

ROTHERHAM BOROUGH COUNCIL - REPORT TO CABINET

1.	Meeting:	CABINET
2.	Date:	22nd June 2011
3.	Title:	2010/11 Financial and Performance Outturn Report on Major External Funding Programmes and Projects
4.	Directorate:	Financial Services & Chief Executives

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 January to March 2011 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 outturn for 2010/2011 financial year, and indicates performance against targets for the last financial year.

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

- Building New Council Housing (BNCH)
- Department for Education (previously DCSF) Play Pathfinder – now complete
- European Union ERDF and ESF
- Future Jobs Fund (FJF)
- Growth Points Programme (GP) – now complete
- Housing Market Renewal Pathfinder (HMRP) – now complete
- 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 2010 led to a significant underspend that has been rolled forward to facilitate completion of works by the end of May 2011.
- **Department of Education Play Pathfinder** – Now completed. Clifton Play Park and 29 play areas across the Borough have benefitted from this funding.
- **European Union ESF & ERDF** – The 14-16 & 16-19 NEETs projects continue to perform well, with the number of young people engaged on the programmes exceeding output targets. The Rotherham Employability project has had to return ERDF funding due to an unmatched underspend occurring due to subcontractors' under performance. The RMBC contracted outputs will however be achieved and there will be no detrimental impact on the reputation of the Council.
- **HMRP** – This programme has now closed, and remaining commitments will be met by utilising Regional Housing Board monies.
- **Yorkshire Forward SRIP** – all remaining projects are spending to target.

Further details of the performance and achievements for each funding stream are 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 4 spend target is £12.094m with actual spend being £8.664m, resulting in a £3.430m underspend. Progress on sites was delayed by severe weather in December 2010. Revised completion dates were approved with HCA and all funding is secured subject to site completion being delivered as per the agreed schedule (below). The timescale for completion of the various sites is as follows, and all new developments will be completed by the end of September 2011:

	Completion March/April 2011 - received balance of funding in
Newland Avenue	March
Wood Street	Part completion March 2011 - received part funding in March
Wood Street	Scheduled in May 2011 for final drawdown
Stone Park Close	Scheduled for completion in May 2011 for final drawdown
Albert Road	Completion Q1 2011-12
Albany Road	Completion Q2 2011-12
Rother View Road	Completion Q2 2011-12

Appendix 2 provides a summary of performance.

7.4 Department for Education (DfE) Play Pathfinder

The final quarter spend target is £72k and this has been achieved in full. The Rotherham Play Pathfinder programme has created or refurbished 29 play areas including Clifton Play Park (in Clifton Park). The Programme is now complete.

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 £693k with actual spend being £518k. This is a notional under spend of £175k as the funding is paid on a profile and unit cost basis rather than actual spend each quarter. The number of beneficiaries now engaged on the programme has exceeded the target and 75% of qualifications have been achieved to date. The Skills Funding Agency has extended the lifetime of this project to June 2011.

16-19 NEETs (CYPS lead)

The quarter 4 spend target for the ESF 16-19 NEETs project is £194k and this has been achieved. This project is due for completion at the end of December 2011.

Output performance is good:

- Young people starting on the programme 101% to target
- Completion of non-accredited learning 124% to target
- Completion of accredited learning 122% to target
- Progression into employment 117% to target
- Progression into training/education 79% to target.

Overall output performance is at 103% to profile.

ERDF projects:

Technical Assistance (CEX lead)

The quarter 4 spend target for the three Rotherham projects is £181k; £130k has been spent leaving an underspend of £51k. Each of the projects has a minor underspend, due respectively to an unfilled vacancy, and the late agreement of the contract variation. The projects, however, remain on target to achieve the required outputs and the remaining ERDF funding will be rolled over into 2011/12 with an expected end date of 30th June 2011.

Enterprising Neighbourhoods (EDS lead)

The spend target for quarter 4 is £1.395m with £1.140m being spent leaving an underspend of £255k. This underspend will be addressed by rolling forward the funding to support further activity in the next financial year.

Rotherham Employability (EDS lead)

The quarter 4 spend target was £1.032m, with £625k being spent, resulting in an underspend of £407k. This underspend is due to subcontractors not delivering as many outputs as expected meaning that the Council is not able to draw down all funds from Yorkshire Forward. Unfortunately due to reductions in the Single Pot match available to this project, the underspend cannot in this case be rolled into the next financial year. Project activity will continue to March 2012 and all offer letter conditions are expected to be met.

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 March 2011 is £2.578m with a total of £2.709m expenditure being achieved, resulting in an overspend of £131k.

Claims are based on the actual monthly wages of people on the programme and this quarter, more people than estimated stayed to the end of their six months creating an overspend. All spend is able to be claimed from the funder,

Appendix 5 provides a summary of performance.

