

SELF REGULATION SELECT COMMISSION
27th October, 2011

Present:- Councillor Hughes (in the Chair); Councillors Atkin, Beck, Ellis, J. Hamilton, N. Hamilton, Mannion, Swift and Tweed.

20. DECLARATIONS OF INTEREST

There were no Declarations of Interest to report.

21. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

There were no questions from members of the public or the press.

22. MINUTES OF THE PREVIOUS MEETING HELD ON 15TH SEPTEMBER 2011

Resolved:- That the minutes of the meeting of the Self Regulation Select Commission held on 15th September, 2011 be approved as a correct record for signature by the Chairman.

23. HOUSING REVENUE ACCOUNT BALANCES

Further to Minute No. 17(4) of the meeting of the Self Regulation Select Commission held on 15th September, 2011, consideration was given to a report presented by Maureen Gatt, Finance Director, which outlined the current position on the Housing Revenue Account Balance and the management actions that have been taken to address the reduction in the Balance at the end of the financial year 2010/11.

The latest forecast outturn position for the Housing Revenue Account in 2011/12 projected a £4.876m surplus which would restore the Working Balance to £7.648m which was considered to be a prudent based on an assessment of the financial risks facing the Housing Revenue Account. Decisions on the future use of the balance would be considered in the context of the new Housing Revenue Account Self Financing regime and the Council's Thirty Year Business Plan that was currently being drawn together.

Over the last eighteen months the Council had been significantly altered the way in which housing services were delivered in the Borough in particular:-

- By externalising the repairs and maintenance function, thereby ending the ongoing trading deficit of the In House Service Provider and securing significant savings on previous costs.
- By returning the management of all housing services back to the Council and restructuring those services to reduce duplication, back office functions and bureaucracy and reinvesting resources in front line activities.

During this period the Decent Homes programme had also been successfully concluded. This programme saw over £318m invested in Council housing across the borough.

Additional, one off costs associated with the management of these major change programmes and accounting code requirements (in recognising the financial closure of 2010 Rotherham Ltd) mostly contributed to the temporary, planned reduction in the 2010/11 year end balance (£2.772m).

Further information was provided on the current year provision, increases in the subsidy payment and the management fee, self financing and the thirty year business plan.

A discussion ensued and the following issues were raised and subsequently clarified:-

- How many properties were still to be updated as part of the Decent Homes Programme and the proposed timescale for this to be completed.
- Savings on the externalisation of the repairs and maintenance service when the quality of service appeared to have reduced.
- Review of the financial control of the externalisation of the repairs and maintenance service.
- Intention to reinstate the working balance from reserves, which could increase year on year and the impact this would have on services.
- Use of the Housing Revenue Account surplus.
- Void properties and the turnaround targets and whether these would be achieved.
- Expected improvements to services and how worse the repairs and maintenance service had become when savings were being made.
- Perception of service delivery and the views being put forward by customers.

Resolved:- (1) That the report be received and the contents noted.

(2) That an update report be provided on the Housing Revenue Account in six months time

(3) That further information be provided on the Housing Revenue Account in respect of issues around self financing and the thirty year business plan.

(4) That further information be sought on the completion of the Decent Homes Programme and this be circulated to all Members of the Self Regulation Self Commission for information.

(5) That a further report be submitted early in 2012 for consideration on the externalisation of the repairs and maintenance contract.

(6) That the concerns relating to void turnaround targets be referred to the Improving Places Select Commission for consideration.

24. CORPORATE RISK REGISTER

Consideration was given to a report submitted by Colin Earl, Director of Audit and Governance, which showed the risks associated with the Council's most significant priorities and projects and actions being taken to mitigate them.

Following comments from Cabinet, the risk register had been streamlined to emphasise the Council's most significant risks and key actions and developments relating to these risks.

The Council's key current risks related to the financial pressures faced by the Council and management actions were being taken to mitigate these and other risks in the register.

Any queries on the corporate risk register would be forwarded on to the relevant officer for comment.

