



# **ROTHERHAM MBC**

**NARRATIVE REPORT 2021/22**

## **Narrative Report 2021/22**

### **Background**

The Accounts and Audit (England) Regulations 2015 introduced requirements for 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 in the Statement of Accounts, 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 Metropolitan Borough Council (RMBC) spent in 2021/22, how it was spent and what has been achieved in line with the Council's priorities and specific improvement agenda. 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 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 seeks to address in order to ensure it can operate in an open, accessible and transparent way.

### **Covid-19**

Following the impact of Covid-19 on all council functions it was clear that the production of the statement of accounts in line with traditional deadlines was not feasible and as such Government announced that the revised deadline for production of unaudited accounts would be pushed back to 31<sup>st</sup> July 2022, with final audited accounts initially due for publication by 30<sup>th</sup> September 2022, then being pushed back to 30<sup>th</sup> November 2022. The statement of accounts covers the Council's remaining views on the concerns around the potential financial impact of Covid-19, however, what is clear at the time of producing the accounts is that the ultimate medium to long term implications of the recovery from Covid-19 remain unclear.

Throughout 2021/22 the Council has incurred significant additional costs in its efforts to manage and mitigate the impact of Covid-19, these financial pressures cut across three main themes - additional costs incurred due to the pandemic; lost sales, fees and charges income as a result of closed services; and delayed delivery of planned savings. The Council

has been able to mitigate these pressures through the use of Government's provision of emergency funding (Government's provision of £13.6m emergency support for Covid-19 pressures and Sales, Fees and Charges Income Compensation Claims of £0.4m). These grants have been used to fund new and additional costs that the Council has incurred in its response to Covid-19. These resources have also been used to fund budgeted costs where teams had been diverted away from their normal role to carry out a Covid specific role. Whilst Government have provided specific targeted funding to support many of these financial pressures, the direct financial impact to the Council of Covid-19, during 2021/22 was in excess of the funding provided.

Looking forward to 2022/23, at the point of production of this report, the Council's most recent financial monitoring report (presented to Cabinet 11 July 2022) indicated an overspend for the 2022/23 financial year of £7.7m. Whilst the core directorates services have a forecast year-end overspend of £6.7m on the General Fund, there is also £1m of estimated unbudgeted cost resulting from the wider financial impact of the war in Ukraine, inflation and energy price increases.

Whilst the energy price rises and inflation will impact the Council's costs in the provision of services there will be some mitigation in future years by increased core funding as business rates income is indexed to the rate of inflation. It is currently expected that the period of high inflation will last for around two years before returning to a more normal level but the cost increase being experienced will raise the base cost of services on which future inflation is applied meaning a compounding impact. As such the Council will face short term financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves.

The £1m for unbudgeted cost pressures currently estimated reflects that the Council's Medium Term Financial Strategy did have reasonable cover for inflationary impacts but that the current rises are far above what the Council could have anticipated. Crucially, the Council's current forecast does not assume an increase in pay award above the position built into the Council's Budget for 2022/23. The Council's Medium Term Financial Strategy does have an assumed budget for pay award, however, this is perhaps the most unpredictable area of increased costs for 2022/23, with the Council unable to predict with accuracy what any national public sector pay award may look like. As such, pay award assumptions are left at budgeted position. The estimated cost to the Council per 1% pay award is £1.25m.

### **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. There is a steadily growing population which reached a record total of 265,000 in 2020. This is as a result of a natural increase (more births than deaths pre pandemic), net inward migration and increased life expectancy. Rotherham has 161,200 people of working age (60.8%), which is slightly lower than the English average.

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.

Rotherham offers a good quality of life, however the cost of living and house prices are increasing. Despite this house prices remain relatively low in Rotherham when compared nationally, there are also affordable housing options available, such as shared ownership, to support first time buyers to settle here. The Council pays employed staff the real living wage and is accredited by the Living Wage Foundation. Rotherham people are very proud of their local parks and country parks, particularly Clifton Park which has received national awards. 89% of respondents who took part in the Council Plan consultation considered their local parks and green spaces to be very important, particularly for their health and wellbeing.

There are 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 Gulliver's Valley, a major family resort in the south of the borough, opened in 2020.

Rotherham has excellent transport links to the rest of the country with easy access to the M1 & M18 motorways, a rail network (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 comparatively low cost of living.

The legacy of previous industrial decline continues to cause issues across Rotherham, which the Council continues to prioritise. Rotherham is ranked the 50th most deprived district in England, mainly as a result of: poor health, recorded crime, worklessness and low levels of adult qualifications (this is despite positive performance in terms of attainment in Rotherham's schools).

Despite the challenges, the Council is making progress with major regeneration schemes and projects. This includes Forge Island, the town centre housing programme, and Future High Streets Fund. £31.6m has been secured from the Towns Fund to carry out ambitious regeneration projects across the town centre, Eastwood and Templeborough and two Levelling Up Fund bids have been approved, securing £39.41m to enhance the town centre regeneration programme and deliver a range of initiatives across the borough to boost the leisure industry, including the creation of a skills village at Gulliver's Valley resort. It will be vital for the Council to continue to use its social value policy to ensure opportunities for local people, particularly those hardest hit, are maximised as part of these and other significant local investments.

## **Governance**

Cabinet approved on 21 September 2020, the Council's Year Ahead Plan. The purpose of the report was to support residents and businesses in these uncertain times, helping them to build resilience and adapt. The plan would effectively act as the Council Plan for operating within and recovering from the Covid-19 pandemic. An extension to the plan, featuring the same themes and outcomes, was agreed on 21 June 2021 and has been in place until the new Council Plan came into effect from January 2022 onwards.

The following arrangements were put in place to oversee the Year Ahead Plan:

- Executive group – it was proposed that Cabinet would act as the executive group, with strategic oversight of direction of travel and recovery priorities.
- Tactical management group – the tactical group made up of relevant council officers continued even after services resumed, overseeing business continuity and recovery.
- Year Ahead Plan theme groups – cross-directorate groups lead on the delivery of each theme. Facilitated by ACEX team, the aim was to utilise existing groups where possible (e.g. economic recovery cell, humanitarian cell), adapting these as required.

## **Vision and Priorities**

In recognition that Covid-19 has had a fundamental effect on the way the Council works and will continue to affect how the Council operates in the short, medium and long term, the Council Plan was replaced by a Year Ahead Plan during 2020. This stated that the impact of the pandemic will continue to be felt across the borough for a long time, affecting the economy, the community and daily life. It captured the key actions through to December 2022 and provided a basis for the development of a longer-term plan for the borough.

