

ROTHERHAM MBC

NARRATIVE REPORT 2015-16

Narrative Report 2015-16

Background

The Accounts and Audit (England) Regulations 2015 introduced new requirements for local authorities to publish a narrative report. The Regulations require local authorities to produce and publish a narrative report in respect of each financial year and comment on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year. The narrative report, which replaces the explanatory foreword, needs to be published along with the financial statements/Statement of Accounts and the annual governance statement, and has to be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. This requires that there should be a narrative report to accompany the financial statements and that this should be based on the information contained in the annual Statement of Accounts.

Introduction

This narrative report summarises what Rotherham MBC spent in 2015/16, how it was spent and what has been achieved in line with the Council's priorities and specific improvement agenda in the light of central Government intervention since February 2015. It provides a narrative context to the accounts by presenting a clear and simple summary of the Council's financial position and performance for the year and its prospects for future years.

The narrative report has been produced by the Council to better inform residents about how and where money is spent by the Council in the current specific context of its work towards strengthening its governance arrangements, improving the value for money of the services it provides and how it demonstrates leadership for local communities.

The narrative report sets out the Council's behaviours, values and standards for how it will conduct itself and sets out some of the key governance, operational and financial challenges it continues to face and seek to address in order to ensure it can operate in an open, accessible and transparent way.

Recent history

Rotherham MBC has experienced a unique position in local government during the 2015/16 financial year. Following the publication in February 2015 of a Corporate Governance Inspection (CGI) report, central Government issued legislative directions that appointed a team of five Commissioners to take over all executive decision-making at the Council. This meant that, from the start of the 2015/16 financial year, the Council's traditional decision-making structures had been re-configured so that executive decisions were taken by the Government-appointed Commissioners, in consultation with elected members, and in a way that continued to respect the role of overview and scrutiny.

The position of the Council during 2015/16 has been one of transition, with Commissioners working with elected members and officers to take the steps required to improve leadership, governance and the Council's commitment to upholding its best value duties. In the light of the positive steps taken towards improvement, some executive powers were

returned to the Council from February 2016, with continuing oversight of these decisions by the Commissioners. Rotherham is therefore now emerging from a period where executive decision-making had been removed altogether from Councillors. The Leader now has a Cabinet who are either able to make decisions over returned functions or work closely with the Commissioners who still make the final decisions.

The Council is committed to an ongoing improvement journey to provide Commissioners and the Secretaries of State with the evidence and reassurance required to bring about the restoration of decision-making powers in full as soon as possible. To support this aim the Commissioners have encouraged Councillors to continue to represent their wards and the wider Borough and to prepare for the return of full decision-making powers. Senior staff will also work to ensure Councillors are aware of the major choices the Council faces and give an account of progress such that Councils can hold them to account. The Commissioners will continue their role, even after the transference of powers back to the Council, to have ongoing oversight of the Council up to 2019, should this be required.

The Council's new senior management team and new political leadership are leading the Council in redefining what it stands for, what its priorities are, its promise to Rotherham residents and businesses, and its long term ambitions for the Borough. The Council is focused on providing services that residents want and need to sustain their quality of life by designing and delivering services with them. It is reshaping its internal and organisational values and practices to demonstrate its commitment to excellence and best value and ensure that residents are at the heart of every decision made.

About Rotherham

Rotherham Metropolitan Borough covers 110 square miles, featuring a wide range of urban, suburban and rural environments with 70% being open countryside. One of four South Yorkshire districts, Rotherham is centrally placed within the Sheffield City Region. The Borough has a growing population of 260,000 which is also ageing, with one in four aged over 60 years. The population has become increasingly diverse, with one person in 12 (around 8%) belonging to a minority ethnic group (though this remains lower than the national average of around 13%).

Rotherham has a proud industrial heritage based on coal and steel but these have declined over recent decades and the borough has undergone a transition to a more modern economy.

Large scale job losses affected Rotherham during the last economic downturn but the employment rate is rising again. Although nearly 100,000 jobs are based in Rotherham, 44,000 people travel to workplaces outside the borough. The Borough's economic flagship is the Advanced Manufacturing Park which is home to many companies including Rolls-Royce and Boeing. This is part of the 740 acre development at Waverley, which will deliver 4,000 new homes and 3,500 jobs; and is at the heart of the wider plans in partnership as part of the Sheffield City Region to deliver an even larger scale Advanced Manufacturing Improvement District.

