | | | | |
| TOTAL | 219,622 | 227,015 | +7,393 | +3.4 |
| | | | | |
| Housing Revenue Account (HRA) | 76,787 | 76,731 | -56 | 0 |

Appendix 1 to this report provides a detailed explanation of the key areas of forecast over / underspend by Directorate. The summarised position for each Directorate is described below.

Children & Young People's Directorate (£5.3m forecast overspend)

The £5.3m forecast overspend position is largely due to pressures within Safeguarding and Corporate Parenting Service and is a continuation of the position from 2010/11. The position in Rotherham is similar to that being publicly reported by statistical and regional neighbours as well as nationally.

CIPFA comparative benchmarking information (budgeted spend per capita) for Looked After Children for 2011/12 shows that these services in Rotherham are less well funded than in many other Authorities. Relevant comparative information is shown in the table below:

| | Rotherham | Metropolitan Authorities | Statistical Neighbours | Yorkshire & Humber | England |
|----------------------------|------------|-----------------------------|---------------------------|-----------------------|------------|
| | £ | £ | £ | £ | £ |
| Residential Care | 65 | 107 | 98 | 79 | 83 |
| Fostering | 109 | 125 | 134 | 108 | 122 |
| Short Breaks | 3 | 7 | 7 | 10 | 7 |
| Other LAC Services | 33 | 45 | 46 | 43 | 48 |
| | | | | | |
| Total LAC Spend | 210 | 284 | 285 | 240 | 261 |

Overall Rotherham's Safeguarding and Corporate Parenting services has a £6.31m lower level of funding than the average across Metropolitan Authorities, £6.46m less than the average across statistical neighbours and £3.42m less than the average across Yorkshire and Humber Authorities.

This comparative lower level of funding contributes to the pressures being evidenced in our Children's Social Care services despite the services' proactive approach to drive down costs including:

- Management actions (predominantly through successful recruitment to vacant Social care posts) is expected to result in an equivalent staff/agency cost reduction of £353k compared with 2010/11. Plans are in place to end all remaining agency assignments on or before the 30th December (with the exception of the Operations Manager (Central), and, going forward the basis for using agency staff will be 50% of vacant posts.
- A Multi-Agency Support Panel was introduced by the Director of Safeguarding & Corporate Parenting in April 2011 and has delivered in the past 6 months, **cost avoidance in the region of £2.9m - this represents costs avoided through effective multi agency management actions and decision making.**
- Successful work undertaken in commissioning and re-commissioning service provider contracts has led to significant cost reductions/cost avoidance (£0.7m)

The service has also implemented a number of invest to save actions which will facilitate the implementation of more preventative and early intervention services, delivering net savings in excess of £1m over the next four years. In addition, the service aims to reduce the number of out of authority fostering placements from 130 to 80 over the next 3 years.

The comparative data and the level of recurrent pressure in Children's services strongly indicates that the service is relatively underfunded and has a structural budget deficit, which needs to be tackled.

The various management actions and Invest to Save work implemented by the service is estimated to reduce these pressures going forward but it is still estimated that £4.384m of additional funding is required in 2012/13, reducing to £3.284m in 2012/13 (i.e. a reduced additional budget requirement of £1.100m from 2012/13 to 2013/14)

Children's Services are constantly looking for ways to reduce spend and increase efficiency with the aim of reducing their current forecast overspend.

Environment & Development Services (£404k forecast underspend)

The Directorate is forecasting an underspend of £404k due to forecast due to some one off savings in Waste due to deferred implementation of waste contracts and Regeneration and Planning savings due to restructures in the Cultural Services Service, and additional (non-recurrent) income recovery within the Transportation service.

Overall the Directorate is forecasting a £171k underspend. Within this, Adult Services are forecasting an underspend of £100k and Neighbourhood Services a £71k underspend. The forecast position is made up of a number of under and overspends, detailed in Appendix 1.

Resources Directorate - (£289k forecast overspend)

The Directorate is forecasting an overspend of £289k. Legal services are forecasting an overspend of £249k, Human Resources are forecasting an overspend of £70k and these are partially offset by forecast savings on Asset Management (£24k) and Commissioning, Policy and Performance services (£4k). Further details are included in Appendix 1.

Although Financial Services is currently forecasting a balanced budget for 2011/12 the service budget includes a number of savings (£1.141m) in relation to the successful completion of the Council's Strategic Partnership with RBT. Managing the transition towards reintegrating these services into the Council is ongoing and an update on delivery of these budgeted savings will be provided in the next budget monitoring report.