The key aims of the Year Ahead Plan were to:

- Continue to work with our residents and stakeholders, supporting them and adapting with them to meet current needs in light of the pandemic
- Continue to manage the ongoing effects of the pandemic, including the local outbreak control plan
- Continue to drive our ambitious plans for the borough wherever possible
- Continue to develop and embed new ways of working

The new Council Plan came into effect from January 2022 onwards, **The Council Plan** expressed our vision as:

*“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 as a council we must work in a modern, efficient way, to deliver sustainable services in partnership with our local neighbourhoods, looking outwards, yet focussed relentlessly on the needs of our residents.”*

Four guiding principles run through the plan, informing our way of working and helping us to achieve better outcomes.

**Expanding opportunities for all.** As we open up new opportunities we will target the most help at those who need it, so no one is left behind

**Recognising and building on our strengths to make positive change.** This will involve making the best use of local assets, including buildings, parks and public spaces, as well as harnessing the knowledge and skills of community groups and local residents.

**Working with our communities.** To achieve the best outcomes for local people, we recognise the importance of putting them at the heart of everything we do. That means involving local residents in the things that matter to them and making sure we design our services based on input from those who use them.

**Focussing on prevention.** We know that prevention is better than cure in achieving positive outcomes for our residents. For this reason, we will focus on reducing the risk of problems arising in the first place, and when they do, we will intervene early to prevent them from worsening.

The plan is framed around five themes:

- Every neighbourhood thriving
- People are safe, healthy, and live well
- Every child able to fulfil their potential
- Expanding economic opportunity
- A cleaner, greener local environment.

These five themes are underpinned by a cross-cutting strand - 'One Council' - which sets out how the Council will operate to achieve the vision.

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 RMBC is 'a modern, efficient council' in line with the above vision.

### **Delivering the vision and priorities**

Despite the impact of the pandemic, the Council remains committed to protecting the most vulnerable children and adults and to delivering improved value for money but has to ensure that social care services are delivered within the financial envelope set within its budget. The provision of additional resources as part of the Financial Settlement for 2022/23 and the proposed Council Tax and Adult Social Care Precept increase provides cover for some of the additional costs of adult social care. However, this level of additional funding still falls well short of the national social care funding gaps as calculated by the Local Government Association. There is still therefore, the need for the Council to transform the delivery of social care services in order to maintain effective service provision within the available funding.

The financial context within which the priorities of the Council Plan are to be delivered needs to recognise the austerity measures introduced by the Government in 2010 and the impact of the 10 years of significant reductions in Government funding that followed. Over this timescale and in response to the funding cuts, the Council had to make savings in excess of £200m. A key priority within the Council Plan, in common with councils across the country, is the delivery of effective social care services, within a sustainable cost envelope and recognising the demand and market factors currently impacting these services.

The Council's focus is on delivering its priorities whilst also meeting agreed budget savings. This is set against the additional financial pressures of the National Living Wage, inflation and increasing demand for services due to a growing population and changing demographics in Rotherham.

The Council's Medium Term Financial Strategy submitted to Cabinet in December 2021 provides a four-year outlook of the Council's anticipated resources and budget requirement and sets out the Council's approach to delivering a sustainable budget position up to 2025/26.

The Council is also focusing on its leadership role across the borough and particularly where it can have greater influence.

Partnership working is 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 helping to strengthen our communities.

All directorates will continue to work together over the next three years to achieve these commitments.

### **Working in partnership**

The Council is one of a number 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 - working together as "The Rotherham Together Partnership" to deliver improvements for local people and communities by combining their knowhow and resources.

The Partnership works within the framework of the Rotherham Plan 2025: a new perspective, which sets out a framework for its collective efforts to create a Borough that is better for everyone who wants to live, work, invest or visit here. It sets out some of the big projects, or "game changers", that partners will be focusing on until 2025:

- **Building strong communities** where everyone feels connected and able to actively participate, benefitting them and their communities:
- **Raising skills levels and increasing employment** opportunities, removing the barriers to good quality, sustainable employment for local people:
- **Integrating health and social care** to deliver joined up services for our residents that are easy to access:
- Building on the assets that make Rotherham **a place to be proud of: and**
- Creating a vibrant **town centre** where people want to visit, shop and socialise.

Rotherham's Plan 2025 forms part of a bigger picture which includes a number of partnership boards and less formal bodies that are developing plans and delivering activity in the Borough.

## **The Council's Performance Management Framework and Service Plans**

The Year Ahead Delivery Plan sets out the key actions required to help the Council achieve the outcomes and commitments in the plan.

Quarterly reports were produced to track progress and reported to Cabinet. The reports included progress on the Year Ahead Delivery Plan activities, performance against key measures which are critical to the success of the plan, and a range of case studies.

Each year, Directorates produce service plans which will demonstrate how they contribute to the delivery of the Year Ahead Delivery Plan / Council Plan and outline wider priorities and responsibilities, which in turn will inform team plans and individual performance and development reviews.

The Quarterly Progress Reports to Cabinet include a high-level overview overall and by theme including: achievements and challenges; Year Ahead Delivery Plan trackers and performance scorecards.

Performance Scorecards provide an analysis of the Council's performance against each of the performance measures with each given equal priority. Performance/progress will continue to be kept under review within Directorates and reported publicly quarterly, in order to ensure that the Council's direction of travel remains positive.

### **Some of the Council's key achievements against the Year Ahead Plan in 2021/22 were:**

*Note these are set against the Year Ahead Plan themes as they are retrospective rather than the forward looking themes within the new Council Plan.*

#### Thriving Neighbourhoods

The Council and local partner organisations remain focused on providing wide-ranging support for vulnerable residents. The Pathways to Success programme has helped 211 local residents to find work, with a further 95 completing accredited training to improve their skills. 599 participants have started on the programme against a target of 469 and it has been extended to December 2023. Rotherham Federation won an award for excellence in community action in October and have secured funding to extend and expand their befriending service.

To further develop local partnership activity around food crisis, a food sustainability development officer has been appointed and began work in January 2022. The post holder will develop a grants fund to aid the establishment of social supermarkets, working with voluntary and community sector partners to provide holistic support to local residents.

As well as the activity above, achievements across the Thriving Neighbourhoods theme for the duration of the Year Ahead Plan include:

- Covid local support grant utilised to provide food vouchers and other support during school holidays, helping more than 10,000 children across the borough.