Rotherham has excellent transport links to the rest of the country with easy access to the M1 & M18 motorways and a network of rail (including four stations within the borough) and bus services. There are five airports within 50 miles, including Robin Hood airport which is less than 20 miles away. Rotherham offers a good quality of life combined with a relatively low cost of living. Although house prices have risen over the years, they remain around half the national average.

There are numerous cultural and historical attractions in Rotherham, including the stately home of Wentworth Woodhouse; the award winning Clifton Park and Museum; the Magna Science Adventure Centre; and the spectacular ruins of Roche Abbey owned by English Heritage.

Despite a range of positive developments and opportunities the legacy of previous industrial decline continues to cause issues across Rotherham, which the Council continues to prioritise. Rotherham is ranked the 52nd most deprived district in England, mainly as a result of poor health, worklessness and low levels of adult qualifications (this despite very positive performance in terms of attainment in Rotherham's schools). In addition, deprivation has been increasing in the poorer parts of Rotherham but reducing elsewhere, risking an even more polarised borough in future if this trend continues. Health in Rotherham has long been poorer than average with life expectancy below that in England as a whole, although rising. Rates of coronary heart disease have reduced significantly over the last 10 years but the borough has high rates of disability and long term sickness.

Adult qualification levels are below average, particularly higher skills. However, a real strength of the borough is that 82% of pupils attend good or better primary and secondary schools, this leads to more children at the end of Key Stage 4 attaining well above those in neighbouring authorities and in line with national performance since 2012.

Rotherham is also a relatively safe borough with a crime rate below the South Yorkshire average and despite a recent rise, violent crime remains below the national average. Recorded anti-social behaviour has fallen by over a third over the last five years.

Visions and priorities

During the summer of 2015, the Leader of the Council and the Commissioners, supported by other leading councillors and a range of partners, met with people across Rotherham to listen to their views and their priorities for the future. This resulted in the 'Views from Rotherham' consultation report that was published in September 2015 to summarise the key findings.

The Leader of the Council, in consultation with other members, has used the feedback received to define a new vision for the Borough, as follows:

“Rotherham is our home, where we come together as a community, where we seek to draw on our proud history to build a future we can all share. We value decency and dignity and seek to build a town where opportunity is extended to everyone, where people can grow, flourish and prosper, and where no one is left behind.”

To achieve this the Council will work in a modern, efficient way, to deliver sustainable services in partnership with our local neighbourhoods, looking outwards yet focused relentlessly on the needs of our residents.

To this end the Council has set out four priorities or vision themes:

- *Every child making the best start in life*
- *Every adult secure, responsible and empowered*
- *A strong community in a clean, safe environment*
- *Extending opportunity, prosperity and planning for the future*

This is underpinned by a corporate commitment to provide value for money, customer-focused services, make the best use of the resources available to us, be outward looking and work effectively with partners; as part of demonstrating that Rotherham MBC is 'a modern, efficient council' in line with the above vision. The headline measures and priorities across the Council that will support the delivery of this new vision will be set out in a finalised 2016/17 Corporate Plan and Performance Management Framework, due to be considered at the first full Council meeting in the 2016/17 municipal year (i.e. 13th July 2016).

Delivering the vision and priorities

Over the next year the Council will be focusing on reforming services against the backdrop of making necessary in year savings of £21.0m, this represents over 10% of the Council's net revenue budget.

This is in the context of the recently approved Medium Term Financial Strategy ('MTFS') for the Council which sets out a three-year approach to delivering a balanced and sustainable budget plan which will be a significant challenge given the likely scale of the funding gap facing the Council up until the end of the decade and the likelihood that the local government finance system will be the subject of fundamental change that will see the Government's Revenue Support Grant to councils end, making them wholly funded from income generated locally from business rates, council tax and fees and charges..

Each Directorate is developing its own service business plans to support delivery of a new Corporate Plan setting out the council's vision and priorities for 2016/17. This performance management process is supporting a renewed focus on continuous improvement, early intervention, cross directorate working, implementing good practice and raising standards throughout all Directorates.

Partnership working is also recognised across all services as being essential to the future of the borough; combining knowledge, ideas, expertise and resources to deliver tangible improvements, deliver efficiencies and economies of scale, and strengthen local communities.

