

## Rotherham Metropolitan Borough Council

### Efficiency Plan 2016/17 to 2019/20

#### 1. Introduction and purpose

- 1.1 The purpose of this four-year Efficiency Plan is to outline Rotherham Council's strategic approach to improving efficiency, ensuring the Council is financially sustainable and delivers a balanced budget through to 2020.
- 1.2 This Efficiency Plan is based on two key Council documents. Firstly the Council's Corporate Plan (2016), which sets out the Council's priorities, objectives and success measures; and secondly the Medium Term Financial Strategy (2016/17 to 2019/20), which details the medium term budget challenge facing the Council; the primary sources of income and resource requirements, the budget strategy and how a balanced budget will be achieved. It is also set in the context of the additional significant challenges that Rotherham Council faces in transforming its social care services to improve outcomes for residents of the Borough and manage the increasing demand on those services and consequential cost pressures. The table below highlights the key priorities within each document that has informed this Efficiency Plan:

Corporate Plan 2016	<ul style="list-style-type: none"><li>• Every child making the best start in life</li><li>• A strong community in a clean and safe environment</li><li>• Every adult secure, responsible and empowered</li><li>• Extending opportunity, prosperity and planning for the future</li><li>• A modern, efficient council</li></ul>
Medium Term Financial Strategy 2016-2020	<ul style="list-style-type: none"><li>• Protect the services on which our residents place most priority</li><li>• Manage finances in accordance with our core financial principles and give the community confidence in the financial stewardship of the Council</li><li>• Ensure our infrastructure is fit for purpose and supports our ambitions</li><li>• Maximise the Council's resource base</li></ul>

- 1.3 The Efficiency Plan also draws together additional strategy documents such as the Council's Workforce Strategy to 2020. Links to each of these supporting documents is included as linked appendices.

#### 2. Background and context

##### 2.1 Intervention context

- 2.1.1 During 2015/16 Rotherham Council experienced a unique position in local government. Following the publication in February 2015 of a Corporate Governance Inspection (CGI) report, central Government issued legislative directions that appointed a team of five Commissioners to take over all executive decision-making

at the Council. This meant that the Council's traditional decision-making structures were re-configured so that executive decisions were taken by the Government-appointed Commissioners, in consultation with elected members and in a way that continued to respect the role of overview and scrutiny.

- 2.1.2 During 2015/16 the Council has been through a period of transition, with Commissioners working with elected members and officers to take the steps required to improve leadership, governance and the Council's commitment to upholding its best value duties. In the light of the positive steps taken towards improvement, some executive powers were returned to the Council from February 2016.
- 2.1.3 To date in 2016, the Council has appointed a new Senior Leadership Team that is working with the new political leadership of the Council to redefine what the Council stands for, what its priorities are, its promise to Rotherham residents and businesses and its long term ambitions for the Borough. It is this new team that is driving the modernisation and improvement of the Council's services that underpins this Efficiency Plan.

## 2.2 Budget context

- 2.2.1 Rotherham Council has a proven track record of delivering significant savings through year on year efficiencies. Between 2011 and 2016 the Council has addressed a funding gap of £138m and reduced its headcount by 1,500 staff, whilst minimising the tax burden on households when real term incomes for Rotherham residents have not been increasing. However, the Council is facing a significant further funding gap for the next three years which will necessitate efficiency requirements through to 2020. The table below (from the MTFS) highlights the minimum forecast funding gap:

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Total Budget Requirement	199.521	204.126	211.573	229.320
Estimated Resources	-199.521	-191.001	-189.789	-187.459
Annual Increase in Funding Gap	-	13.125	8.659	20.077
Cumulative Funding Gap	-	13.125	21.784	41.861

- 2.2.2 This funding gap is set against the context of significant reductions in Government funding alongside increasing demographic and service pressures with Rotherham having the biggest expected increase in the over 85 population in the region. Whilst the Efficiency Plan is designed to address a number of pressures, real service cuts and reductions are inevitable given the scale of the challenge. The Efficiency Plan will help to reduce some of the impact of this but will not be able to eliminate it. The Plan is designed to address the following pressures:

