

## Background to the Budget and Financial Strategy

### 1. Budget Challenges

- 1.1 The particular challenges which the Council has to take account of within its budget and financial strategy are summarised below:
- 1.1.1 Rotherham has a proud industrial heritage of coal mining and steel making, the latter still being a large employer in the town. Former industrial areas have been regenerated, creating thousands of new jobs or reclaimed for greenspace. Rotherham has one of the fastest growing local economies and employment has grown rapidly over recent years whilst unemployment has fallen. The Advanced Manufacturing Park and neighbouring Waverley housing development are delivering 3,900 new homes and 3,500 jobs over a 20 year period.
- 1.1.2 Health in Rotherham is generally poorer than average with life expectancy below the English average although it has risen over the last decade. Rates of coronary heart disease have reduced significantly over the last 10 years but the Borough still has high rates of disability and long term sickness.
- 1.1.3 Adult qualification levels are below average, notably degree level skills, but these have improved greatly in recent years and Rotherham College has just opened a university centre in the Town Centre. The provisional data for 2019 also shows that Rotherham is 2.8% below the national average at Foundation Stage; 5.8% below the national average at KS2 and 2.3 points below the national average for Attainment 8 scores at KS4.
- 1.1.4 Rotherham has excellent transport links to the rest of the region and country, being well served by the motorway network and there are rail connections to Sheffield, Leeds, Manchester, York and other cities. A new innovation is the Tram Train which connects Parkgate, Rotherham Central, Meadowhall and Sheffield. There are five international airports within 80 km of Rotherham, including Manchester.
- 1.1.5 Rotherham offers a good quality of life combined with a relatively low cost of living. House prices have risen over the years and the average house in Rotherham costs £140,000 but this is far below the English average of £249,000. Rotherham people are very proud of their local parks and country parks, particularly Clifton Park which has won national awards.
- 1.1.6 Rotherham has numerous visitor attractions, notably the stately home of Wentworth Woodhouse which is now being restored. The Magna Science Adventure Centre is a well-established visitor attraction and a major new development is the £37 million Gulliver's Valley family resort in the south of the Borough, which is due to open in Spring 2020. There are also the ruins of Roche Abbey and the award winning Clifton Park Museum which has recently been refurbished. The Borough has a Civic Theatre, a thriving sports scene and four leisure centres.

- 1.1.7 Rotherham has a steadily growing population which reached a record total of 264,700 in 2018. The population is growing as a result of natural increase (more births than deaths), net inward migration and increased life expectancy. Rotherham has 161,600 people of working age (61%), which is slightly lower than the English average.
- 1.1.8 Rotherham has an ageing population whereby the number of older people is increasing fastest, and their health and social care needs place increasing pressure on social care budgets at a time of prolonged financial constraint. There are 51,700 people aged 65 or over including 6,100 people aged 85 or over, and these numbers are projected to increase by a third over the next 10 years. Rates of disability place further pressures on social care budgets, with 11.4% of the population (30,000 people) claiming disability benefits compared with 7.8% nationally.
- 1.1.9 There are 51,340 children aged 0-15 in Rotherham and 25,930 young people aged 16-24. Whilst most children get a good start in life, child poverty is polarised across the Borough and life chances vary. Rotherham has a lower proportion of young people aged 18-24 than the national average due to people moving elsewhere to study or work. The number of Looked after Children increased from 380 in 2012 to a peak of 662 in 2018, but has now reduced to 614 by December 2019. The number of Children in Need (CIN only) has seen a decrease from 1,430 in March 2016 to 1,162 in December 2019. Meanwhile, the number of Children subject to a Child Protection Plan at the end of December 2016 was 335 rising to 463 in December 2019.
- 1.1.10 Government intervention formally ended on 31st March 2019 and all decision making powers have been returned to the Council. Prior to this, an independent health check was conducted in February 2019. This health check concluded that the pace of improvement across the Council had increased beyond the Commissioner's expectations and that the Council has assumed an "air of calm and confidence" enabling it to set high ambitions for the future. There was a Good Ofsted inspection in 2018 and further positive visits since this time.
- 1.1.11 The Council will continue to invest in continued improvement and this Strategy is critical in setting out our approach over the next 3/5 years.
- 1.2 The Council remains committed to the Sheffield City Region devolution deal, which includes a commitment from Government to provide an additional £30m per year for 30 years to the SCR, as well as wider funding and powers. The City Region is currently consulting on the proposed devolution deal and it is anticipated that a devolution agreement would positively impact on the budget in terms of:
- 1.2.1 Increasing funding in the drivers for growth, including skills, infrastructure, housing and transport, directly benefiting Rotherham residents, enabling Rotherham's regeneration resources and budget to go further with further powers to drive joint working.