Working in partnership

The new 'Rotherham Together Partnership' was launched in September 2015 and brings together a wide range of organisations, including major public bodies (such as the police, health agencies, education and the fire and rescue service), local businesses and the voluntary and community sector, to look collectively at how all partners can work together to deliver improvements for local people and communities by combining their knowhow and resources.

A Partnership Action Plan for 2016/17 was launched in March 2016 and partners will be developing a longer-term Community Strategy over the course of 2016, to come into force from 2017. Supporting boards and partnerships include the Health & Wellbeing Board; Children & Young People's Partnership; Safer Rotherham Partnership; Business Growth Board; Sheffield City Region; and schools, colleges and children's centres.

The Council's Performance Management Framework and service plans

The Council's Performance Management Framework outlines the Council's performance management principles which are

- *Honesty and Transparency;*
- *Timeliness;*
- *Working together; and*
- *Council-wide responsibility*

In addition to these principles, the Council's performance framework is a critical means by which the Council can make use of performance information to challenge its effectiveness and work to improve services and make them more customer friendly. The framework is structured around a continuous improvement and performance management cycle and aims to provide an overview of the Council's performance management arrangements at every level of the organisation.

The framework is a key tool in ensuring that all staff and councillors understand how their individual contributions are critical in enabling the entire organisation to deliver effective services, continuous improvement and value for money for the people of Rotherham.

Service and team-level plans are a vital part of the Performance Management Framework, in addition to the over-arching Corporate Plan, setting out what the Council needs to deliver, focus on and improve; as well as how this will be achieved. The Framework provides the critical 'golden thread' to ensure that the Council is working effectively together, across all services, to achieve its strategic priorities.

The Corporate Plan sets out specific actions within each of the four vision themes noted above, as well as the cross-cutting corporate commitment to a 'modern efficient council'. The Plan describes what the Council's main outcomes, measures, indicators and targets will be over the next 12 months, with these further supported by underpinning service plans. As the Council operates in a constantly changing environment it will need to ensure that the content of these performance measures and plans are kept under review as it reports on performance over the coming year; and will review the entire plan, service plans and its headline measures more formally for the start of the 2017/18 municipal year.

Financial performance for the year

Included alongside this report is the Council's annual **Statement of Accounts**.

The Statement of Accounts summarises the Council's financial performance during the year ended 31st March 2016 and its overall financial position at the end of that period. By law, all councils must produce a Statement of Accounts every year. They contain all the financial statements and disclosure notes required by statute and have been prepared in accordance with the Code of Practice on Local Authority Accounting for 2015/16 together with guidance notes as published by the Chartered Institute of Public Finance and Accountancy ('CIPFA').

The key sections included in the accounts are:

Statement of Responsibilities

This sets out the respective responsibilities of the Council and the Executive Director of Finance and Customer Services.

Comprehensive Income and Expenditure Statement

This account summarises the revenue costs of providing all council services and the income and resources received in financing the expenditure.

Movement in Reserves Statement

This statement shows the movement during the year of the different reserves held by the Council.

Balance Sheet

The Balance Sheet includes information on the Council's non-current and current assets, short term and long term liabilities and the balances at its disposal at the reporting date.

Cash Flow Statement

This statement provides a summary of the flow of cash into and out of the Council for revenue and capital purposes.

Notes to the Core Financial Statements

These notes expand on important points shown in the core statements and provide further explanation of movements and balances.

Housing Revenue Account

This account reflects the statutory obligation under the Local Government and Housing Act 1989 to show separately the financial transactions relating to the provision of local council housing.

