

**ROTHERHAM BOROUGH COUNCIL - REPORT TO CABINET**

<b>1.</b>	<b>Meeting:</b>	<b>CABINET</b>
<b>2.</b>	<b>Date:</b>	<b>9<sup>th</sup> March 2011</b>
<b>3.</b>	<b>Title:</b>	<b>Quarter 3 2010/11 Financial and Performance Report on Major External Funding Programmes and Projects</b>
<b>4.</b>	<b>Directorate:</b>	<b>Financial Services &amp; Chief Executives</b>

## **5. Summary**

This report provides an overview of the performance and achievements of the Council's major external funding programmes and projects for the period October to December 2010 and also against the targets set for the financial year 2010-2011.

The priorities for each regime, together with the context of each project / programme's contribution to addressing those priorities have previously been provided as an appendix to the report in December 2007.

## **6. Recommendations**

**That Cabinet:**

- **notes the content of the report**
- **considers the progress and actions underway to address areas where the expected outcomes for the major external funding programmes and projects are not in line with the targets set.**

## 7. Proposals and Details

### 7.1 Background

Progress reports have been provided since April 2007 to update SLT and Cabinet on the financial performance and achievements of the externally funded programmes and projects in Rotherham. This progress report is the third for 2010/2011 financial year, and covers the period of October to December 2010.

The major externally funded schemes considered in this report are:-

- Building New Council Housing (BNCH)
- Department for Education (previously DCSF) Play Pathfinder
- European Union ERDF and ESF
- Future Jobs Fund (FJF)
- Growth Points Programme (GP)
- Housing Market Renewal Pathfinder (HMRP)
- Neighbourhood Renewal Fund – Transitional Funding (NRF TF)
- Private Finance Initiatives (PFI)
- Regional Housing Programme (RHP)
- Yorkshire Forward Single Pot (SRIP)

The majority of the funds are managed as programmes by RMBC and have well established and robust quarterly reporting mechanisms with the relevant Government departments. It should be noted that Department for Education Play Pathfinder, EU funding and the Future Jobs Fund are managed in Rotherham as individual projects not programmes, but the objectives of these funding regimes, together with the projects' contributions towards achieving those objectives, are included for completeness.

Details of the financial performance and achievements to date on these funding regimes follow.

### 7.2 Summary of progress and performance to date – Key headlines

Appendix 1 provides a financial and performance summary (including a RAG Status) for funding regimes and individual projects currently being delivered across the Borough. The main issues to be highlighted from this summary are:

- **Building New Council Housing** – Bad weather conditions in December led to the majority of working days being lost. The Homes & Communities Agency has agreed that the resultant underspend can be rolled forward into 2011/12 to enable completion of the Wood Street units.
- **Department of Education Play Pathfinder** – Spend on target.
- **European Union ESF & ERDF** – The 14-16 & 16-19 NEETs projects continue to perform well, with the 16-19 NEETs project exceeding output targets. Activities within the ERDF SY Technical Assistance project may be subject to reduced levels of funding due to the length of time taken for contract variation to be approved. This has significantly reduced the time available for delivery.
- **Future Jobs Fund** – The Programme is performing well and is now operating at full capacity of 533 jobs created and filled.
- **HMRP** – This programme is spending to target.
- **Yorkshire Forward SRIP** – all remaining projects are spending to target.

Further detail of the performance and achievements for each funding stream is summarised below. The appendices accompanying this report provide a variance analysis of the financial performance for each funding stream as well as details of future

years' funding available to the Council. Any project exhibiting greater than a 10% variance is described individually below.

### **7.3 Building New Council Housing (BNCH)**

The quarter 3 spend target is £6.426m with actual spend being £4.860m, resulting in a £1.566m underspend. There has been a £1m delay on the Wood Street site due to bad weather conditions in December with 19 working days lost out of 23 days in the month. Agreement is in place with HCA to roll over funding to 2011/12 for completion of 36 units in April 2011. For the other sites, similar delays will be absorbed within the timescale allocated for completion of these development sites.

**Appendix 2** provides a summary of performance.

### **7.4 Department for Education (DfE) Play Pathfinder**

The quarter 3 spend target is £61k and this has been achieved.