7.7 Growth Point Programme (GP)

The target spend for quarter 4 is £1.338m and £1.207m has been spent, leaving a balance of £131k. Canklow Phase 1 is now complete and, as planned, the balance of funding will be used in 2011/12 to meet revenue and capital expenditure costs related to the management of the neighbourhood. The funding requirement to implement Canklow Phase 2 and the timing of demolition of the unsustainable housing in Warden Street will be issues for further consideration in a separate report to be presented to Cabinet in June.

Appendix 6 provides a summary of performance to date.

7.8 Housing Market Renewal Pathfinder (HMRP)

This programme is now finished, with a minor overspend of £3k. Regional Housing Board funding will be accessed to support remaining commitments in 2011/12 (Bellows Rd and related enabling costs).

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 lifetime of the programme. The spend target for quarter 4 is £1.079m with the actual expenditure being £1.035m; an underspend of £44k. There is some slippage on employment/enterprise projects, including All Saints/Minster Gardens, where the bulk of 2010/11 spend has been claimed from Yorkshire Forward in order to maximise available external grant.

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 17th January 2011. Following an evaluation process, Cabinet recommended the appointment of 3SE (Shanks, Scottish and Southern Energy) as preferred bidder at their meeting of 23rd March 2011. Work has now commenced on finalising the contract documents, with financial close programmed for September 2011.

7.11 Regional Housing Programme (RHP)

The quarter 4 spend target is £2.908m with actual spend being £1.765m, this is an under spend of £1.143m. Regional Housing funds have been carefully managed to meet ongoing commitments across the Borough. The 2011/12 commitment has been reduced due to delays in delivering the Bellows Road programme which is now forecast to be delivered across two years. A report to Cabinet is being drafted to consider how such activities could be financed in 2011/12.

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

7.12 Yorkshire Forward Single Pot (SRIP)

Only three active projects remain that are funded by SRIP, with a total spend of £2.257m which has been achieved in full. 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

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Funding Regime	2010/11 Approved Budget (£)	Actual Spend (£)	Total Variance (£)	% Variance	Financial and Performance Summary	RAG Status
Building New Council Housing	12,093,805	8,664,197	3,429,608	28.4%	Agreement of a revised timescale for completion is in place with the funder Homes & Communities Agency.	GREEN
DfE Play Pathfinder	72,345	72,345	0	0.0%	Programme now completed.	GREEN
European Union ERDF / ESF & LSC Co-financed	3,495,545	2,607,312	888,233	25.4%	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	2,578,400	2,709,700	-131,300	-5.1%	The overspend is notional, and created by a higher number of participants staying to the end of the programme. All spend is able to be reclaimed from the funder.	GREEN
Growth Point	1,337,597	1,206,867	130,730	9.8%	The balance of funding will be used to meet the ongoing costs managing the Canklow Phase 1 neighbourhood.	GREEN
HMR Housing Market Renewal Pathfinder	3,704,000	3,707,290	-3,290	-0.1%	Programme now completed.	GREEN
NRF - Transitional Funding	1,078,988	1,034,901	44,087	4.1%	Minor underspends due to maximising YF external funding.	GREEN
Regional Housing Programme (RHP)	2,908,454	1,765,516	1,142,938	39.3%	Funding is secured and will be used to meet ongoing commitments across the Borough in 2011/12.	GREEN
Yorkshire Forward Single Pot	2,257,229	2,257,229	0	0.0%	Spend on target.	GREEN
	29,526,363	24,025,357	5,501,006	18.6%		

Key to RAG Status:

RAG Status	Explanation
RED	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
AMBER	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
GREEN	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 & 3**

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 4 Cumulative Approved Spend (£)	Actual spend to 31 March 2011 (£)	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	12,093,805	8,664,197	3,429,608	Detail provided within the body of the report.	7,320,227	0	0
	TOTAL:	12,093,805	12,093,805	8,664,197	3,429,608		7,320,227	0	0

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 4 Cumulative Approved Spend (£)	Actual spend to 31 March 2011 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Revenue Programme	Nick Barnes	72,345	72,345	72,345	0	Work on this programme has now completed.	0	0	0
	TOTAL:	72,345	72,345	72,345	0		0	0	0