Collection Fund Statement

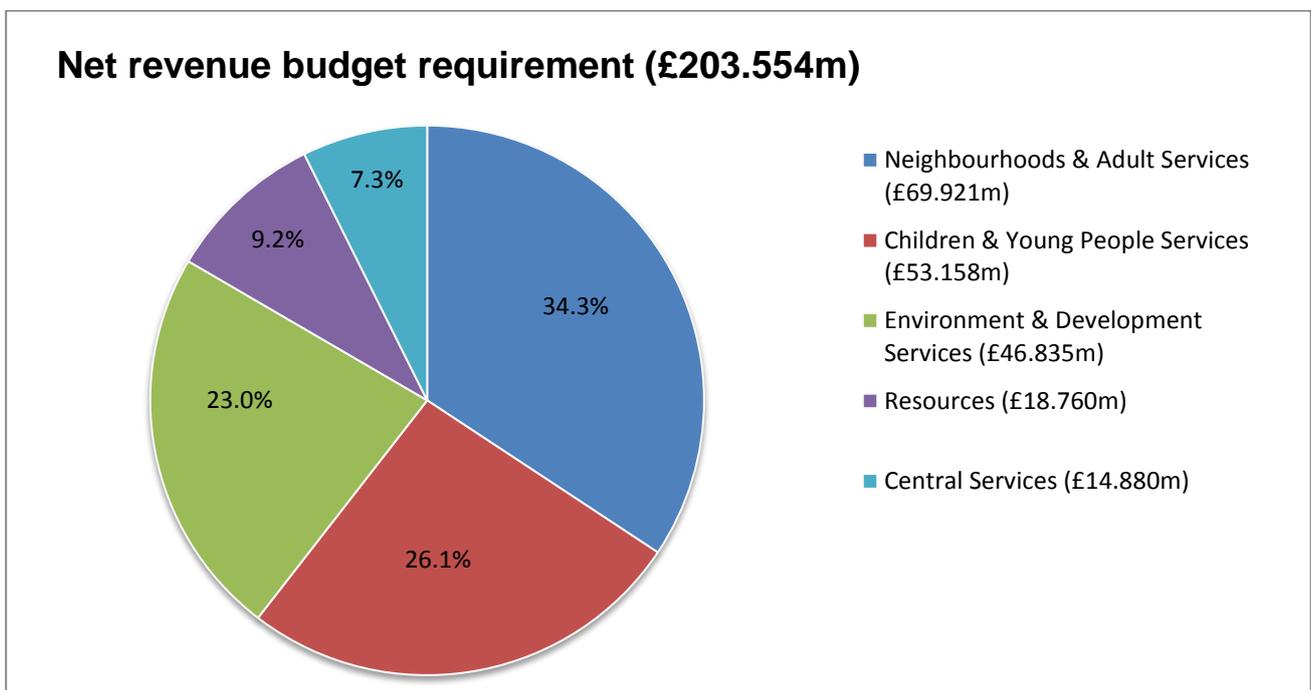
This statement summarises the transactions of Rotherham as a Billing Authority in relation to National Non-Domestic Rates and Council Tax, and also illustrates the way in which income has been distributed to precepting authorities (i.e. South Yorkshire Fire and Police).

Revenue & Capital Expenditure Outturns

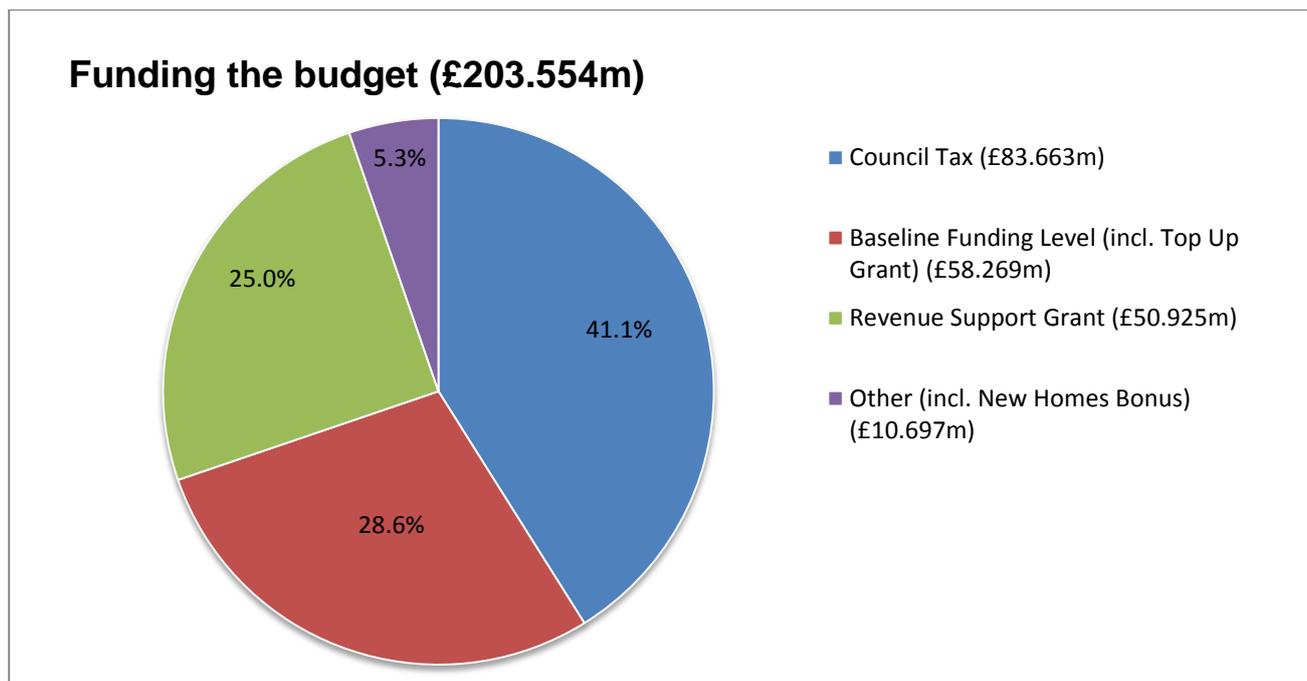
A summary of the Council's revenue and capital outturns for 2015/16 is included in the following paragraphs. Further details can be found in the report presented to the Cabinet/Commissioners Decision Making Meeting on the 11 July 2016. The agenda for this meeting can be accessed through the Council & Democracy page of the Council's website.