**Appendix 3** provides a summary of performance.

### **7.5 EU Funding – European Social Fund (ESF) and European Regional Development Fund (ERDF)**

ESF projects:

#### ***14-16 NEETs (CYPS lead)***

The spend target for the ESF 14-16 NEETs project is £508k with actual spend being £344k. This is a notional under spend of £164k as the funding is paid on a profile and unit cost basis rather than actual spend each quarter. The Skills Funding Agency has extended the lifetime of this project to June 2011 and a financial reprofile will be carried out to tie in with this. The number of beneficiaries now engaged on the programme is at the target.

#### ***16-19 NEETs (CYPS lead)***

The quarter 3 spend target for the ESF 16-19 NEETs project is £700k and the project has spent £501k, an underspend of £199k.

Output performance is good:

- Young people starting on the programme 94% to target
- Achievements of non-accredited learning 111% to target
- Achievements on accredited learning 102% to target
- Progression into employment 104% to target
- Progression into training/education 66% to target.

Overall output performance is at 92% to profile.

The spend target for the ESF 16-19 NEETs project has been reprofiled to reflect lower than anticipated starts on activity in recent months. A number of remedial actions are in place to address this, such as review meetings being held with providers to ensure they deliver to full capacity: community group work activity has been commissioned in each of the seven locations to support engagement to education, employment or training: and our contracted provider Lifeskills Solutions in particular has large targets to achieve between January and March 2011 which will significantly aid in bringing profiles back into line.

ERDF projects:

#### ***Technical Assistance (CEX lead)***

The quarter 3 spend target for the three Rotherham projects is £143k; £101k has so far been expended leaving an underspend of £42k. The underspend is largely a result of the time delay in Yorkshire Forward approving the contract variation. Some project activities

are now unlikely to take place due to the shortened timescale. The project is however on target to fulfil the required outputs.

### ***Enterprising Neighbourhoods (EDS lead)***

The spend target for quarter 3 is £1.054m and an amount of £734k has been spent leaving an underspend of £320k. This is as a result of individual projects within this programme being asked not to spend until the contract variation had been agreed with the funder. This has now been agreed and amended service level agreements are being drawn up, with reprofiled performance targets for delivery partners. Any residual underspend will be addressed by either implementing additional activity within this financial year or potentially extending the project, as appropriate.

### ***Rotherham Employability (EDS lead)***

The quarter 3 spend target was £780k, with £373k being spent, resulting in an underspend of £407k. The delivery of outputs for this project is subcontracted and to date the challenging outputs are not being achieved by the subcontractors as expected. Funding is output related and therefore the Council is under profile on expenditure targets within the Yorkshire Forward/ERDF contract.

Discussions are ongoing with YF and other delivery organisations regarding the definition of the outputs to ensure that all possible activities are captured during the project lifetime.

Payment to subcontractors has been stopped since October 2010 as our payment methodology is being amended following issues raised within the ERDF Article 13 audit.

**Appendix 4** provides details of the five projects that are currently EU funded.

## **7.6 Future Jobs Fund (FJF)**

The spend target to the end of December is £2.509m with a total of £2.435m expenditure being achieved, resulting in an underspend of £74k.

Funding is paid on a unit cost basis, therefore target spend figures are notional and an 'underspend' is created when participants leave the programme early. The programme is however now at full capacity with 533 job placements created and filled.

**Appendix 5** provides a summary of performance.

## **7.7 Growth Point Programme (GP)**

The target spend for quarter 3 is £1.179m and £1.023m has been spent. The underspend of £156k is linked to the planned exchange of contract on 4 properties due in February / March which will complete land clearance activities in Canklow Phase 1. Spend is expected to be in line with the spending plan by the year end.

**Appendix 6** provides a summary of performance to date.

## **7.8 Housing Market Renewal Pathfinder (HMRP)**

The quarter 3 spend target for the HMRP Programme is £3.352m with actual spend being £3.329m, a minor underspend of £23k. The acquisition of Bellows Road service centre and clearance of unsustainable dwellings and commercial units in Chesterhill has now been completed in order to prepare these areas for mixed use development.