- 1.2.2 Stronger City Region working and collaboration, which, when taken on a case by case basis, will enable efficiency gains to be made where services are duplicated or where centres of excellence can be established.
- 1.2.3 Increased (and retained) business rate income as a result of faster economic growth facilitated by better business support and infrastructure, such as ultra-fast broadband.
- 1.3 Whilst the specific benefits as a result of the devolution agreement are unquantified at the moment, the Council will continue to work closely with the LEP and City Region colleagues to factor forecasts into the ongoing budget work where possible.
- 1.4 Similarly, work continues to identify further collaboration / shared services opportunities where it makes sense for Rotherham to do so.

## **2. Key Issues – Budget Proposals**

- 2.1 This section incorporates the financial matters related to the Budget and Medium Term Financial Strategy which need to be considered by Council.
- 2.2 In 2018 a set of 6 budget principles were developed to guide decision making and ensure the budget and associated investment/savings options are focused, coherent and reflect the wider priorities of the Borough. The principles are outlined below, ensuring that Rotherham's public services are sustainable, affordable and fit for the future.
- 1) *Keep residents, particularly vulnerable children and adults, safe from harm and enable more people to live independently***
  - 2) *Drive inclusive growth and ensure Rotherham's residents are connected to local good quality job opportunities***
  - 3) *Protect Rotherham's green spaces and improve the quality of the public realm, ensuring our streets are clean and safe***
  - 4) *Become a smaller, more efficient, more connected organisation, working as one Council with a stronger leadership and influencing role***
  - 5) *Adopt a more commercial, outward facing approach to doing business, generating income and leveraging the resources and assets of our partners in Rotherham***
  - 6) *Work with communities and local neighbourhoods to develop independence, wellbeing and resilience***
- 2.3 Taken together, the above principles and the priorities outlined below give a strong sense of the strategic direction of the budget and the associated investment/saving requirements to both deliver the Council's priorities and achieve a balanced budget, including delivering the two-year budget plan.

2.4 The Budget outlined in this report maintains the themes of the two-year budget and MTF5 and will:

- continue focus on protecting and supporting Rotherham's most vulnerable children and adults whilst trying to ensure that a wide range of services continue to be provided to all residents;
- further progress the ongoing transformation of the Council's Adult Social Care Services to provide better services enabling more vulnerable adults to live independently, safely and improve their quality of life;
- continue focus on corporate and service transformation, ensuring services continue to be equipped to deliver a high standard of service for the citizens, businesses and stakeholders of the Borough that is fully aligned to the Borough's Community Strategy and the Council's Corporate Plan priorities; and
- continue to reduce management, administration and support costs as far as is sensible to do so.

All of which contribute to the achievement of the Council Plan priorities.

2.5 The key impact of the proposed budget on each Directorate is shown below:

#### 2.5.1 **Adult Care, Housing and Public Health**

##### **Adult Care**

2.5.1.1 Adult Care is responsible for the provision of social care support and services for vulnerable groups of adults in the borough, including older people and adults with mental ill-health problems, learning disabilities and physical and/or sensory impairments. The directorate also supports people with housing and support requirements outside of the Care Act duties through housing related support and this includes, for example, people with complex lives and people who have experienced domestic abuse.