Revenue expenditure overview

Revenue expenditure covers the day-to-day running costs of the Council's services. The net revenue budget for 2015/16 was £203.554m (after taking account of income from specific grants and fees and charges) and was split by portfolio as follows;



The net expenditure was budgeted to be funded by



Revenue Outturn

General Fund Services

The Council set a revenue budget for General Fund services (excluding schools) of £203.554m in 2015/16. The actual outturn of £203.413m was a £0.141m underspend inclusive of traded services balances.

The General Fund Working Balance remains at £11.269m.

The Council's Revenue Reserves have decreased by £18.721m to £100.478m.

The principal reasons for the £0.141m underspend are:

- A £0.548 underspend on Neighbourhoods and Adult Services mainly as a result of additional income from the Furnished Homes scheme and additional fee income from the increase in private sector adaptations;
- A £1.316m underspend on Environment and Development Services mainly as a result of savings against a number of budgets, e.g. on waste collection and waste disposal services, offsetting some on-going underlying operational pressures, e.g. the decrease in major planning applications and search fees in planning;
- A £0.359m underspend on Resources with reduced costs, such as in HR and Payroll services, being partially offset by overspends in other areas, such as higher volumes of legal and statutory notices and unachieved Print unit income;
- A £1.001m underspend in Central Services with significant savings, such as those against the voluntary severance budget and the discount received through the

prepayment of the pension's deficit being partially offset by overspends, e.g. on the implementations of the new social care system and the Imagination Library;

- An overspend of £8.409m on Children and Young People Services which is largely due to the volume of placements and the high level of costs associated with the placement of Looked After Children in out of authority placements, the use of agency staff to cover vacant Social Worker posts and the use of interims to provide essential leadership and direction to the service; and
- The planned use of one-off reserve funding of £5.326m

Schools outturn

In addition to General Fund balances and reserves the Council also holds £3.722m relating to School Delegated Budgets. As can be seen below, this represents a reduction of £1.331m on the previous year. The reduction has arisen, in part, due to schools having drawn down balances to support spending in 2015/16 and, in part, due to the transfer of school balances from the Council's balance sheet as a result of schools converting to an academy during the year.

2014/15 £m		2015/16 £m
0.135	Schools' Declared Savings	0.038
4.918	Unspent Schools' Budgets	3.683
5.053	Total	3.722

Housing Revenue Account Income and Expenditure Account

For 2015/16, the Income and Expenditure Account shows a surplus on the provision of HRA services of £1.929m. This is adjusted for items which are charged to the HRA under normal accounting practice but which are disregarded in determining the amount to be met by rent payers. These adjustments amounted to £5.275m and led to an overall surplus of £7.204m for 2015/16 which is principally due to savings on Supervision and Management costs; a reduction in the revenue funding of capital costs resulting from a reduced capital programme to mitigate the impact of the revised rents policy; and a decrease in the provision for bad debts resulting from the lower than expected impact from changes to the welfare benefits system.

The balance on the HRA at the end of 2015/16 was £27.932m. Under self-financing, all the risks of managing housing rest with the Council. This means that the Council needs to maintain a higher level of HRA reserves in order to fund all expenditure relating to the management and maintenance of housing stock and mitigate any potential risks the Council now faces. These risks include the costs of impairment/revaluation of non-dwellings which is a real charge to the HRA and Welfare reform which brings additional risk of lower income collection and increased cost of collection.