**Appendix 7** illustrates financial performance of the Programme to date.

## **7.9 Neighbourhood Renewal Fund – Transitional Funding (NRF-TF)**

The NRF TF is a flexible programme and any variance can be reprofiled throughout the year. The spend target for quarter 3 is £758k with the actual expenditure being £704k,

which is an underspend of £54k. This is largely related to the theme of Devolved Streetscene where works have been delayed by inclement weather. Spend is expected to be made up in Quarter 4.

The NRF-Transitional Funding is fully secured, and an amount of £548k is to be rolled forward into 2011/12 to enable the completion of activities within the Employment, Enterprise & Financial Inclusion theme. Any underspend or slippage on projects due to end in March 2011 will not be rolled forward into 2011/12 unless approval is given, following assessment by Chief Executive's and Financial Services Directorate in conjunction with the relevant LSP board.

**Appendix 8** illustrates the financial performance of this programme to date.

### **7.10 Private Finance Initiatives (PFI) – Waste Management**

The Council is currently engaged in a joint Waste PFI procurement with Barnsley and Doncaster Councils to provide residual waste facilities for the 3 boroughs. The competitive dialogue process is continuing, and final tender submissions were received from both bidders on the 17<sup>th</sup> January 2011. These bids are currently being evaluated, with a view to presenting a report to Cabinet recommending the appointment of a preferred bidder at the end of March. Financial close is programmed for July 2011.

### **7.11 Regional Housing Programme (RHP)**

The quarter 3 spend target is £1.675m with actual spend being £1.419m, this is an underspend of £256k. Acquisition of Monksbridge houses in Dinnington has been delayed by negotiation with the owner of the site, this activity is now likely to be postponed until 2011/12.

The key elements to note are that the RHP money is fully secured and that Rotherham will be able to carry forward any unspent monies at the end of the year. In addition, all funding is now un-ringfenced therefore any underspent allocations may be used to support Housing Market Renewal Pathfinder activities at the end of March 2011 or rolled forward to 2011/12.

**Appendix 9** illustrates the financial performance of this programme to date.

### **7.12 Yorkshire Forward Single Pot (SRIP)**

Only five active projects remain that are funded by SRIP, with a total spend of £1.754m against a target of £1.758m which has resulted in a minor underspend of £4k. All projects are spending to target.

A listing of Rotherham projects currently funded by SRIP is attached as **Appendix 10**.

## **8. Finance**

A substantial amount of external funds are used by RMBC in order to assist in delivery against the Council's priority areas. In addition, RMBC is the accountable body for a number of external funds and is therefore responsible for the proper use, monitoring and audit of these resources. As with most public funds, external funds are often subject to the "use it or lose it" regime; it is therefore imperative that RMBC maximises these additional resources and ensures the money is used wisely to meet our priorities and isn't left unused at the end of the particular period or programme.

## **9. Risks and Uncertainties**

The main risk associated with this report is that external funds allocated to RMBC and its partners are not fully used and therefore ultimately lost to the Borough. It is the purpose

of this report to assist in alleviating this issue, through monitoring the major externally funded schemes and bringing to attention potential areas of underspend and under performance.

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

Externally funded programmes are used to assist in the implementation of delivering against the RMBC priority areas. It is vital that this additional resource is appropriately targeted and fully used. This report looks at the performance to date for the main externally funded programmes.

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

Consultation with:

Economic Strategy Team, EDS

External Funding, CYPS

External Funding Team, Financial Services

Neighbourhood Investment Team, Neighbourhoods and Adult Services

Policy and External Affairs Team, Chief Executive's Office

### **Contact Names:**

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Funding Regime	Quarter 3 Approved Budget (£)	Actual Spend (£)	Total Variance (£)	% Variance	Financial and Performance Summary	RAG Status
Building New Council Housing	6,426,000	4,860,000	1,566,000	24.4%	Underspend is due to 19 of 23 working days lost during December due to bad weather. Agreement is in place to roll funding into 2011/12.	GREEN
DfE Play Pathfinder	61,313	61,313	0	0.0%	Spend on target.	GREEN
European Union ERDF / ESF & LSC Co-financed	3,184,263	2,052,110	1,132,153	35.6%	There are five projects supported by EU funding: please see individual detail on their progress within the main body of the report.	AMBER
Future Jobs Fund	2,508,500	2,434,750	73,750	2.9%	Underspend is notional, and created by participants leaving the programme early.	GREEN
Growth Point	1,179,000	1,023,000	156,000	13.2%	Exchange of contract on 4 properties is yet to take place and spend will be caught up by end March 2011.	GREEN
HMR Housing Market Renewal Pathfinder	3,352,000	3,329,000	23,000	0.7%	Spend on target.	GREEN
NRF - Transitional Funding	757,625	703,554	54,071	7.1%	Minor underspends are expected to be recovered during Quarter 4.	GREEN
Regional Housing Programme (RHP)	1,675,000	1,419,000	256,000	15.3%	Negotiation is delaying the acquisition of properties in Dinnington: this activity is now likely to take place in 2011/12 with no adverse effect on funding.	GREEN
Yorkshire Forward Single Pot	1,757,994	1,754,316	3,678	0.2%	Spend on target.	GREEN
	<b>20,901,695</b>	<b>17,637,043</b>	<b>3,264,652</b>	<b>15.6%</b>		

**Key to RAG Status:**

<b>RAG Status</b>	<b>Explanation</b>
<b>RED</b>	A funding regime or individual projects will not be in a position to deliver both the financial and performance targets. As a consequence significant grant funding will need to be returned and there could be reputational damage to Council with that funding body
<b>AMBER</b>	A funding regime or individual projects may not meet either the financial and performance targets resulting in the possibility of grant funding being returned to the funding body
<b>GREEN</b>	A funding regime or individual projects is/are on course to meet both financial and performance targets



## FUNDING REGIME: Building New Council Housing Round 1, 2 &amp; 3

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 3 Cumulative Approved Spend (£)	Actual spend to 31 December 2010 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Building New Council Housing Round 1, 2 & 3	Paul Walsh	12,093,805	6,426,000	4,860,000	1,566,000	Detail provided within the body of the report.	As needed for completion of programme	0	0
	<b>TOTAL:</b>	<b>12,093,805</b>	<b>6,426,000</b>	<b>4,860,000</b>	<b>1,566,000</b>		<b>0</b>	<b>0</b>	<b>0</b>

## FUNDING REGIME: Department for Education Play Pathfinder

Project Name	Lead officer	2010/2011				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 3 Cumulative Approved Spend (£)	Actual spend to 31 December 2010 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Revenue Programme	Nick Barnes	72,345	61,313	61,313	0	Spend on target.	0	0	0
	<b>TOTAL:</b>	<b>72,345</b>	<b>61,313</b>	<b>61,313</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>

## FUNDING REGIME: European Union ESF and ERDF, also LSC Co-financed

Project Name	Lead officer	Target Annual Spend (£)	2010/2011			Reason for Variance / Action Required / Taken	Future Years		
			Quarter 3 Cumulative Approved Spend (£)	Actual spend to 31 December 2010 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
<b>Chief Executive's</b>									
<b>ERDF - Priority 5</b>									
ERDF Technical Assistance	Andy McGarrigle	181,449	142,750	100,687	42,063	Detail is provided within the body of the report.	0	0	0
<b>Children &amp; Young People's Services</b>									
<b>ESF Learning &amp; Skills Council (LSC) Co-financed</b>									
16-19 NEETs (Profiles based upon Calendar Years as per LSC contract)	Tricia Smith	699,794	699,794	501,130	198,664	Detail provided within the body of the report.	493,614	0	0
ESF 14-16 NEETs	Tricia Smith	692,860	507,672	343,729	163,943	Detail provided within the body of the report.	0	0	0
<b>Environment &amp; Development Services</b>									
<b>ERDF - Priority 3</b>									
Enterprising Neighbourhoods Project	Simeon Leach	1,395,244	1,053,758	733,681	320,077	Detail is provided within the body of the report.	1,094,105	0	0
Rotherham Employability Project	Simeon Leach	1,032,398	780,289	372,883	407,406	Detail is provided within the body of the report.	983,839	578,839	0
	<b>TOTAL:</b>	<b>4,001,745</b>	<b>3,184,263</b>	<b>2,052,110</b>	<b>1,132,153</b>		<b>2,571,558</b>	<b>578,839</b>	<b>0</b>