Other Issues

In setting the 2011/12 Budget, the Council pledged to **protect services for those in most need**. To do this, the Council put forward a wide range of Council-wide savings or additional sources of funding – totalling £14.4m. It is currently forecast that the Council may not fully realise this target this year by just over £2.362m (16.4%). The main reasons for this forecast variances (shown in brackets) are:

- **Management Review (£732k)** – Progress to date shows annual revenue savings of £930k have been achieved against a savings target of £1.25m. Due to timing effects, the saving for 2011/12 amounts to £518k as staff have left part way through the year. Work on the Management Review is due to conclude by the end of December 2011 and any further revenue savings will be included in the next budget monitoring report.
- **Business Administration Review (£130k)** – Progress to date shows that annual revenue savings of £134k have been achieved against the saving target of £200k. For 2011/12 this amounts to £70k as staff have left part way through the year. Any further revenue savings identified from this review will be included in the next budget monitoring report.
- **Localities Review & Premises Costs and Land Bank Pressures (£750k)** – the Council is optimistic that over time it will be possible to deliver the savings target however, none of these savings will be delivered in 2011/12. Additionally there are pressures on the Land Bank due to costs incurred for maintaining security of buildings and for preparing properties for the market. These are estimated to be c£250k.
- **Customer Services (£250k)** – The Council is now anticipating that this target will be delivered from 2012/13.
- **Shared Services (£500k)** – The Council is now anticipating that this target will be delivered from 2012/13.

Progress on delivery of the savings targets for improved Commissioning (£400k) is being managed proactively and is projected to be on target. An update will be included in the next budget monitoring report.

Other cross-cutting savings within the 2011/12 budget of £2.420m have been allocated across Council Directorates and performance against these is included in the Directorate forecast outturn positions reported in the table at 7.2 above.

Housing Revenue Account (HRA) (£56k forecast underspend)

At this stage of the financial year the Housing Revenue Account is forecasting a £56k underspend. Any underspend at the end of the year will transfer to HRA reserves (ringfenced funding).

8. Finance

The financial issues are discussed in section 7 above.

9 Risks and Uncertainties

Management actions have been put in place to address some of the issues identified to date and work is being undertaken to identify further actions. As these take effect they will be monitored to enable the impact of the actions to be assessed. Careful scrutiny of expenditure and income across all services and close budget monitoring therefore remain essential.

10. Policy and Performance Agenda Implications

The delivery of the Council's Revenue Budget within the parameters agreed at the start of the current financial year is essential if the objectives of the Council's Policy agenda are to be achieved. Financial performance is a key element within the assessment of the Council's overall performance framework.

11. Background Papers and Consultation

- Revenue Budget Monitoring Report – Cabinet 19th October 2011
- Revenue Budget and Council Tax for 2011/12 Report to Council 2nd March 2011.
- Strategic Directors and Service Directors of the Council

Contact Name: Andrew Bedford, Strategic Director of Finance, ext. 22004
Andrew.Bedford@rotherham.gov.uk

Key reasons for forecast over / underspends**Children & Young People's Services (£5.3m forecast overspend)**

The key factors contributing to the forecast overspend are:

Children Looked After – Forecast overspend of £2.195m net of Invest to Save funding. The forecast overspend on Residential out of authority placements is £646k. The number of children in residential out of authority placements as at 30th November is 16.

The forecast overspend on Independent Fostering placements is £2.703m. The number of children in Independent foster care as at 30th November is 131 (an increase of 24 since the end of March 2011).

The number of looked after children requiring placements increased from 345 at the end of March 2008 to 391 at the end of March 2011. As at the end of November this number is 392, an increase of 1 since the end of March 2011. The commissioning work to negotiate reductions in placement costs has already achieved a reduction in costs of £632K and an additional projected saving of £68k is included in the figures above.

Commissioning and Social Work – Forecast overspend of £1.943m due to staffing costs (£1,593k), interpretation costs (£30k), Section 17 payments (£38k), Section 23 payments (£10k), premises costs (£118k), Transport (£34K), supplies & services (£119k)

Other Children & Families Services – Forecast overspend £282k as a result of non-achievement of vacancy factor target (£79k), projected overspends on inter agency adoption costs (£177k), Special Guardianship allowances (£86k), Action For Children contract due to there being 27 care leavers to support & the budget was for only 15 (£278k) and offset by projected under spends on Adoption Allowances (£161k).

Support Services & Management Costs – Forecast Overspend of £625k is mainly due to Legal costs relating to Looked After Children.

Strategic Management – Forecast overspend of £295k mainly due to £242k costs on central supplies & services & £53k on non-achievement of vacancy factor.

School Effectiveness Service – Forecast over spend of £22k mainly due to staff savings not fully realised in year.

Access to Education – Forecast underspend of £9k due to staff slippage.

Youth & Community – Forecast Overspend of £86k due to a projected under recovery of income with the outdoor education service (£43k), a forecast overspend on the Youth Service (£52k) due to higher than anticipated top-slicing of premises costs. This is offset by staffing slippage within Adult Community Learning (-£9k).

Pension/Miscellaneous – Forecast Overspend of £20k due to additional pensions costs.

Delegated Services – Forecast Overspend of £75k. £1k of the forecast overspend is as a result of Rockingham Teachers Centre being unable to meet its income target as due to a reduction in staff within School Effectiveness Service they are unable to offer the normal

level of training courses. £64k is due to the Schools Music Service not achieving full year savings as the new structure was only implemented in September. £10k is due to an under recovery of income on the RBT Schools HR SLA.