Comprehensive Income and Expenditure Statement

Revenue expenditure is reported in the accounts in the *Comprehensive Income and Expenditure Statement*. This shows the accounting position for the year, a surplus for 2015/16 of £31.692m (following schools balances transferred out on conversion to academies), and indicates the movement in the Council's net worth over the year as shown in the Balance Sheet (i.e. a change of £31.692m moving from £42.188m to £73.880m as at 31st March 2016).

The Comprehensive Income and Expenditure Statement is split into two parts. The first part reflects the full economic cost of providing council services for the year ('operating costs') with the results summarised as the Surplus or Deficit on the Provision of Services. The second part, other comprehensive income and expenditure shows the gains or losses in the measurement of the assets and liabilities of the Council. These gains or losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pensions' assets and liabilities.

The final General Fund outturn position (£203.414m) may be reconciled to the financial position reported in the a Comprehensive Income and Expenditure Statement as follows;

	Net budget (£m)	Net spend (£m)
Outturn report (GF services)	203.554	203.413
HRA and Public Health		(7.015)
		196.398
Amounts not reported to management or excluded from cost of service (including recharges)		5.733
Cost of Continuing Operations		202.131
Other operating expenditure, financing and investment income and expenditure, taxation and non-specific grant income		(164.035)
Deficit on Provision of Services		38.096
Other comprehensive income and expenditure		(70.080)
Total		(31.984)
School balances transferred on conversion to academies		0.292
Overall change in net worth		(31.692)

Balance Sheet

The *Balance Sheet* presents the Council's financial position, i.e. its net resources at the financial year end. The balance sheet is composed of two main balancing parts i.e. its net assets and its total reserves. The net assets part shows the assets of the Council would have control of after settling all its liabilities. The balance of these assets and liabilities is then shown as being attributable to the various reserves of the Council.

Reserves

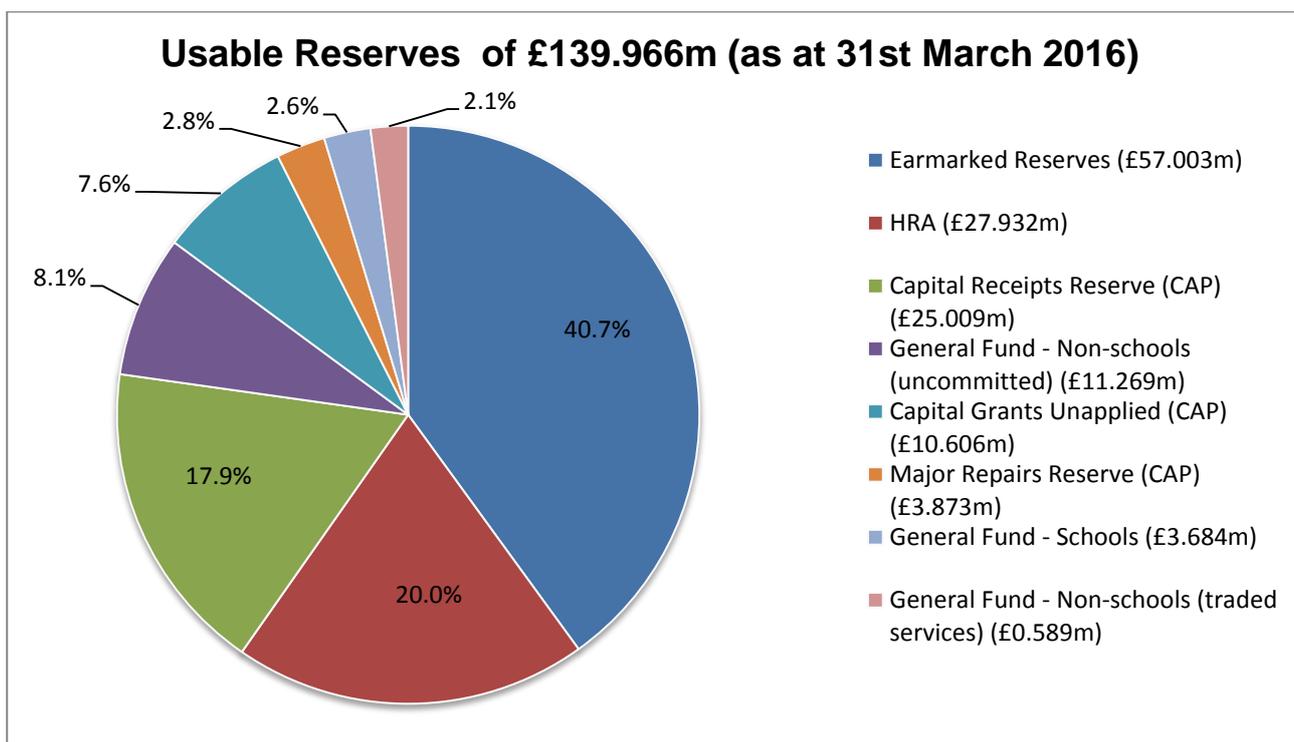
The Council manages its funds between two categories of reserves, usable reserves and unusable reserves.