## FUNDING REGIME: Communities &amp; Local Government - Future Jobs Fund

Project Name	Lead officer	2010/2011				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 3 Cumulative Approved Spend (£)	Actual cumulative spend to 31 December 2010 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Future Jobs Fund	Simeon Leach	2,578,400	2,508,500	2,434,750	73,750	Underspend created when people leave the programme early. Programme up to capacity with 533 job placements created and filled.	202,600		
	<b>TOTAL:</b>	<b>2,578,400</b>	<b>2,508,500</b>	<b>2,434,750</b>	<b>73,750</b>		<b>202,600</b>	<b>0</b>	<b>0</b>

## FUNDING REGIME: Growth Point Programme

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 3 Cumulative Approved Spend (£)	Actual spend to 31 December 2010 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Growth Point Programme	Paul Walsh	1,338,000	1,179,000	1,023,000	156,000	Detail provided within the body of the report.	0	0	0
	<b>TOTAL:</b>	<b>1,338,000</b>	<b>1,179,000</b>	<b>1,023,000</b>	<b>156,000</b>		<b>0</b>	<b>0</b>	<b>0</b>

## FUNDING REGIME: HMR Pathfinder

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 3 Cumulative Approved Spend (£)	Actual spend to 31 December 2010 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
		Housing Market Renewal Pathfinder	Paul Walsh	3,704,000	3,352,000		3,329,000	23,000	In line with spending plan.
<b>TOTAL:</b>		<b>3,704,000</b>	<b>3,352,000</b>	<b>3,329,000</b>	<b>23,000</b>		<b>0</b>	<b>0</b>	<b>0</b>

The Pathfinder programme will terminate at the end of the year. No HCA funding is expected in future years.

## FUNDING REGIME: Neighbourhood Renewal Fund - Transitional Funding (NRF TF)

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 3 Cumulative Approved Spend (£)	Actual spend to 31 December 2010 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Neighbourhood Renewal Fund - Transitional Funding	Michael Holmes	1,081,077	757,625	703,554	54,071	Weather has delayed spend on "devolved streetscene". This and other - minor - underspends across the programme are expected to be made up in qtr 4.	548,464	0	0
	<b>TOTAL:</b>	<b>1,081,077</b>	<b>757,625</b>	<b>703,554</b>	<b>54,071</b>		<b>548,464</b>	<b>0</b>	<b>0</b>

## FUNDING REGIME: Regional Housing Programme

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 3 Cumulative Approved Spend (£)	Actual spend to 31 December 2010 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Regional Housing Programme	Paul Walsh	2,759,000	1,675,000	1,419,000	256,000	Detail is provided within the body of the report.	tbc	tbc	tbc
	<b>TOTAL:</b>	<b>2,759,000</b>	<b>1,675,000</b>	<b>1,419,000</b>	<b>256,000</b>		<b>0</b>	<b>0</b>	<b>0</b>



## FUNDING REGIME: SRIP

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 3 Cumulative Approved Spend (£)	Actual Spend to 31 December 2010 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
<b>EDS - Environment Directorate</b>									
<b>Theme 1: Enabling radical restructuring of the South Yorkshire economic base</b>									
Brookfield Park	Karen Gallagher	59,848	43,411	43,411	0	On target to spend to 10/11 profile.	48,552	55,502	0
Renaissance Enabling	John Smales	210,000	331,576	331,576	0	Contract ended September 30th 2010.	0	0	0
Townscape Heritage Initiative	Charles Hammersley	650,000	337,000	337,000	0	YF grant has to be spent by March 2011. Project Officer confident of bringing in on budget within the time constraints.	0	0	0
<b>Theme 5: Creating built and green sustainable environments in urban and rural areas</b>									
Public Realm Gateways	Andy Newton	581,905	222,394	222,394	0	Spend forecast to year end £552,750 against target of £581,905. Project has been given until June 2011 to meet its target.	0	0	0
<b>Children &amp; Young People's Services</b>									
<b>Theme 3: Achieving a major step change in South Yorkshire's Education, Training and Skills base</b>									
Inspire Rotherham	Adrian Hobson	1,220,000	823,613	819,935	3,678	Minor underspend. Claims from providers received late due to adverse weather conditions.	200,000	0	0
	<b>TOTAL:</b>	<b>2,721,753</b>	<b>1,757,994</b>	<b>1,754,316</b>	<b>3,678</b>		<b>248,552</b>	<b>55,502</b>	<b>0</b>