- **Demographic changes** – Using ONS population projections, Rotherham's population is forecast to grow by 4,400 by 2021 or 1.7%. However this population growth is within particular age groups which are likely to increase pressure on

Council services. This includes a significant rise in the over 75 population, by 16% from 16,200 to 18,800 and a further rise in the over 85 population by 15% from 5,900 to 6,800. Within the older population a significant proportion are living with frailty and other long-term conditions. For example, on average Rotherham men live for 21 years and women 22 years with poor health. At the other end of the age spectrum, there is a forecast increase of 1,800 (or 5.2%) of the predominantly school age (5-15) population. Only by significantly reforming the way the Council delivers support to older people in Rotherham can the Council respond to this increasing demand and deliver high quality social care within a shrinking budget.

- **Increasing safeguarding costs, particularly with children and young people** – As the Council transforms the way it delivers Children’s Services and becomes a child centred Borough, the Council is experiencing a corresponding increase in the numbers of Looked After Children (LAC) in Rotherham. The most recent analysis (August 2016) suggests that without further investment and intervention, the LAC population will continue to rise from 453 to 550 in 2019, with Children’s Services already accounting for £56m or 28% of the Council’s net revenue budget. The Council’s efficiency challenge is to safely and sustainably reduce the LAC population through coordinated early help, targeted and evidence based early intervention, and drive down the unit costs of high cost placements where this is safe to do so. This is alongside wider work to improve workforce performance and productivity, strengthening the Council’s performance management approach and use of resources.
- **Poor health, low incomes and worklessness** – Rotherham is one of the 20% most deprived districts/unitary authorities in England and approximately 23% (11,300) of children live in low income families. Life expectancy for both men and women is lower than the England average, with life expectancy nine and a half years lower for men and seven years lower for women in the most deprived areas of Rotherham than in the least deprived areas. Worklessness is concentrated in particular local neighbourhoods of the Borough predominantly near the town centre. Improving health in the borough is a key challenge and today Rotherham has 13,320 residents claiming sickness benefits of which 64% have been claiming for more than 2 years. Within these claimants, almost half are as a result of mental and behavioural disorders. The Council’s efficiency challenge is to leverage the investment at a City Region and national level directed at employment support. Similarly, the Council’s investment in public health interventions (such as drug and alcohol and mental health services) and other levers at the Council’s disposal (including Council housing stock) need to ensure that employment is at the front and centre of wider health and social support services in Rotherham.
- **Changing expectations and perceptions of public services** – residents and communities are becoming more informed, and more assertive, demanding more flexibility and in some cases choice of provider. Expectations for public services now mirror features typically attributed to private sector services – delivery, timeliness, information, professionalism, and staff attitude, often on a 24/7 basis. The Council’s efficiency challenge is to respond to these changes through a faster paced transformation of the Council’s ‘corporate core’, building enabling functions to make the council more efficient and effective. Alongside changing how the Council operates, the Council and its partners must also increase the

active involvement of local residents and communities so that they are better able to help themselves and each other, through a strength and asset based approach to delivery of services.

- **Changing access routes and shift to different technology and media** – the speed of development of new forms of communication, information sharing and data processing enables people to work, learn, socialise and connect in different ways. However, public services are struggling in many cases to keep pace with different ways of choosing, accessing and using public services. The Council's efficiency challenge is to drive the pace of change to digital by default (increasing the availability of automated, self-service solutions), rationalising out-dated delivery models whilst ensuring accessibility for all.

## **2.3 Changes in the public services landscape in the Sheffield City Region (SCR)**

2.3.1 This Efficiency Plan also reflects the potential impact of the devolution deal, which includes a commitment from Government to provide an additional £30m per year for 30 years to the SCR, as well as wider funding and powers. Whilst the precise details are being worked through and preparations are made for the elections of a Mayor in spring 2017, it is anticipated that the devolution agreement will positively impact on the Council's efficiency plans in terms of:

- Stronger City Region working and collaboration, which, when taken on a case by case basis, will enable efficiency gains to be made where services are duplicated or where centres of excellence can be established;
- Increasing funding in the drivers for growth, including skills, infrastructure, housing and transport, directly benefiting Rotherham residents, enabling Rotherham's regeneration resources and budget to go further;
- Increased (and retained) business rate income as a result of faster economic growth facilitated by better business support and infrastructure, such as ultra-fast broadband.