Unusable reserves are funds that cannot be used to provide services or used for day to day running costs. The unusable reserves hold funds that have 'unrealised gains or losses'. For example, we have assets such as land and buildings whose value changes over time so these funds can only be 'unlocked' and turned into usable funds if the assets are sold.

Usable reserves are funds that the Council has set aside to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve may only be used to fund capital spend or repay debt, and cannot be used to support revenue directly).

As at 31st March 2016, the Council held £139.966m of usable reserves. Included within this balance are capital reserves of £39.488m which can only be used to finance capital expenditure or repay debt. They cannot be used to support revenue directly.

This leaves £100.478m of revenue reserves and balances. However, most of these are ring-fenced (HRA and school balances) or earmarked for specific purposes.



The uncommitted General Fund balance of £11.269m offers financial resilience against unforeseen costs and contingencies. Representing 5.65% of the Council's 2016/17 net revenue budget, this is considered a prudent level which will allow the Council to safeguard itself against the potential financial risks in its MTFS.

A breakdown of the in-year movement on each of the usable reserves can be found in the Movement in Reserves Statement.

Capital expenditure overview

Capital spending is generally defined as expenditure on the purchase, improvement or enhancement of assets, the benefit of which impacts for longer than the year in which the expenditure was incurred.

Total capital expenditure in 2015/16 amounted to £81.893m which is inclusive of new PFI and Finance Leases of £13.683m and is analysed by Directorate as follows:

	2015/16 £m
<u>Children & Young People Services</u>	12.526
<u>Neighbourhoods & Adult Services:</u>	
- Housing Revenue Account	28.267
- Housing General Fund	3.406
- Adult Social Services	0.808
<u>Environment & Development Services</u>	36.179
<u>Resources</u>	0.707
Total	81.893

The capital expenditure was financed as follows:

	2015/16 £m
Borrowing need	19.646
Waste PFI Finance Lease	13.683
Major Repairs Allowance (MRA)	20.932
Grants & Other Contributions	19.318
Capital Receipts	3.092
Internal Funds (e.g. Reserves, etc.)	5.222
Total	81.893

Major items of capital expenditure incurred are as follows:

	2015/16 £m
<u>Non Housing:</u>	
Carriageway Resurfacing	5.810
Street Lighting	2.362
Old Flatts Bridge	2.052
Pool Green Roundabout	1.021
Social Care IT System	1.079
PFI Waste Plant	19.276
New School (Eldon Road) - now Eastwood Village Community Primary	4.520
Wickersley Comp Expansion	1.850
Various Academy Schools PFI lifecycle costs	2.543
<u>Housing Investment Programme:</u>	
Physically Handicapped Conversions / Improvements (Public)	1.394
Replacement of Central Heating Systems	3.003
Voids Programme	4.046
Refurbishment of Council Stock	9.824
Investment in Non-traditional Properties	2.221
Physically Handicapped Adaptations (Private)	1.552
District Heating Conversions	1.371
Strategic Housing Acquisitions	3.250
Furnished Homes	1.250

Treasury Management & Prudential Indicators

A summary of the Council's borrowing activities for 2015/16 is shown below. Further detail of the Council's Treasury Management activities and prudential indicators can also be found in the report presented to the Cabinet/Commissioners Decision Making Meeting on the 11th July 2016. The agenda for this meeting can be accessed through the Council & Democracy page of the Council's website.