Resolved:- That the revised corporate risk register summary be noted.

25. REVENUE BUDGET MONITORING FOR THE PERIOD ENDING 30TH SEPTEMBER, 2011

Consideration was given to the report presented by Stuart Booth, Director of Central Finance, which referred to the setting the 2011/12 Revenue Budget and how the Council had to manage an unprecedented level of savings (£30.3m) resulting from the withdrawal of Central Government funding and grant allocations

In meeting this significant financial challenge the Council, from the outset, indicated the Budget process must focus on the customers it served, the communities and businesses of Rotherham. This meant, as a first course of action, streamlining management and administration and reducing as far as possible back office costs. These were highlighted as a priority by the public as part of the 'Money Matters' budget consultation.

The report, therefore, provided details of progress on the delivery of the Revenue Budget for 2011/12 based on performance for the first six months of the 2011/12 financial year and flagged up a potential overspend of £6.923m (3.20%). The main reasons for the variance were:-

- The continuing service demand and cost pressures in looking after vulnerable children across the Borough, which are also being felt both nationally and locally by a large number of councils;
- Additional, one-off property costs relating to the continued rationalisation of the Council's asset portfolio as part of the efficiency drive to reduce operational costs; and
- The extended timescale for realising the full forecast management and business support savings of £1.45m.

However, the report identified actions being taken by the Strategic Leadership Team to drive the Budget position towards a balanced position by the end of the financial year.

Discussion ensued and the following issues were raised and clarified:-

- The level of unprecedented savings and the difficulties facing the Council.
- Financial reporting and the links to performance management.
- The overall position and summary of the key areas and the areas making up the central services levy.
- Realistic savings on shared services.
- RBT revenue savings, the costs attached and the impact on the budget.
- Impact of the overspends on the Council's priorities identified in the Medium Term Financial Strategy.
- Realisation of revenue targets and the actions/activities involved.
- Directorate budget monitoring and the actions being taken to balance budgets.
- Reasons for the overspends.
- Self Regulation Select Commission Sub-Group's role in looking at overspends, particularly around Looked After Children.

Resolved:- (1) That the contents of the report be noted.

(2) That the progress made to date in delivering the significant financial challenges presented in the Council's Revenue Budget be noted.

(3) That any further actions to be taken by Directorates so as to minimise the impact on the Council's medium term financial position be determined.

26. MEDIUM TERM FINANCIAL STRATEGY AND BUDGET TIMETABLE AUGUST 2011- MARCH 2012

Consideration was given to a report presented by Stuart Booth, Director of Central Finance, which provided detail of the proposed timetable for the revision of the 2011-2016 Medium Term Financial Strategy (MTFS) and for determining the 2012/13 Revenue Budget and the Capital Programme for the period 2012/13 to 2014/15.

Resolved:- That the MTFS and Budget Timetable be noted.

27. PRESENTATION OF THE BUDGET MATRIX

The Chairman welcomed Pete Hudson, Chief Finance Manager, and Tanya Palmowski, Corporate Improvement Officer, to the meeting who gave a presentation on Rotherham's budget 2012/13 onwards and the challenges being faced.

The presentation gave specific attention to:-

- The size of the budget challenge.
- Spend on services.
- Budget pressures.
- Options for working and operating differently.
- Consultation with the public.
- Redefining the Council's core offer.

A copy of the budget matrix service cost schedule for 2011/12 showing 'packaged services' was circulated to all those present.

A discussion and question and answer session ensued and the following issues were raised and clarified:-

- Measurement of the impact of savings on the service to the end user and whether these had been factored into the matrix.
- Budget proposal action plans and the detail presented to the relevant Cabinet Member and Strategic Director.
- Percentage of customers that responded to the online consultation.
- Consultation programme and the actions anticipated.

Resolved:- (1) That Pete Hudson and Tanya Palmowski be thanked for their informative presentation.

(2) That any comments on the budget matrix be forwarded to the relevant officers.