2.5.1.2 Adult Care has responsibility for managing and delivering:

- Information, advice and advocacy
- Prevention and recovery
- Safeguarding
- Assessment and care planning
- Care, at home and in residential settings

2.5.1.3 The Directorate faces a number of significant demand challenges as a result of changes in population demographics. There is a sustained budget pressure as a result of an aging population; a rising population of working age adults with long term health and care support needs;

increasing acuity and complexity of need for those residents who need support; and increased cost pressures including rising inflation and the implementation of policy decisions such as the National Living Wage.

- 2.5.1.4 These demand and budget pressures have resulted in an over-spend in 2019/20 and the focus for 2020/21 is to both continue the complex set of changes needed to reduce demand, working with health and social care partners in the Borough, alongside making significant changes to the way care services are delivered to make care more personalised, responsive and cost effective.
- 2.5.1.5 Quality of care will continue to be developed and improved through further integration between health and care partners in the borough. In June 2019 the Intermediate Care and Reablement Outline Business Case to integrate health and social care pathways, as part of the Urgent and Community Transformation Place Group was approved across the system.
- 2.5.1.6 Supporting people to live well at home, for as long as possible, will be a key focus and will improve quality of life for residents, while reducing cost. This will be achieved through investment in preventative care and increased use of emerging technology, to reduce acute and long-term interventions; access to appropriate, coordinated support including more effective support to carers; and personalised care delivered by skilled care workers, family and through new technology.
- 2.5.1.7 Care for adults with complex support needs will be transformed to enable people to access both high quality primary care and a broader range of care pathways, and stronger connections to family and community support. Similarly, with health partners, the Council will continue with the remodelling of mental health services, with a greater focus on early intervention, improved accessibility and more responsive, personalised service.
- 2.5.1.8 The priorities, as outlined, can only be achieved if there is a high quality, motivated social care workforce in place. During the year a new operating model has been implemented. This was a whole system change in the way services and resources are organised and will assist Adult Care to manage and deliver the services it provides. This is assisted by a comprehensive workforce development plan, building skills and confidence in assessments and delivery of cost effective strength based outcomes.
- 2.5.1.9 These priorities are designed to deliver a long term, sustainable reduction in demand pressures facing the directorate, and thus better able to manage to deliver services within budget.

### **Public Health**

- 2.5.1.10 Public Health is an integral element of the Borough's health and social care system, promoting wellbeing and independence. Public Health is responsible for the commissioning of public health services, including:

sexual health; drug and alcohol; 0-19; and a holistic wellbeing service which encompasses NHS Health Checks, weight management, alcohol brief interventions and stop smoking treatment.

- 2.5.1.11 Alongside commissioning services, Public Health has an important role in providing intelligence, evidence-based advice, advocacy and challenge to ensure that the health of residents is safeguarded. This includes providing public health advice to the NHS and working across council directorates to optimise the council's contribution to improving health and reducing inequalities.
- 2.5.1.12 Life expectancy at birth in Rotherham for males is 1.8 years below the England average and for females is 1.4 years below the England average, which is indicative of a range of health inequalities in the Borough. This is further demonstrated by a seven-year difference in life expectancy for men, and a six-year difference for women between the Borough's most and least deprived wards. The impact of deprivation contributes to significant health issues, such as higher smoking prevalence and low levels of physical activity that are significantly worse than the national average.
- 2.5.1.13 Public Health is working with colleagues across the Council and with partners, to ensure that health is considered in all policies, contributing to a wider impact on health and wellbeing for residents. This year Public Health have been leading the re-launch of the Joint Strategic Needs Assessment, involving a wide range of partners in bringing together data across the wider determinants of health, in order to influence strategic planning, commissioning and policy across the Borough. Public Health have been leading implementation of the Better Mental Health for All strategy, coordinating work with partners to roll out the Five Ways to Wellbeing, launching the Be the One campaign and consulting with partners and residents to inform the development of a loneliness plan for the Borough.
- 2.5.1.14 Public Health have delivered on all agreed savings and will continue to look for further efficiencies and best value for money in 2020/21.