- The Council has almost doubled its annual domestic abuse budget and is recommissioning services, setting aside five additional council homes for families leaving abusive relationships and increasing the number of refuge spaces.
- New lighting and CCTV installed in Clifton Park as part of an initiative to make women and girls feel safer in public spaces. Reclaim the Night event returned in November 2021 to stand against violence towards women and girls.
- Library strategy approved along with capital funding to refurbish neighbourhood libraries and, in some areas, relocate or co-locate libraries to make them more accessible and increase community involvement. Wath library was refurbished and reopened in August 2021.
- Targeted community clean-up days implemented from February 2021
- New £126,000 multi-use games area opened in Greasbrough in May 2021.

### Better health and wellbeing

The weekly target of an 89% completion rate for contact tracing for all cases in Rotherham has been consistently met, despite rising case numbers since the implementation of Local 0 on 29 March 2021. The Local 0 approach saw the Council take responsibility for cases from the national NHS Track and Trace system. This has enabled quicker follow up of cases and the ability to also offer guidance and support around self-isolation and to offer a wider welfare check with the opportunity to make links to the support available through the Rotherham Community Hub.

Engagement work continued to take place within high-risk places, including targeted work in town centre neighbourhoods, ethnic minority communities and amongst the working age population. This included regular liaison with local community organisations and targeted messaging in relation to the reduction of transmission risk and in support of the vaccination programme.

The Council continued to work with health partners to manage the flow of people with social care needs in and out of the hospital. The Improved Better Care Fund has been utilised to support effective flow. This includes initiatives such as additional transport capacity at peak times of discharge, extending the community bed base at Lord Hardy Court (RMBC) to meet winter pressures for short stay, and developing a community hub across health and social care to discuss complex patients and support both flow from acute and hospital avoidance.

Work is ongoing to enable active travel and improve air quality in Rotherham. Public consultation on the draft cycling strategy has been completed. Further work to improve air quality is ongoing, including actions to start construction for Wortley Road Weight Restriction TRO (Traffic Regulation Order) and to start construction for Rawmarsh Hill bus priority and routing changes.

Since the start of the plan, key achievements across this theme have included:

- The Community Testing programme was delivered, initially by offering supervised lateral flow testing at Riverside House café and satellite sites, which was then replaced by the supervised offer by embracing the Community Collect model of home testing kits. This was rolled out across library, leisure and customer service points within the borough, whilst working with partners to identify other external distribution outlets to target unvaccinated people or those at higher risk of contracting Covid-19.
- A targeted prevention and promotion funding bid to Public Health England was successful and the funding is now used to implement a novel 'Team Around the School' model to support pupils and their families with their mental health and wellbeing (see case study attached).
- The use of the catch-up premium, any educational recovery opportunities, holidays activity and food, and summer school activity has been promoted. A range of holiday activities and summer school activities focused on year 6 to year 7 transition were in place across the 2021 summer break. Through the Rotherham Healthy Holidays programme, children who are eligible for benefits-related free school meals were offered the opportunity to attend free holiday club activities, which include receiving a high quality, nutritious meal.
- The next home (Quarry House) as part of the delivery of the residential strategy has been opened and registered, and children transitioned to it in December 2021.
- A 'Beat the Street' summer programme was delivered, comprising activities delivered by the Council and partners to encourage people to continue getting out and about during summer holidays. Once the summer events were completed, a schools competition continued with pupils devising a poster to reflect sustainable travel and the promotion of the environment as key messages.

### Economic recovery

Support to local businesses affected by the pandemic continued. The Local Restrictions Support Grant and the Restart Grant schemes are now closed, having provided over 1,700 Rotherham-based businesses with financial support, for a total value of £30.3 million. Further support has been provided via South Yorkshire Mayoral Combined Authority, through the Additional Restrictions Grant, with over 2,000 businesses supported for a total grant value of £8.7 million. These grants are in addition to the business grant support provided during the first national lockdown, meaning a total grant value of £86.9 million has been awarded to over 5,000 local businesses since the start of the pandemic. This includes the Omicron Hospitality and Leisure Grant, providing one-off cash payments to businesses in these sectors where they are business rates payers and a top up allocation of Additional Restrictions Grant (ARG) to be managed through the South Yorkshire Mayoral Combined Authority.

In January 2021, the Council launched a local scheme offering financial assistance to people who fell outside the national criteria for self-isolation support payments. The intention was that anyone who needed to self-isolate and who would otherwise lose income as a result, was entitled to cash support. As at 31st March 2022, payments have been made on the local scheme to 1,525 claimants at a cost of £0.4m, whilst payments for the government main scheme have been made to 2,886 claimants at a cost of £1.4m, and the Governments discretionary scheme at a cost of £0.5m for 990 claimants.

To provide further support to the most financially vulnerable residents, the Council provided a Local Council Tax Support Top Up scheme during 2021/22 funded by Governments Household Support Grant. This scheme provided up to a £100 top up for all working age LCTS recipients up to and including those that became eligible through to the 31st April 2022. 16,730 applicants benefited from the scheme with 8,135 of those having their Council Tax bill reduced to nil.

On the Forge Island site, demolition and site preparation works at Riverside Precinct have been completed. Elsewhere in the town centre: the College Street public realm scheme was completed in November 2021.

Three bids totalling almost £60 million were submitted to the Government's Levelling Up Fund in June last year. Two bids were approved, securing £39.41m to enhance the town centre regeneration programme and deliver a range of initiatives across the borough to boost the leisure industry, including the creation of a skills village at Gulliver's Valley resort. A further £2.93m was secured for local projects through the Community Renewal Fund.

With regard to social value, the Council is now a formally accredited Real Living Wage employer, recognising that all staff are paid a fair wage. Discussions continue on how local partners can develop joint approaches to ensure the money they spend has maximum benefit for local people and communities. This will build on the growing list of commitments already secured via the Council's social value policy.

Since the start of the plan, key achievements across this theme have included:

- £31.6 million secured from the Towns Fund to carry out ambitious regeneration projects across the town centre, Eastwood and Templeborough.
- £12.6m awarded from the Future High Streets Fund to redevelop the markets and deliver a new central library.
- Funding approved and work began on Parkway (A630) improvements.
- 44 new apartments completed at Broom Valley as part of the Rother Living development programme.
- Work has started on the upgrade of Greasbrough roundabout.

### New Ways of Working

Work has continued to develop new and existing digital processes to make it easier for customers and communities to access the services they need.