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

Project Name	Lead officer	2010/2011				Reason for Variance / Action Required / Taken	Future Years		
		Target Annual Spend (£)	Quarter 4 Cumulative Approved Spend (£)	Actual spend to 31 March 2011 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Chief Executive's									
ERDF - Priority 5									
ERDF Technical Assistance	Barbara Moulson	181,457	181,457	130,523	50,934	Detail provided within the main body of the report.	0	0	0
Children & Young People's Services									
ESF Learning & Skills Council (LSC) Co-financed									
16-19 NEETs (Profiles based upon Calendar Years as per LSC contract)	Tricia Smith	650,340	193,586	193,586	0	Detail provided within the main body of the report.	0	0	0
ESF 14-16 NEETs	Tricia Smith	692,860	692,860	517,980	174,880	Detail provided within the main body of the report.	0	0	0
Environment & Development Services									
ERDF - Priority 3									
Enterprising Neighbourhoods Project	Simeon Leach	1,395,244	1,395,244	1,139,709	255,535	Detail provided within the main body of the report.	1,094,105	0	0
Rotherham Employability Project	Simeon Leach	1,032,398	1,032,398	625,514	406,884	Detail provided within the main body of the report.	983,839	578,839	0
	TOTAL:	3,952,299	3,495,545	2,607,312	888,233		2,077,944	578,839	0

FUNDING REGIME: Communities & Local Government - Future Jobs Fund

Project Name	Lead officer	2010/2011				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 4 Cumulative Approved Spend (£)	Actual cumulative spend to 31 March 2011 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Future Jobs Fund	Simeon Leach	2,578,400	2,578,400	2,709,700	-131,300	Claims are based on the monthly wages of people on the programme and this quarter, more people than estimated stayed to the end of their six months creating an overspend which has been claimed in full from the funder.	202,600		
	TOTAL:	2,578,400	2,578,400	2,709,700	-131,300		202,600	0	0

FUNDING REGIME: Growth Point Programme

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 4 Cumulative Approved Spend (£)	Actual spend to 31 March 2011 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Growth Point Programme	Paul Walsh	1,338,000	1,337,597	1,206,867	130,730	Canklow Phase 1 is now complete. Please see further detail in the main body of the report.	0	0	0
	TOTAL:	1,338,000	1,337,597	1,206,867	130,730		0	0	0

FUNDING REGIME: HMR Pathfinder

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 4 Cumulative Approved Spend (£)	Actual spend to 31 March 2011 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Housing Market Renewal Pathfinder	Paul Walsh	3,704,000	3,704,000	3,707,290	-3,290	Programme is now closed. All funding was received in advance and un-ringfenced. Regional Housing Board funding will be accessed to support remaining commitments in 2011/12 (Bellows Rd and enabling costs)	0	0	0
	TOTAL:	3,704,000	3,704,000	3,707,290	-3,290		0	0	0

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 4 Cumulative Approved Spend (£)	Actual spend to 31 March 2011 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Neighbourhood Renewal Fund - Transitional Funding	Michael Holmes	1,078,988	1,078,988	1,034,901	44,087	There is some slippage on employment/enterprise projects, including All Saints/Minster Gardens, where the bulk of 2010/11 spend has been claimed from Yorkshire Forward in order to maximise external grant.	599,407	0	0
TOTAL:		1,078,988	1,078,988	1,034,901	44,087		599,407	0	0

FUNDING REGIME: Regional Housing Programme

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 4 Cumulative Approved Spend (£)	Actual spend to 31 March 2011 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
Regional Housing Programme	Paul Walsh	2,759,000	2,908,454	1,765,516	1,142,938	All funds carried over to 2011/12 are committed. Detail provided within the body of the report.	0	0	0
	TOTAL:	2,759,000	2,908,454	1,765,516	1,142,938		0	0	0

FUNDING REGIME: SRIP

Project Name	Lead officer	2010/11				Reason for Variance / Action Required / Taken	Future Years		
		Annual Spend Target (£)	Quarter 4 Cumulative Approved Spend (£)	Actual Spend to 31 March 2011 (£)	Variance (£)		2011/12 Target Spend (£)	2012/13 Target Spend (£)	2013/14 Target Spend (£)
EDS - Environment Directorate									
Theme 1: Enabling radical restructuring of the South Yorkshire economic base									
Brookfield Park	Karen Gallagher	51,432	51,432	51,432	0	Total project value £800,506. YF have cut back funding for this project and this is now to be sourced from elsewhere. £11,311 Forestry Commission monies are due in 2013/14.	14,920	0	0
Renaissance Enabling	Simeon Leach	210,000	331,576	331,576	0	Contract ended September 30th 2010.	0	0	0
Townscape Heritage Initiative	Katharine Boyes	650,000	654,221	654,221	0	Total project budget had been £1.430m. The High Street public realm element £580k was removed when YF started to make grant reductions, leaving £850k for the completion of Minster Yard works. Total claimed against this target was £844,444. Project now complete.	0	0	0
Children & Young People's Services									
Theme 3: Achieving a major step change in South Yorkshire's Education, Training and Skills base									
Inspire Rotherham	Adrian Hobson	1,220,000	1,220,000	1,220,000	0	On target.	200,000	0	0
	TOTAL:	2,131,432	2,257,229	2,257,229	0		214,920	0	0