### **Housing Services**

- 2.5.1.15 Housing Services hold overall landlord responsibility for the management and maintenance of the borough's 20,200 council homes. They provide information advice and guidance on the housing options available to residents and oversee any adaptation to homes required by residents, e.g. for accessibility/health reasons. Housing services are also responsible for building new, affordable, high quality homes in the borough.
- 2.5.1.16 The service will continue to ensure that a robust, sustainable Housing Revenue Account 30-year Business Plan is in place. The effective delivery of this plan will ensure that the borough's 20,200 council homes are maintained effectively, meet the decent homes standard and continue to develop an ambitious programme of new homes in the Borough to meet future demands and replace those lost through the right to buy scheme.

This will be achieved by building on council owned sites and acquiring new homes from private developers through Section 106 agreements.

2.5.1.17 The general fund budget will continue to be used to address homelessness and deliver aids and adaptations to homes.

2.5.1.18 Efficiencies will continue to be delivered by sustaining tenancies and specific support for tenants on Universal Credit, high performance on void turnaround times; rent recovery and leasehold income collection. Alongside this, savings will be made in the repairs and maintenance service via a new contract due to start in April. These measures will both increase income and deliver efficiencies, with no detrimental impact on residents in the borough.

## 2.5.2 **Children and Young People's Services**

2.5.2.1 The Directorate for Children and Young People's Services (CYPS) is responsible for social care services, education and skills, early help and family engagement. It has a statutory responsibility for the safeguarding of children and young people and is supported by a dedicated performance, quality, commissioning and business support team.

2.5.2.2 Nationally, children's social care services are operating in a tough budget and demand context. There has been an unprecedented surge in demand for children's social care support in recent years - a trend that shows no signs of abating.

2.5.2.3 Compounding the national trend, Rotherham's improvements have impacted on the increased number of children in care. This increase in care demand occurred despite the significant improvements made to early help and investment in programmes including Edge of Care, PAUSE and Family Group Conferencing.

2.5.2.4 The 2019/20 & 2020/21 Directorate priorities are to sustain improvements in children's social work, through the development and implementation of a new early help and social care pathway; to focus on building in-borough capacity for both Looked After Children and additional provision for children with learning difficulties and disabilities; and to further develop interventions and services designed to better manage demand earlier. To build capacity in Rotherham to better meet the needs of looked after children, our strategy will incorporate a renewed approach to foster care recruitment and establishing new contractual arrangements with providers to create additional residential capacity.

2.5.2.5 These proposed changes to service delivery will build on the success of the improvement and on the early successes of the more preventative based approaches. The agreed new early help arrangements have now been implemented, focusing on ensuring early help interventions are targeted at the root causes of children entering the care system, as well as alternatives to care that have a strong evidence base.

- 2.5.2.6 The new education and skills service operating model is now embedded including the Rotherham Education Strategic Partnership. Our school facing services will be reviewed to ensure that they are as efficient and effective as possible, while continuing to improve educational outcomes, particularly at Key Stage 4 and for children with SEND.
- 2.5.2.7 In 2019/20 the first phase of the Early Help & Social Care (EH & SC) pathway has now been implemented with the second phase to be implemented over the next two financial years. The implementation is linked to a reduction of overall caseloads (CIN/CP/LAC) with LAC numbers reducing from a high of 662 (October 2018) to 614 as at December 2019 and are projected to continue to reduce in 2020/21.
- 2.5.2.8 The LAC numbers reducing is linked to the impact of the Demand and Market Management Strategies.
- 2.5.2.9 The main focus of Market Management has been on increasing the number / capacity of in-house foster carers which is now showing improvements through the work of Bright Sparks, implementation of new fees and allowance payments and a restructure of the Fostering Team. Residential Block Contracting despite initial delays is now progressing well with 2 homes opened in January 2020. Both homes have children ready to move in, which will enable young people to be supported locally at a cost effective price.
- 2.5.2.10 The main focus of Demand Management is to ensure that children are discharged from the care system in a timely manner. The Right Child Right Care initiative 3 (RCRC) commenced in November to identify young people (181) for the 2020 calendar year, with discharge plans that will be managed through the RCRC Performance Meetings. The House Project will also continue in 2020/21 which enables a number of young people to move from their current residential and fostering into their “forever” homes.
- 2.5.2.11 Alongside these savings, the Directorate is also reviewing the wider CYPS budget to determine if there are any other opportunities for efficiency savings.