New systems and processes are now in place to allow customers to choose a collection date for requesting bulky waste online, including a redesigned form to improve the customer experience. The new web form went live on 9 November 2021 and as at end December 2021 there have been 596 bookings (404 online and 192 supported access through contact centres). The new digital process has delivered a bookable slot for customers, with automated customer reminders and updates, enabled alignment with the operational zonal working model, and improved the effectiveness of back-office processes.

The new housing management system went live on 25 November 2021, bringing five existing IT systems into one integrated system. The online customer portal is also now live. The new system allows staff to deal with customer queries quicker as it provides a 360-degree view of the customer in one IT system, rather than staff reviewing multiple systems for information.

Following extensive engagement, a new Hybrid Working Policy was agreed by Staffing Committee on 22 September to enable employees to maximise performance and productivity, whilst maintaining a good work life balance.

The Council successfully applied to be a Kickstart scheme employer in early 2021 and identified 89 potential placements that would be suitable as part of this scheme. The first cohort of young people started in May 2021 and recruitment continued throughout the year. The Council is offering a range of roles, across all directorates, under the Kickstart Scheme. By 5 January 2022, 47 people had started a Kickstart role.

Since the start of the plan, key achievements across this theme have included:

- Introduced new online systems to enhance the customer experience:
  - Housing rent balance service launched, to keep in touch with tenants
  - Online garden waste collection service launched
  - Customers now able to choose a collection date when requesting a bulky waste collection online
  - Customers able to pin a location on a map when reporting an issue, such as reporting a faulty streetlight
- Pre-bookable face to face appointments now available for customers.
- New housing case management system bringing five existing IT systems into one integrated system.
- Staff have returned safely to Riverside House and new Hybrid Working Policy agreed and implemented to enable employees to maximise performance and productivity, whilst maintaining a good work life balance.
- Online videos have been used since the start of the pandemic to communicate key messages, share updates about community initiatives and provide customers with online self-help. From January - December 2021, 47 new videos were uploaded to the Council's YouTube channel for public access. Over the 12-month period these videos attracted 15,470 views. Three 'Town Centre Development' videos attracted the most interest with 5,062 views in total; Forge Island being the most popular at 2,900 views and eight Covid related videos attracted 2,578 views.
- Since September 2020, 57 wellbeing sessions have been delivered and 972 staff have attended.
- 47 Kickstart placements have been filled.

## Hope and Confidence in Rotherham

'Rotherham Round-up' was launched in June 2021 to provide regular news, video and event updates from the Council and help celebrate Rotherham as a place. The distribution list is growing and is being actively promoted via various channels, such as social media and the Council website. Over 7,800 people have subscribed to the 'council news' topic, from which this newsletter is sent.

Rotherham Show took place from 3-5 September with an estimated audience of 90,000 over the three-day festival.

The Civic Theatre reopened on 3 September 2021, following a major front-of-house renovation programme to create new performance spaces, a coffee shop encouraging daytime use, new box office facilities and a refurbished bar area.

The £24m funding provided for investments in the unclassified road network to improve its condition to the national average continued at pace. The unclassified network makes up around 700km of the total highway network of 1,170km. The delivery of the repair programme is being managed and delivered by in-house teams. The Council has also invested around £900,000 to repair footways.

As part of the 3-year litter bin programme, all 110 solar bins are now in place, as follows:

- 48 in town
- 50 in townships
- 12 in selected other locations across the borough.

The larger refresh programme of all streets litter bins is taking place over a two-year period and commenced on 13 September 2021.

The programme is initially focusing on:

- Litter bins that need replacement and repair immediately
- Badly damaged but useable litter bins
- Fibre glass bins in high footfall areas across each ward
- All plastic bins.

Since the start of the plan, key achievements across this theme have included:

- 7,869 Rotherham Round-up subscribers.
- The Great Big Rotherham To Do List toolkit launched, and 44,000 copies distributed - a fun, engaging, vibrant and comical fold-out guide to remind people of the positive things they're already doing for their mental and physical wellbeing, and to inspire them to try new things.
- 90,000 attended Rotherham Show in a COVID-19 safe way over the three-day festival.
- Hope Fields COVID-19 memorial opened to the public at Thrybergh Country Park.

- Civic Theatre has undergone major front-of-house renovations.
- #GetRidReyt campaign against fly tipping launched.
- Three zonal teams were established in October 2020 and have been completing the removal of local weed growth – over 130 areas have been subject to enhanced cleansing and all cycle route schedules are complete.
- Twelve wildflower areas trialled and positive feedback received.
- 110 solar bins are now in place and to date 380 litter bins have been replaced as part of the 3-year litter bin programme.
- Strengthened enforcement action relating to fly tipping and non-payment of fixed penalty notices.
- New seven-day out of hours service launched – in 2020/21, the service actioned 2,091 requests.

### **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 31<sup>st</sup> March 2022 and shows its overall financial position at the end of that period. By law, all local authorities 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 2021/22 together with guidance notes as published by the Chartered Institute of Public Finance and Accountancy ('CIPFA').

The key sections included in the Statement of Accounts are:

- *Statement of Responsibilities*  
This sets out the respective responsibilities of the Council and the Strategic 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.