2.3.2 Whilst these upside opportunities as a result of the devolution agreement are at present un-quantified, the Council will be working closely with the LEP and City Region colleagues to factor in the latest forecasts into the ongoing budget and efficiencies work. Similarly, work is already underway to identify further collaboration / shared services opportunities where it makes sense for Rotherham to do so.

2.3.3 The health and social care landscape is also evolving at a City Region level, with a greater focus on the integration of health and social care to improve outcomes and address the considerable system wide budget challenge. Within Rotherham, the Council is focused on the locality plan to ensure that the health and social care system is safe and sustainable and addresses key efficiency challenges such as unplanned admissions to residential care and delayed discharges from short term residential and nursing care and hospitals.

## **3. Rationale for a four year funding settlement and supporting Efficiency Plan**

3.1 Rotherham Council is publishing this Efficiency Plan to support its request for a four year funding settlement. The Council's budget strategy and efficiency plans demonstrate the importance of being able to plan investments, savings and

improvements over a longer period. The four year funding settlement will support the Council's strategic priorities, including:

- Investing in early help and early intervention models in both Children's and Adults Services to reduce demand in high cost care placements, recognising the lag between establishing new interventions and the subsequent reduction in demand through the system;
- Managing and delivering a rolling programme of modernisation and service transformation over the four year budget cycle, recognising that investments and savings do not fall neatly within annual budget cycles, such as the shift to digital by default through customer access;
- Providing increased certainty to investors, public sector partners and service providers. With greater clarity over a longer budget cycle, the Council will have greater confidence on the funding envelope, direction of travel, priorities, and investment needs;
- Supporting the integration and alignment of services with partners at a City Region level, including health and social care, where the demands of reform are complex;
- Leveraging the increased flexibility of capital receipts to fund transformational projects described within this Efficiency Plan on a case by case basis and future transformational projects as they are developed.

#### 4. Efficiency Plan Key themes

4.1 The Council has developed a set of principles to guide decision making that underpin this Efficiency Plan. These principles are outlined below, including the particular strategic priorities for efficiency and improvement, ensuring that Rotherham's public services are sustainable, affordable and fit for the future.

***a) Keep residents, particularly vulnerable children and adults, safe from harm and enable more people to live independently for longer***

4.2 The biggest areas of spend in the Council are adult and children's social care services. Significant investment is being made (with further investment likely in 2016/17) in the delivery of the Children's Improvement Plan and LAC numbers will only begin to decrease in the medium term as the impact of early help and more targeted earlier intervention takes effect. The demographic pressures highlighted above will continue to put pressure on adult care services. To do this requires better join-up across different areas of Council spend, including specialist housing, public health and the role of the voluntary and community sector. The Council's strategic approach to driving efficiencies is therefore to:

- Strengthen early help and early intervention work with both children and adults to prevent complex needs escalating, collaborating with partner agencies in Rotherham to deliver support in a joined up, sequenced and integrated way;
- Collaborate with City Region and CCG commissioning partners to make the integration of health and social care work at a locality and local neighbourhood level, reducing unplanned admissions to residential care and strengthening step down care provision;

- Develop an asset and strength based approach to engaging and supporting residents and communities, working with children and families rather than doing things for them, providing high support and high challenge and empowering children and families to make positive decisions about their lives;
- Focus on identifying alternative delivery models for very high cost cohorts across learning disabilities, children and adults, ensuring the Council gets best value from commissioned services and explore the latest commercial vehicles such as social investment and outcome based contracting;
- Ensure public health provision is integrated with the wider health, care and wellbeing priorities of the Council, including for example ensuring sufficient prioritisation and focus on employment as a meaningful outcome;
- Increase the volume and quality of housing options for older people (reflecting the Rotherham Housing Strategy 2016-19 and the Older People Housing Delivery Plan), including building more new specialist homes in the right locations; increasing the use of assistive technology; pilot a 'health village' service offer within people's homes; and improve hospital discharge and step down accommodation from hospital;
- Increase the pace and scale of alternative delivery models such as telehealth and telecare, to enable more older people with long term conditions and adults with disabilities to live independently in their homes wherever possible and appropriate, joining up housing support and adult care services.