### 2.5.3 **Regeneration and Environment**

- 2.5.3.1 The Regeneration and Environment Directorate’s focus is to develop and promote Rotherham as a good place to live, work and visit through supporting sustained economic and housing growth across the borough and ensuring that the Town Centre is thriving, attractive and vibrant.
- 2.5.3.2 The Regeneration and Environment Directorate’s focus is on the Council Plan priorities:
- A strong community in a clean, safe environment; and
  - Extending opportunity, prosperity and planning for the future.
- 2.5.3.3 A particular emphasis is to develop and promote Rotherham as a good place to live, work and visit through supporting sustained economic and

housing growth across the borough and ensuring that the Town Centre is thriving, attractive and vibrant.

The Directorate has a broad portfolio of responsibilities including:

- Community safety
- Environmental protection
- Licensing
- Schools' catering and cleaning
- Waste collection, management and disposal
- Street cleaning and grounds maintenance
- Parks, countryside and green spaces
- Leisure, sport and physical activity
- Tourism and events
- Heritage, museums and archives
- Libraries and neighbourhood Hubs
- Registration and bereavement services
- Planning and Building Control
- Regeneration (including business support)
- Transport and highways
- Asset Management and Property
- Emergency Planning, Business Continuity and Health and Safety

2.5.3.4 The Directorate's budget is focussed on the delivery of frontline services to ensure the Borough's neighbourhoods are clean, safe and inclusive, to create an environment where people want to live, work and play. In addition, it is a priority to grow the economy for Rotherham.

2.5.3.5 The adopted Town Centre Masterplan is being implemented including the proposal for a vibrant leisure quarter at Forge Island. 2019 saw the opening of the refurbished Transport Interchange, the start on site for Forge Island (Flood Protection) and approval to submit a full business case/bid to the Government's Future High Street Fund.

2.5.3.6 Rotherham's economy continues to perform well, as part of the wider City Region. The total number of business enterprises in Rotherham reached 7,150 by December 2019. The University Centre Rotherham continues to increase its numbers of degree level students providing a skilled workforce for Rotherham's businesses, with the percentage of the working age population with an Level 4 qualification or higher rising to 25.9%. Links between schools and businesses have improved appreciably, with all 26 secondary schools and colleges engaging in the Council-run Enterprise Adviser Network project.

2.5.3.7 The investment into the Council's roads continued as part of the Highways 2020 Roads Programme, which will have seen an extra £10m invested over the last 3 years, as well as investment in major infrastructure to support growth such as the College Road Roundabout Scheme.

2.5.3.8 The Directorate has a key role in creating and maintaining a rich cultural and leisure offer and delivering a cleaner, greener Rotherham. 2019 saw the roll-out of the new household waste service which is seeing higher

levels of recycling and a good take up from residents of the garden waste service. The 40th Rotherham Show was held in September 2019 and attended by 75,000 – 80,000 people and Rotherham is hosting Yorkshire Day in August 2020.

2.5.3.9 A number of developments are planned for 2020/21 including investments in library buildings along with a proposed new library strategy, further improvements to the Borough's roads, improvements to car parks and improvements to the CCTV system. New policies are proposed for Licensing (including taxis, alcohol and gambling) along with implementing Selective Licensing in the approved areas and delivering new Zonal Working arrangements for street cleansing, fly tipping and bulky waste services.

2.5.3.10 The Directorate played a lead role in responding to the November 2019 floods which tested Emergency Planning arrangements and work will continue into 2020 in seeking to further improve arrangements as well as seeking investment into future flood defences.