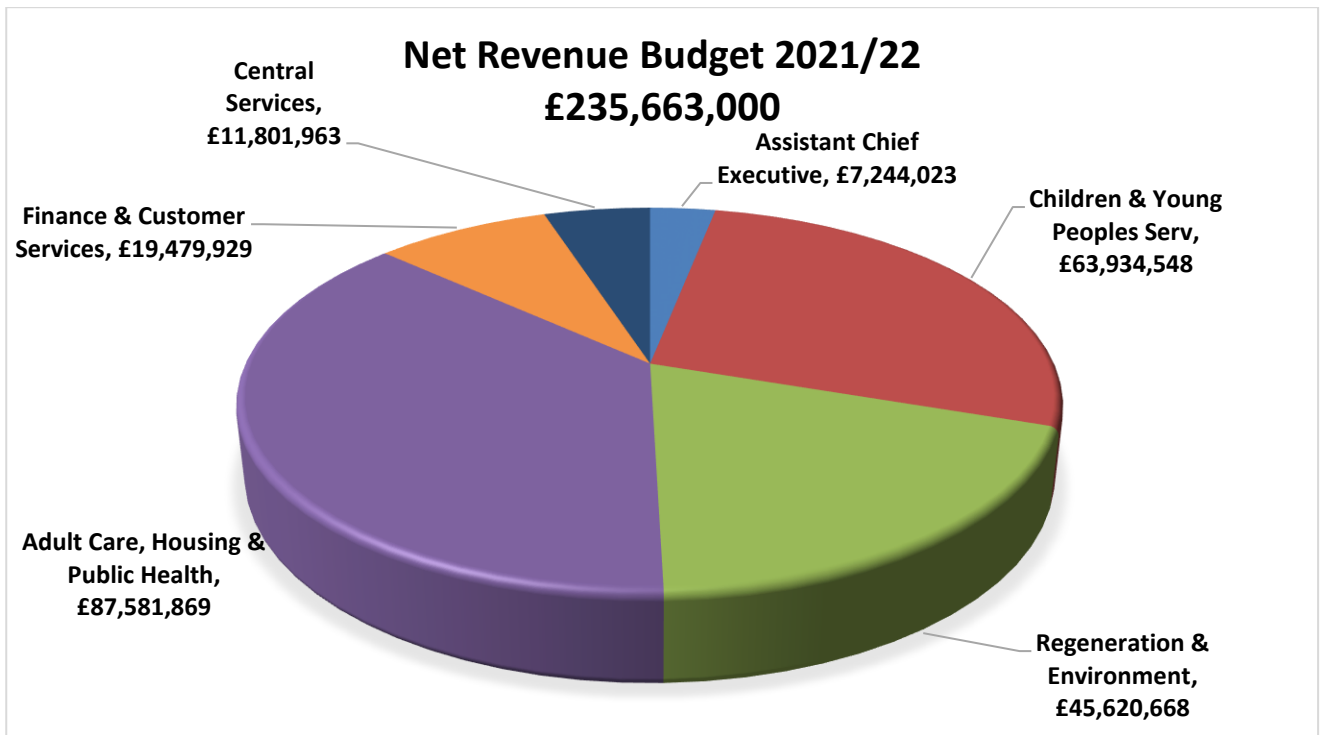
- *Cash Flow Statement*  
This statement provides a summary of the flow of cash into and out of the Council for revenue and capital purposes.
- *Notes to the Core Financial Statements*  
These notes expand on important points shown in the Core Statements and provide further explanation of movements and balances.
- *Housing Revenue Account (HRA)*  
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 major precepting authorities (i.e. South Yorkshire Fire and Rescue and the Police and Crime Commissioner).

## **Revenue & Capital Expenditure Outturns**

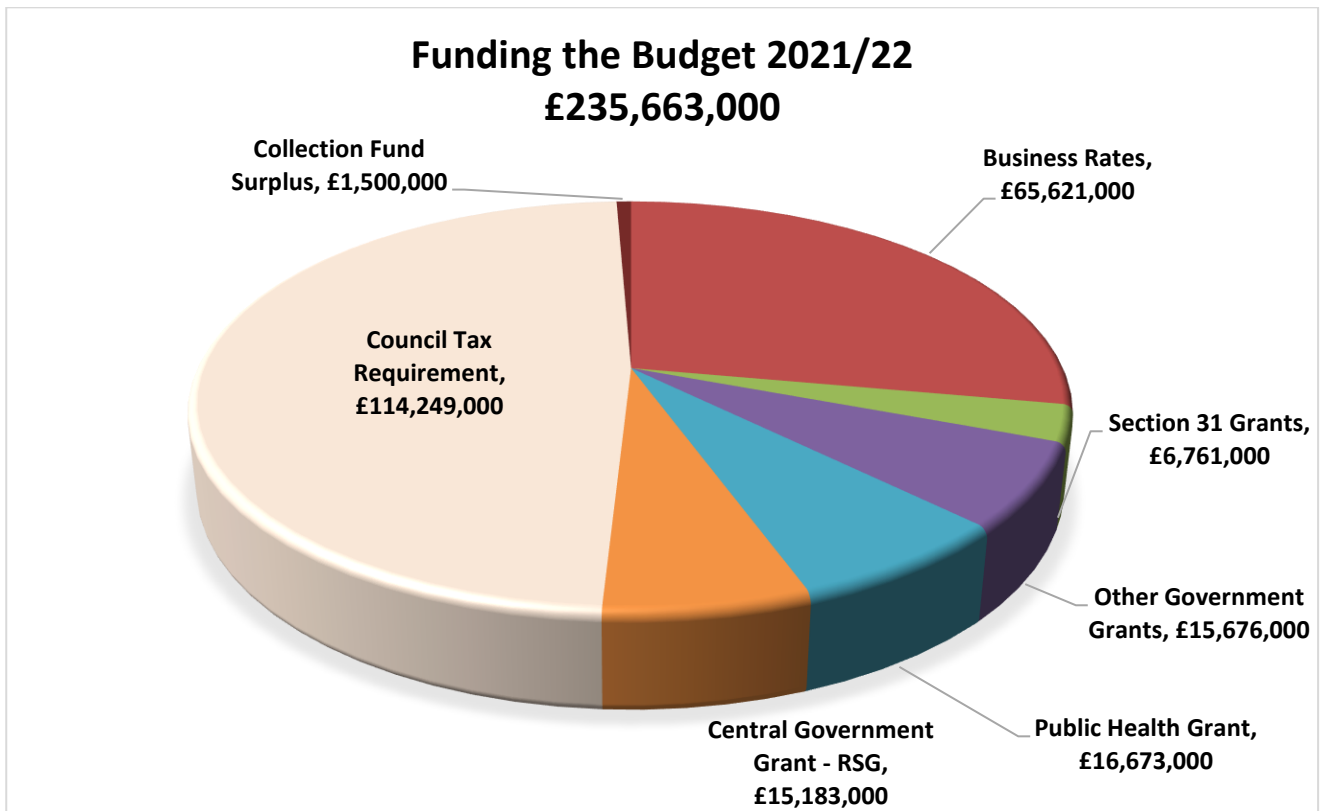
A summary of the Council's revenue and capital outturns for 2021/22 is included in the following paragraphs. Further details have been reported to Cabinet on the 11 July 2022. The agenda for this meeting can be accessed through the Council & Democracy page of the Council's website. [Financial Outturn 2021/22](#)

### **Revenue expenditure overview**

Revenue expenditure covers the day-to-day running costs of the Council's services. The net revenue budget for 2021/22 was £235.663m (after taking account of income from specific grants and fees and charges) and was split by Directorate as follows;



The net expenditure was budgeted to be funded by:





## Revenue Outturn

### General Fund Services

The Revenue Budget 2021/22 was approved by Council on 3 March 2021. A budget of £235.7m was set for General Fund services; this excludes schools' budgets and the Housing Revenue Account (HRA).

