

SELF REGULATION SELECT COMMISSION
25th July, 2013

Present:- Councillor Currie (in the Chair); Councillors Atkin, Beaumont, Beck, Ellis, Mannion, Sharman and Watson.

Apologies for absence were received from Councillors Ahmed, Godfrey, J. Hamilton and Tweed.

13. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

14. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

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

15. MINUTES OF THE PREVIOUS MEETING HELD ON 27TH JUNE, 2013

Resolved:- That the minutes of the previous meeting of the Self Regulation Select Commission held on 27th June, 2013 be approved as a correct record for signature by the Chairman.

16. GENERAL FUND - BUDGET PRINCIPLES 2014/15 AND ONWARDS 2014/15, PROPOSED BUDGET SETTING TIMETABLE AND 2013/14 REPORTING IN YEAR FINANCIAL BUDGET PERFORMANCE

Further to Minute No. 31 of the meeting of the Overview and Scrutiny Management Board held on 12th July, 2013, consideration was given to a report and presentation from the Chief Finance Manager stating that, in setting the 2013/14 Revenue Budget, it was recognised that the current budget principles, which had served the Council well since the coalition Government's programme of austerity begun, would need to be refreshed in the light of recent announcements that further significant funding reductions for Local Government were likely to continue until at least 2018. The report proposed a refreshed set of budget principles on which the 2014/15 General Fund Revenue Budget and Medium Term Financial Strategy should be based.

Included within the report were the proposed Budget Setting Timetable for the 2014/15 Revenue Budget and Medium Term Financial Strategy, as well as the proposed approach to reporting the Council's in-year financial performance to Cabinet for the financial year 2013/14.

Members noted that with the significant, continuing funding reductions and welfare reform changes that the Council would face until at least 2018, the new Budget principles were proposed to ensure the Council operated effectively within the funding available and delivered savings which would have the least impact on the citizens of Rotherham.

The salient points of the presentation by the Chief Finance Manager were:-

: recent changes as a consequence of the spending review announcements made by the Chancellor of the Exchequer on 26th June, 2013;

: April 2013 – changes, imposed by central Government, in the way local government is financed and to the welfare system;

: the significant increase in importance of business rates, in terms of a local authority's income;

: emphasis on the economic performance of local areas; areas performing less well, will have fewer resources to provide services;

: national funding outlook and the changing mix of funding, including the business rates retention scheme, with the revenue support grant reducing;

: the outlook for local authorities, especially the rising costs of adult social care, waste management and also capital financing costs;

: the prediction that the UK economy will take several years to recover;

: using traditional budget principles, the Council has managed significant budget reductions during the past three years, although the next generation of savings will be especially difficult to manage without adopting new budget principles;

: the proposed budget principles were outlined, including the need for the Council to stop doing things that are not important to all people; a Business and Jobs Growth Fund might need to be created;

: the importance of “crime and grime” services for local people; eg: concerns about anti-social-behaviour, noise nuisance and also ensuring that street cleansing and grass cutting services are maintained;

: a forecast of the indicative funding gap from 2014/15 to 2015/16; including revisions as a consequence of the coalition Government's recent spending review;

: adjustments to Formula Grants;

: the summary position of the Medium Term Financial Strategy; including a funding gap of £20.1 millions in 2014/15 and resources predicted to reduce by a further £15 millions in the 2015/16 financial year;

: the scope for change : managing service reductions and effectively

managing choice and risk by making difficult decisions about funding for services;

: the report included details of the budget timetable for the budget setting process for the 2013/2014 financial year; the timetable might be subject to change, in response to the timing of any announcements by the coalition Government.

Members discussed the following issues:-

: the implications for the Local Plan and for new house-building in the Rotherham Borough area;

: the need to grow the local economy, both in the Rotherham Borough area and in the wider Sheffield City Region; acknowledging the difficulty of local authorities having to compete with each other to attract inward investment;

: the Council's proposed business and jobs growth fund (which is still subject to Council approval);

: the importance of attracting inward investment to the Rotherham Borough area;

: the impact upon citizens of current and future reductions in the level of provision of public services;

: future savings proposals for this Council's service budgets;

: the implications for the Council's contracts (eg: waste management);

: the impact of the Government's welfare reform agenda.

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

(2) That the Self Regulation Select Commission notes:-

(a) the refreshed principles on which the 2014/15 General Fund Revenue Budget and Medium Term Financial Strategy will be based;

(b) the proposed budget setting timetable for the Revenue Budget 2014/15 and Medium Term Financial Strategy; and

(c) the proposed approach to reporting to the Cabinet on the Revenue Budget monitoring position for the 2013/14 financial year and onwards.

17. CORPORATE RISK REGISTER

Consideration was given to a report presented by the Director of Audit and Asset Management which provided details of this Council's current

Corporate Risk Register summary. The summary showed the risks associated with the Council's most significant priorities and projects and actions being taken to mitigate these risks.

The Council's key current risks continued to relate to the financial pressures faced by the Council, the implications of the Welfare Reforms, delivering effective Children's Services within budget, Digital Region and economic growth. The report summarised the management actions being taken to mitigate these and other risks in the register and listed the risks in descending inherent risk order, so as to emphasise the most significant among them.

The risk score on the priority relating to achieving economic growth had increased in recognition of the continuing weak economic conditions. The financial risk associated with the administration of Municipal Mutual Insurance had been downgraded following more certainty over the Council's financial liability and the availability of funding to meet this liability.

A new risk relating to Family Poverty (0044) had been added to the register, in recognition of this issue being a key priority for the Health and Wellbeing Board.

The Select Commission's debate about this matter included the following salient issues:-

: realignment of the risk register with the Council's revised Corporate Plan and corporate priorities;

: the risks related to social deprivation and families living in deprived circumstances;

: the need to ensure that there will be a cost effective outcome to the Digital Region project;

: insurance liabilities in respect of the Municipal Mutual Insurance company, which is now in administration.

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

(2) That the contents of the Corporate Risk Register summary, now submitted, be noted.

(3) That the current assessment of the Council's priority corporate risks be approved.

(4) That, in the view of this Select Commission, the Corporate Risk Register should refer to the risks associated with the Council's role as corporate parent of looked after children and young people.

18. SIX MONTH PROGRESS UPDATE TO SCRUTINY RECOMMENDATIONS OF RMBC'S DISTRICT HEATING SERVICE (FEBRUARY 2013)

Further to Minute No. 105 of the meeting of the Cabinet held on 5th December, 2012 and Minute No. 133 of the meeting of the Overview and Scrutiny Management Board held on 1st March, 2013, consideration was given to a report presented by the Programme Delivery Manager concerning the Council's response to the findings and recommendations of the scrutiny review of District Heating.

Recommendation 16 of the review stated that the Self Regulation Select Commission (or any successor body) should assume a monitoring role to ensure that the progress on the implementation of the agreed recommendations is maintained.

The Select Commission's discussion of this matter included the following salient issues:-

- : the positive approach of the multi-disciplined steering group meetings;
- : district heating charges being separate from housing rent charges;
- : the district heating stock condition survey is now taking place, having begun during June 2013;
- : capital investment requirements for new District Heating equipment, as well as the possibility of grant funding being available;
- : progress in respect of the Swinton Fitzwilliam estate.

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

(2) That this Select Commission notes that positive progress is being made with the recommendations of the scrutiny review of District Heating, as set out in the appendix to the submitted report.

(3) That an annual update report be submitted to a meeting of the Self Regulation Select Commission, during February 2014, detailing the further progress being made with the recommendations of the scrutiny review of District Heating.