## 2.5.4 **Corporate Support Services**

2.5.4.1 Two directorates make up the Council's corporate services - Finance & Customer Services and Assistant Chief Executives. Their role is to support the delivery of front line Council services by promoting the most effective use of resources whilst ensuring services are compliant with council regulation and national legislation. These services provide leadership, influence, advice and a cross-cutting perspective to enable the Council to operate effectively. They are responsible for providing effective support and advice to all Council services to help ensure they function efficiently; and to support elected members in making informed and lawful decisions.

### **Finance and Customer Services**

2.5.4.2 The Directorate provides services in the following four areas:

- Financial Services
  - Finance, Accounting, Insurance
  - Local Taxation, Housing Benefit, Income Collection and Financial Assessments for care services
  - Procurement
- Legal Services
  - Legal
  - Elections
- Customer, Information and Digital Services
  - ICT
  - Customer Services
  - Information Management
- Internal Audit

2.5.4.3 The Directorate is committed to providing outstanding, high quality professional support services that are valued by its customers, both

internal and external. This commitment is realised through the ongoing development of the skills of the Directorate's staff to ensure they can meet the current and future challenges of local government.

- 2.5.4.4 To provide the support the Council requires, the Directorate must be strong and appropriately resourced, which is why over the last four years it has undergone significant change in key areas in order to strengthen its contribution to supporting the Council services.
- 2.5.4.5 Over the last year the finance service has continued to identify and realise substantial savings, particularly in relation to treasury management activity and this will continue to directly support the funding for front line services. The business partnering approach which has been substantially strengthened over the last few years has continued with the building of much closer ties with other departments which has enabled effective challenge, control and support.
- 2.5.4.6 The Internal Audit team remains an effective, low cost service and continues to work across all areas in the Council to provide assurance of governance, risk management and the control framework.
- 2.5.4.7 Over the period of this financial strategy there will be an increased focus on the delivery of improved customer service across the Council. The implementation of a new customer service model is underway and will improve the experience of residents in their contact with the Council, through providing a single point of access for residents and streamlined end to end business processes, optimising digital solutions where this will improve outcomes and response times. It will continue to engage staff and services from across the council and will provide better information both about and for our customers. The Customer and Digital programme consists of many connected elements and projects prioritising the areas of greatest positive impact for the customer alongside delivering significant financial savings.

#### **Assistant Chief Executive's Office**

- 2.5.4.8 The Directorate has six distinct areas of responsibility:
- Human Resources
  - Neighbourhoods
  - Communications
  - Democratic & Scrutiny Services
  - Performance, Partnerships and Improvement
  - Change and Innovation
- 2.5.4.9 The Directorate has continued to support the Council in relation to its continuous improvement journey and enabling Directorates to deliver against their Council Plan priorities.
- 2.5.4.10 There have been a number of delivery achievements in 2019, including a refreshing of Council signage, maximising the use of the apprenticeship levy, implementation of a social value policy, development of a climate

emergency response and delivery against the building stronger communities strategy. Other key achievements include the implementation of the Council's new HR & Payroll system.

- 2.5.4.11 The Thriving Neighbourhoods Strategy has continued to make great progress, every ward has a neighbourhood plan underpinned by ward profile information and there is a structured approach as to how Members are engaging, informing and involving residents in addressing opportunities and challenges at a locality level.
- 2.5.4.12 A Change and Innovation Team is now firmly established and supporting major change initiatives and overseeing transformational change in the Council. The Council now has a programme office providing a clear line of sight across the Council on the range of programmes and projects that Directorates are leading on.
- 2.5.4.13 In the coming twelve months, the Directorate will continue to challenge itself and review its practices and develop and modernise its service offer. Continuous improvement will be founded on the principles of best value and sustainable change.
- 2.5.4.14 Work has been completed on a new Performance, Intelligence and Improvement function and also Democratic Services. Both areas have delivered savings as part of the Medium Term Financial Strategy and based on the challenges the Council faces going forward.