The Council directorates had an overspend of £4.1m at 2021/22 outturn. Following not drawing down the planned use of £7.5m from the Budget and Financial Strategy Reserve and through use of £14m of Covid emergency support funding the Council's overall outturn was a £2.4m underspend. This has allowed the Council to transfer £2.4m into the Council's Budget and Financial Strategy Reserve, as per the recommendation within the Council's Budget and Council Tax report 2022/23 approved at Council 2 March 2022. This will help the Council to manage some continuing budget pressures in 2022/23 e.g. a further upward trend in the demand for home to school transport, along with the general pressures of the current high level of inflation and the significant increases in energy prices. Taken together, these issues are likely to impact on the 2022/23 budget at a level greater than £2.4m.

The key variances within the outturn position are summarised below;

- Children & Young People Services continue to implement the budget recovery plan with budget savings of £10.1m across the 2020/21 to 2024/25 financial years. The outturn position at the end of the March was a £5.9m overspend. The main reason for the overspend relates to placements which had a net financial pressure of £6.0m. The £6.0m overspend relates in the main to £4m on residential placements, £2.1m in emergency placements, offset by £100k savings on Supported Accommodation. In fostering there were £0.8m pressures on IFA placements due to numbers above the budget profile, offset by £0.8m savings in-house fostering due to numbers being lower than budget projections as outlined above. There were other small variances in the directorate bringing the position to £5.9m
- Adult Care, Housing and Public Health outturn was an underspend of £4.8m on general fund services: Adult Care (£4.1m); Housing (£152k) and Public Health (£568k). The main variances included within the outturn is the Covid-19 impact for the service. COVID-19 is estimated to have a net cost impact of £1.6m during 2021/22. Excluding the cost of COVID-19, the cost of care packages is a net £5.1m underspent. This is mainly due to savings on transforming care of £324k and reductions in the number of older people placements of £3.8m although Covid related placements are likely to be ongoing once temporary funding ceases. Across Mental Health packages, Physical and Sensory disability services and Learning disability placements there is a net underspend of £392k.
- Regeneration and Environment Services outturn was an overspend of £3.1m. The outturn position reflects the impact of ongoing demographic pressures in Home to School transport and the 'tailing' impact of the lockdown restrictions and resulting economic impact arising from them, on many of the Directorate's Services. For example, a continuation of the increases in waste tonnages resulting from greater

working from home, and the impact on income generation and cost pressures arising as a result of social distancing requirements and other Covid linked measures that were required to be put in place.

- A £0.6m underspend within the Council's Finance & Customer Services and Assistant Chief Executive's Directorates, predominantly due to reduced demand on legal services, ICT contracts and savings generated through vacant posts as a result of staff turnover and challenges with recruitment.
- The outturn for the Central Services was impacted by the £0.8m pressure relating to the Regeneration & Environment Directorate's customer services saving that had been budgeted for centrally. However, the final outturn was a £0.6m overspend overall. This is mainly due to general efficiencies on centrally managed budgets that have delivered savings, for example the inflation budget for 2021/22 was based on 2% pay award, however, the final pay award was agreed at 1.75% in March 2022.
- Within Central Services, savings were delivered from a range of activities within the treasury management strategy (£5.6m), including effective cash flow planning and monitoring, along with management of the loans portfolio to take advantage of the low cost of short-term funds, whilst also securing £227m of new PWLB Long Term borrowing at an average rate of 1.5%.

In addition, the Council's initial outturn position allowed the Council to process several planned transfers to reserves:

- Not draw down any of the £7.5m Budget Strategy Reserve as planned within the 2021/22 Budget allowing it to remain within reserves.
- Draw down £13.6m of Covid Emergency Support grants and £0.4m of Sales, Fees and Charges income to support the 2021/22 outturn position that includes in excess of £14m of Covid related costs across budgeted spend, additionality, income losses and delayed delivery of savings.
- Transfer of Treasury Management savings of £5.6m generated in 2021/22 have been taken to a new Treasury Management Savings Reserve as approved within the Council's Budget and Council Tax Report 2022/23.
- £0.5m transfer to Budget and Financial Strategy Reserve to enable re-provision of 2021/22 revenue investments that have slipped into 2022/23 for delivery.

### Schools' Outturn

In addition to General Fund balances and reserves the Council also holds £3.794m relating to School Delegated Budgets. As can be seen below, this represents an increase of £0.613m on the previous year.

2020/21 £m		2021/22 £m
3.181	Unspent Schools' Budgets	3.794

## Housing Revenue Account Income and Expenditure Account

The Housing Revenue Account had an underspend of £2.1m, along with the revenue contribution to capital outlay remaining at the budgeted level of £6.5m. As a result of this the HRA was able to reduce the budgeted transfer from reserves by £2.1m. This reduction in planned use of reserves will help the HRA to mitigate the financial challenges presented by rising inflation and energy costs over the medium term.

The underspend relates to:

- £1.2m underspend on Repairs and Maintenance in the main as a result of Covid interventions which restricted activity during lockdown, fewer void works and slippage on some planned works into 2022/23.
- £1.1m underspend on supervision and management in the main due to vacancies, reduced costs running neighbourhood centres along with reduced ICT costs and fees for Right to Buy applications.
- £0.3m reduction to the bad debt provision due to well-maintained rent collection rates.
- £0.4m pressure on Cost of Capital interest rates on debt and underachievement of income across garage rents and District Heating.