Other Children Looked After Services - £148k forecast overspend which includes a forecast overspend on Residence Orders (£104k), additional staff costs in residential homes (£166k) and additional 'Boarding Out' costs (£22k). This is offset by forecast underspends on Fostering Team due to staff slippage (-£22k), fostering allowance payments (-£108k) and Families Together packages (-£14k).

The above overspends are being offset by under spends of £365k from redistribution of grant (-£107k), slippage on Invest to save implementation (-£129k) and below budget SEN placements (-£129k).

Environment & Development Services (£404k forecast underspend)

Streetpride – The service is forecasting an underspend of £215k which is due to some one off savings in Waste due to deferred implementation of waste contracts.

Regeneration and Planning – The service is forecasting an underspend of £189k, this is largely due to pay related savings due to restructures in the Cultural Services Service, and the Transportation service is reporting an improved (non-recurrent) position on income recovery.

Neighbourhoods & Adult Services (£171k forecast underspend)

Adult Services are forecasting an underspend of £100k, a number of pressures are being offset by a number of areas of forecast underspend. The key underlying budget pressures include:

Older Peoples' Home Care Service – forecast overspend of (+£536k) mainly due to increased demand for maintenance care within independent sector.

Physical and Sensory Disability Services – independent home care services forecast overspend (+£208k) due to a continued increase in demand. An additional increase of 90 new clients (+1037 hours) on service since April.

In House Residential Care - income shortfall in respect of client charges (+£235k).

Older People in-house residential care - additional costs to cover vacancies and long term sickness (+£206k).

Direct Payments – forecast overspend of (+£141k) across all client groups due to increase in demand, a net increase of 26 clients since April.

Transport - recurrent budget pressure on transport (+£246k) including income from charges.

These pressures are being offset by the following forecast underspends:-

Older People's service – forecasting a net underspend on independent sector residential and nursing care due to an increase in the average client contribution and income from property charges (-£316k).

Learning Disabilities – forecasting an underspend within supported living due to efficiency savings achieved on contracts with providers, slippage on developing a new scheme plus additional income from health (-£474k).

Physical and Sensory Disabilities - In year slippage on developing Supported Living Schemes (-£140k) plus slippage on developing specialist residential care placements (-£130k). These schemes will however be fully operational in 2012/13.

Rothercare Direct – forecasting an underspend (-£63k) due to slippage on vacant posts and a reduction in expenditure on equipment including leasing costs.

General Adult Services – forecasting an underspend on developing support to Carers (-£80k) and one-off slippage on vacant posts across the Directorate as part of the restructure and corporate reviews (-£469k).

Neighbourhood Services - £71k forecast underspend comprises:

Housing Access - There are small projected surplus balances within Adaptations Service (£5k) and Housing Management & Admin (£17k) as a result of vacant posts. These are partially reduced by a small forecast shortfall of £4k on the Medical Mobility and Community Care budget due to the unmet vacancy factor on this small budget area and a small projected income shortfall of £2k on the Housing Mortgage cost centre due to reducing income from Mortgage Interest.

Housing Choices - projecting a surplus within the Homelessness budget as a result of a post being held vacant since the post holder's secondment to another service area within Housing Choices (£7k), and a (£25k) projected surplus on the Lighting of Staircases budget as a result of some refunds relating to previous year's payments. The overall projected surplus for Housing Choices is (£32k).

Safer Neighbourhoods - forecast underspend within Community Protection mainly due to vacant posts, slightly offset by pressures on ICT support costs (£49k). Additional underspends are projected within Community Safety (£8k), and Anti-Social Behaviour (£18k) mainly due to vacant posts being held. These are slightly offset by a net pressure on Pest Control of £6k leaving an overall projected surplus of (£69k).

The Pest Control Service is currently facing a forecast income pressure of £21k which is being closely monitored.

Business Regulation - forecast underspends in Health & Safety and Food & Drugs totalling £81k mainly due to vacant posts. These are mostly offset by projected overspends on Animal Health and Trading Standards mainly due to the services being unable to meet its vacancy management target, and Licensing which is currently showing a projected pressure on income budgets. The overall projected surplus for Business Regulation is (£4k).

Neighbourhood Partnerships - forecasting a balanced budget despite a small pressure due to external audit costs on the Local Ambition programme.

Neighbourhoods Investment – forecasting an overspend of £50k at present until the review of external funding is completed which funds this team. The budget is funded by Growth/Housing Market Renewal Revenue Programme, New Build Council Housing and Homelessness funding as a result of work undertaken by this team that links to the Homelessness service.

Resources Directorate (£289k forecast overspend)

Asset Management – Overall forecast is a £24k underspend due to staff and ICT savings within Facilities Management.

Legal Services – Forecast is a £247k overspend due to non-achievement of vacancy factor and only part year delivery of some budgeted staff savings. (Non-recurrent)

Human Resources - Forecast is a £70k overspend due to non-achievement of vacancy factor (£45k) and shortfall on recruitment advertising income (£25k).

Commissioning, Policy and Performance services – £4k forecast underspend due to staff slippage.

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