2014/15 £m		2015/16 £m
448.883	Balance as at 1 April	446.597
	<u>Plus:</u>	
20.000	New long-term borrowing	30.000
0.000	Long-term borrowing repaid	0.000
(22.286)	Re-classified as temporary borrowing (repayable in the following financial year)	(17.292)
446.597	Balance as at 31 March	459.305

The Council's temporary borrowing activities are summarised as follows:

2014/15 £m		2015/16 £m
27.279	Balance as at 1 April	22.286
	<u>Plus:</u>	
5.771	New temporary borrowing	13.000
22.286	Re-classified from long-term borrowing	17.292
55.336		52.578
(5.771)	Repayments in the year	(13.000)
(27.279)	Repayment of prior year's reclassified long-term borrowing	(22.286)
(33.050)		(35.286)
22.286	Balance as at 31 March	17.292

Key changes in accounting policy

The Council's financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') and the CIPFA Code of Practice on Local Authority Accounting for 2015/16. The accounting policies adopted by the Council are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

There has been one significant change in accounting policy during 2015/16 for the implementation of IFRS13 Fair Value Measurement. This standard provides a consistent definition of fair value throughout the accounts for assets and liabilities; fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The impact of the change has resulted in revaluations, with additional disclosures in the financial statements and notes, for financial instruments, property assets (Assets Held for Sale, Investment Properties and Surplus Assets) and pensions.

In 2016/17, the CIPFA Code of Practice will adopt the Transport Infrastructure Assets Code, resulting in a change to the measurement basis for the Council's highways related assets. The new Highways Network Asset will be valued at depreciated replacement cost, replacing the depreciated historic cost value reported in these accounts. The new valuation approach is expected to significantly increase the value of the Council's Balance Sheet from 1st April 2016.

Financial outlook

Like all local authorities across the country, the Council continues to operate against an annually reducing budget from central Government and increasing costs and demand for services. There is an increasing dependence on the funds that the Council can itself generate locally, through Council Tax and the share of business rates retained. Alongside this there are frequently factors beyond local control, subject to national and global decision-making, which increase the risks around how the Council can ensure it has the resources required to deliver the services that local people need.

Over the last 5 years (2011/12 to 2015/16) the Council has successfully responded to the significant and unprecedented financial reductions imposed on local government as part of the Government's austerity programme. Over this 5 year period, the Council has addressed a cumulative funding gap of £117m.

For 2016/17 the Council is required to achieve its plans to meet a further £21m funding gap to address the provisional finance settlement for the Council, include essential investment requirements, and reflect additional corporate savings.

In addition, since April 2013, local authorities have been required to manage an unprecedented transfer of financial risk through the Government's significant and ongoing reforms of both local government finance and welfare (benefits) systems. For example, the localisation of business rates retention and the abolition of Council Tax Benefit being replaced by a local Council Tax Reduction Scheme.

Equally, the Government continues to place restrictions on how local authority finances can be used through the Council Tax Excessiveness principles, requiring a local referendum if the proposed Council Tax increase is 2% or greater. For councils like Rotherham, with Adult Social Care responsibilities, the Government has increased this threshold by a further 2% from 2016/17 to encourage these councils to generate further local funding in recognition of the significant funding challenges facing this particular service area.

In meeting the year on year significant financial challenges presented, the Council has demonstrated a successful track record in delivering its financial plans. However, it is recognised that into the future this will only be sustainable if the Council maintains a clear focus on its corporate plan priorities and key outcomes and puts in place a new, different relationship with its citizens, residents and other stakeholders.

The Council's budget strategy has been to limit, as far as possible, the impact of funding cuts on front line services particularly on the most vulnerable residents, whilst looking to grow the local economy to maximise future income generation potential, as well as to boost the wellbeing and prosperity of Rotherham's residents.

The climate of continued funding cuts from Government and the pace of growth in the local economy has made this strategy difficult to maintain.

More will be done to review how we can further transform services to deliver further savings and to look for opportunities for joining up or rationalising service arrangements where this is sensible to do so and will reduce costs.

However, the further planned government funding cuts over the period to 2019/20 mean that it is inevitable that some of the future savings the Council will have to deliver will inevitably impact on frontline services.

Further work is currently on-going to refresh the Council's recently approved MTFS to show the likely and full extent of the funding gap until the end of the decade (2019/20) within the context of a fundamental redesign of the local government finance system which is likely to see local government having to take on additional responsibilities and working within the Sheffield City Region Devolution Agreement.

Signed.....

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Date.....*29/6/16*.....