## Reserves

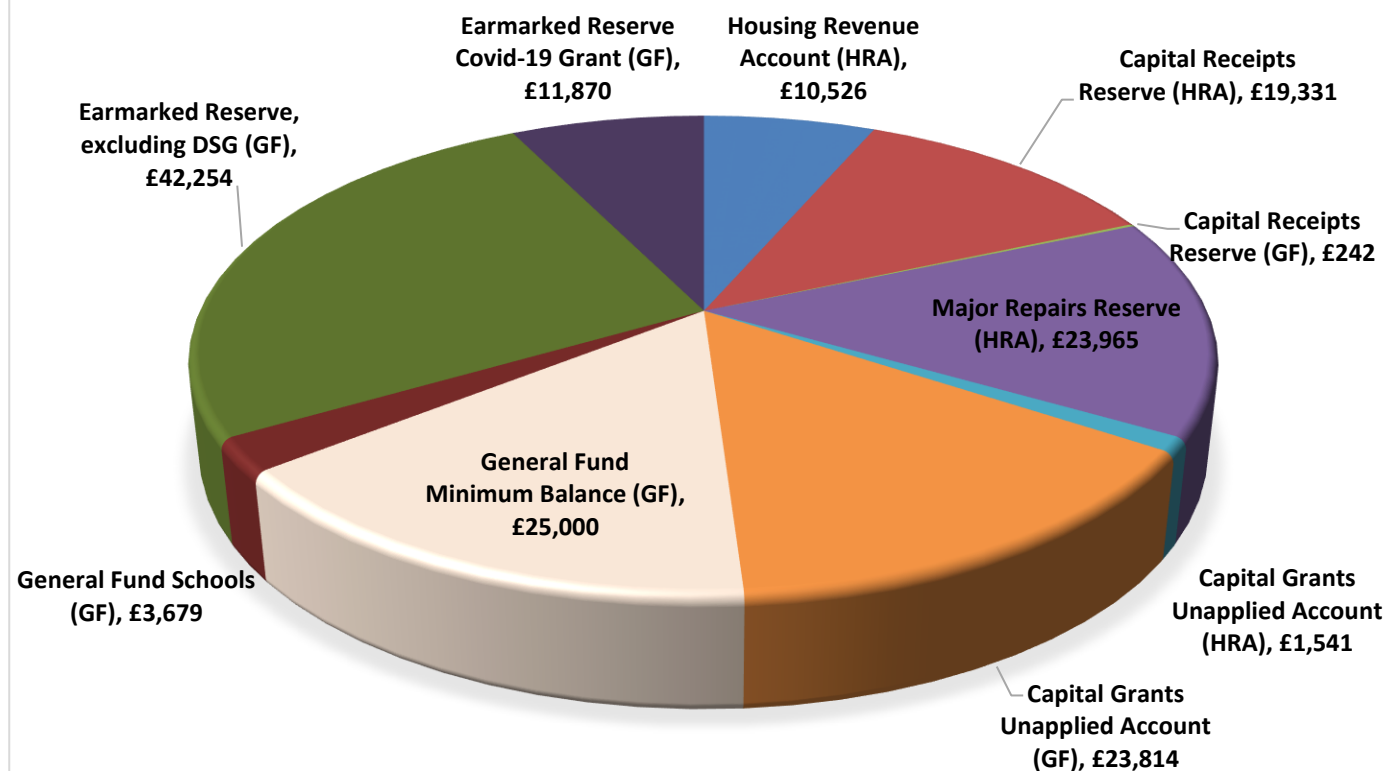
The Council manages its funds between two categories of reserves: usable reserves and unusable reserves.

*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 spending directly).

*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, the Council has 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.

As at 31<sup>st</sup> March 2022, the Council held £162.222m of usable reserves, General Fund (£106.859m) and HRA (£55.363m). Included within this balance are capital reserves of £68.893m, which can only be used to finance capital expenditure or repay debt. They cannot be used to support revenue spending directly. This leaves £93.329m of revenue reserves and balances. However, most of these are ring-fenced (HRA and school balances) or are earmarked for specific purposes. This balance also includes £11.870m of grant funding in relation to Covid related schemes, some of which has been delivered to provide support to businesses but has to be accounted for in 2022/23.

### Useable Reserves as at 31st March 2022 (£000's)



Reserves	General Fund £000's	HRA £000's	Total Reserves £000's
Housing Revenue Account	£0	£10,526	£10,526
Capital Receipts Reserve	£242	£19,331	£19,573
Major Repairs Reserve	£0	£23,965	£23,965
Capital Grants Unapplied Account	£23,814	£1,541	£25,355
General Fund Minimum Balance	£25,000	£0	£25,000
General Fund Schools	£3,679	£0	£3,679
Earmarked Reserve, excluding DSG	£42,254	£0	£42,254
Earmarked Reserve Covid-19 Grant	£11,870	£0	£11,870
<b>Total Reserves</b>	<b>£106,859</b>	<b>£55,363</b>	<b>£162,222</b>

The uncommitted General Fund balance of £25m is considered to be a reasonable level of reserves to protect the Council against unforeseen events and the realisation of contingent liabilities.

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 2021/22 amounted to £104.938m and is analysed by Directorate as follows:

<b>Directorate</b>	<b>2021/22 £m</b>
Children and Young Peoples Services	7.503
Assistant Chief Executive	0.099
Adult Care & Housing	3.616
Finance & Customer Services	1.777
Regeneration & Environment	47.837
Housing Revenue Account	44.106
<b>Total</b>	<b>104.938</b>

The capital expenditure was financed as follows:

<b>Funding Stream</b>	<b>2021/22 £m</b>
Borrowing need	14.623
Major Repairs Allowance (MRA)	25.264
Grants & Other Contributions	48.426
Capital Receipts	10.098
Internal Funds (e.g. Reserves, etc)	6.529
<b>Total</b>	<b>104.938</b>

Major items of capital expenditure incurred are as follows:

<b>Major Capital Expenditure</b>	<b>2021/22 £m</b>
<b><u>Non Housing</u></b>	
Aston Academy replacement classrooms	1.445
SEND Phase III Dinnington Adaptations works	1.564
Schools PFI Life Cycle Programme	1.146
Holmes Tail Goit Pumping Station	2.217
Forge Island Flood Defence	2.778
Parkway Widening	15.458
Greasborough Village Centre Traffic Sigs	1.382
Carriageway Resurfacing	2.158
Roads Programme	5.641

Additional Pothole funding	1.359
Furnished Homes	1.053
<b><u>Housing Investment Programme</u></b>	
Kilnhurst Externals	1.860
Wickersley Externals	1.566
The Lanes Roofing	4.085
Voids Programme	3.171
Replacement Central Heating programme	2.356
IHMS (IT System)	1.166
Fair Access to All programme	3.912
Strategic Acquisitions	1.340
New Build Provision - Millfold site	4.900
New Build Provision - Sheffield Road	7.667
New Build Provision – Henley’s site	4.557
<b>Total</b>	<b>72.781</b>

### Treasury Management & Prudential Indicators

A summary of the Council’s borrowing position as at the 31<sup>st</sup> March 2022 is shown below. Further details of the Council’s Treasury Management activities and prudential indicators were reported to the Cabinet Meeting on the 11<sup>th</sup> July 2022. The agenda for this meeting can be accessed through the Council & Democracy page of the Council’s website. [Annual Treasury Management Report and Actual Prudential Indicators 2021/22](#)

The Council’s borrowing levels are summarised below:

<b>As At 31 March 2021 £m</b>	<b>Long Term Borrowing</b>	<b>As At 31 March 2022 £m</b>
172.069	Public Works Loans Board (PWLB)	388.741
213.000	Market (e.g. Banks, Other Local Authorities)	198.000
	<b>Short Term Borrowing</b>	
302.500	Temporary Borrowing	180.500
	<b>External Investments</b>	
0.000	Debt Management Office	48.500
0.000	Other Local Authorities	137.000
47.830	Money Market Funds	39.350
<b>639.739</b>	<b>Net Borrowing</b>	<b>542.391</b>

## **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 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.

## **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 2021/22. 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 have been no Accounting Policy changes for 2021/22, however it should be noted that under the Accounts and Audit Regulations 2015, since 2017/18 local authorities are required to publish their unaudited accounts by 31<sup>st</sup> May, however due to Covid-19 implications and the results of the Redmond Review (a report on External Audits of Public Sector accounts) the deadline for publication of unaudited accounts has been pushed back to 31<sup>st</sup> July 2021.

## **Financial Outlook, Risks and Opportunities**

Adult Social Care is experiencing significant pressures that are out of the Council's control due to a rise in complexity of people's needs. The adult care market has become volatile due to the need to meet complexity but also the availability of staff to provide services. This is accelerating costs per hour to meet people's eligible needs. This is reflected across all service areas, including mental health where the sector has seen an incremental rise of acute admissions and people experiencing significant high levels of need, requiring mental health support. Due to the challenges in secondary health and community mental health social care, the service is experiencing further demands on the general adult care pathways which again is diverting stretched resources to respond.

There is therefore a need to recognise these escalating demand and market costs within this budget, relating in particular to transitions and the upward trend in the costs of adult care, which requires the Council to provide for around £11m extra costs in the budget for Adult Social Care services in 2022/23. Taking into account the complex pressures within Adult Social Care, this service presents the most significant financial risk within the Council's Budget and Medium Term Financial Strategy. The 2022/23 Budget and MTFS also needs to take into account the general upward cost pressures impacting on the costs of all services, e.g. 1.25% NIC increase, current high levels of CPI inflation and market and supply chain issues, driving cost increases.

The Budget and Council Tax Report 2021/22 noted that £18.1m of agreed budget savings and cost reductions were required to be delivered across the medium term. A significant volume of savings were predicated on assumptions about social care costs and market conditions. As noted in the Medium Term Financial Strategy (MTFS) update to Cabinet on 20 December 2021, despite changing demand pressures and wider economic factors

affecting social care, the Council remains confident that most of the remaining savings will be achieved over time. £2m savings are being delivered in 2021/22 with £11.5m over the subsequent years. In addition to the savings to come from Directorates, significant further savings are being achieved from Treasury Management.

The Council's latest financial monitoring to Cabinet on 11<sup>th</sup> July 2022 reported £3.9m of planned savings had been delivered already for 2022/23, this includes £971k for Early Help & Social Care Pathway (reductions in social care teams linked to reducing caseloads) and £2.4m savings from reablement services. The R&E savings to be delivered during 2022/23 are in respect of planned cost reductions on operational buildings and increased income from Waleswood.

This package of savings from a combination of Directorates and Treasury Management is considered to be robust and deliverable over the medium term and supports the balanced position shown in the Budget and MTFs over the next 3 financial years.

However, even with the recognition of the budget challenges within Adult Social Care and with the delivery of agreed savings, the Council's proposed Budget and Medium Term Financial Strategy remains robust. The provision of additional resources as part of the Financial Settlement and the proposed Council Tax and Adult Social Care Precept increase provides cover for some of the additional costs of adult social care. Along with continued strong performance in local taxation and careful management of reserves the Council Tax increase also allows for a small amount of investment in enhanced services, for 2022/23 onwards as approved within the Council's Budget and Council Tax report 2022/23.

Covid-19 will continue to add further complexity to the picture due to uncertainty in the pace and extent of recovery and the longer term impacts of the pandemic. Since the Council set its budget for 2022/23 several significant additional pressures have materialised, the war in Ukraine, energy prices rises and inflation. The energy price rises and inflation will impact the Council's costs in the provision of services. However, some of this cost impact will be mitigated in future years by increased core funding as business rates income is indexed to the rate of inflation. It is currently expected that the period of high inflation will last for around two years before returning to a more normal level. As such, the Council will face short term financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves. As such the Council's ability to build further capacity into those reserves as part of the 2021/22 outturn position is a significant benefit.

The Council continues to change the way in which it works with other agencies in order to implement these changes. Despite the unprecedented financial pressures, the Council will continue to focus on delivering better services, focussed on the priorities set by the public.

Though significant financial challenges have been faced, the Council has made significant strides over the last few years to establish robust, effective and prudent financial management arrangements. Through prudent budget planning, establishment of a more effective medium-term financial strategy and introduction of robust financial controls the Council's financial outlook is now far more positive. The Council's sound financial planning has enabled the creation of a reserves strategy that provides a reasonable level of general fund reserves, allowing reserves to be created to support the Council's budgetary plans,



whilst streamlining the type and volume of reserves. The Council's treasury management strategies have been utilised used effectively to support the Council's budget pressures, whilst putting the Council in a stronger position to manage its longer term capital financing.

Whilst the future funding of local authorities remains uncertain and the Council faces significant challenges moving forwards in regards to the funding of social care, the Council faces these challenges from a sound financial footing, with a robust budget for 2022/23 and medium term financial strategy.

The benefits of this new and improved financial reporting environment have been demonstrated clearly through the Councils management of the financial impact of Covid-19. The Council, like all authorities across the country, faced significant financial challenges, from additional Covid related costs, lost income and delays to planned savings, impacting on the Council's ability to manage its budget position for 2021/22.

However, the Council has continued to be able to quickly mobilise financial resources to manage these pressures, establishing monitoring tools to track, report and control Covid-19 related pressures, gaining an understanding of emergency Covid-19 funding and the wide variety of new Covid specific grant streams so that they could be effectively deployed.

It is also important to underline the spending level of the Council despite the previous funding cuts. With a current revenue budget of £235.6m in 2022/23 together with capital expenditure of £285m, the Council will remain a key lever for growth and investment in Rotherham and the wider Sheffield City Region. The updated Capital Programme includes a total of £509m of planned capital investment across the current year and up to 2025/26.

The challenge is to ensure the sustainability of the Council to deliver services and deliver against the Council's stated priorities. This means making carefully considered investment decisions through to 2026 and ensuring that agreed savings are delivered in line with revised timeframes.

**Judith Badger CPFA**

Strategic Director of Finance and Customer Services

Finance and Customer Services Directorate

Riverside House

Main Street

Rotherham

S60 1AE

Date 28 July 2022