***b) Drive inclusive growth and ensure Rotherham's residents are connected to local good quality job opportunities***

4.3 The Rotherham Growth Plan 2015-2025 maps out a programme of investment in economic growth and infrastructure including transport, housing, the town centre, skills and business support. This will be delivered through a capital investment strategy which will prioritise investment in these drivers for growth, particularly critical infrastructure and housing and will have a focus on strategic development projects / sites including the Advanced Manufacturing Park; widening the network of Business Incubation Centres; driving the pace of the Town Centre Master Plan with the Forge Island development; and the re-development of the Markets Complex in the town centre. This investment will facilitate increased income to the Council through the New Homes Bonus, Council Tax income and retained Business Rates. To make this happen, the Council's Efficiency Plan priorities are to:

- Strengthen the Corporate Enabling Services to provide more capacity and capability to lead the growth agenda in Rotherham, particularly the work required to influence and negotiate with SCR partners and investors;
- Continue to invest resources to work closely with the LEP and wider Sheffield City Region colleagues to influence strategic investments and commissioned programmes that best benefit Rotherham. This includes for example devolved responsibilities within employment and skills support to better connect residents to growth opportunities;
- Build homes of a high standard that meet the needs of Rotherham's growing population, accelerating delivery of three strategic housing areas at Waverley, Basingthorpe Farm, and Dinnington East. This means shifting from delivering 600 homes a year to 900 homes;

- Work with SCR and LEP colleagues to ensure that nationally contracted employment provision directly benefits Rotherham's residents and also work closely in the design of devolved employability and skills programmes within SCR.

***c) Protect Rotherham's green spaces and improve the quality of the public realm, ensuring Rotherham's streets are clean and safe***

4.4 Economic growth is not only about investing in bricks and mortar – the Council's strategy is to promote Rotherham as good place to live and work, which means a vibrant cultural sector, good quality green spaces, clean and tidy streets and neighbourhoods that residents are proud to call home. The Council's primary efficiency challenge is to ensure that spend on social care and targeted services is refocused to facilitate the management of future cost and demand challenges. This will assist the Council to maintain resources for investment in universal services ensuring availability for all residents. The Efficiency Plan priorities are therefore to:

- Ensure the effective delivery of the additional £10m investment in the quality of roads in Rotherham, removing pot holes and responding to resident feedback on high priority street scene improvements;
- Ensure that the Council delivers street, waste and environment services through the most effective and efficient delivery models. This includes for example reviewing the infrastructure and rationalising the estate (including depots) required to meet future population needs;
- Provide a high quality, comprehensive library service to Rotherham residents that shifts money from property to tangible resources that benefit users directly including books, technology, and research;
- Review waste management arrangements within Rotherham and at a city region level to determine how wider operational savings can be made from joint working and collaboration. This includes for example, opportunities to maximise income from commercial waste exit and opportunities to refinance the PFI at an appropriate time;
- Review corporate transport and fleet arrangements to identify cost savings, income generation opportunities and methods of improving customer outcomes. This will include passenger transport arrangements, fleet and staff travel.

***d) Become a smaller, more efficient, more connected organisation, delivering increased value for money, working as one Council with a stronger leadership and influencing role***

4.5 Over the last five years the Council has experienced a significant fall in overall funding with a corresponding reduction in staffing. However, the Council can do much more to become a leaner, more efficient organisation. This means stripping out unnecessary cost and duplication in buildings and services; developing the culture of the Council away from departmental silos; changing the way the Council works to be more digitally enabled; investing in functions that will enable the Council to perform better at lower cost; and ensuring the Council gets value for money from the considerable commissioned spend in Rotherham as well as from its directly provided services. To achieve this, the Council's Efficiency Plan priorities are to:

- Undertake a comprehensive, planned review of procurement within the Council to identify where, how and when better value can be created from the £219m of addressable spend (recognising both committed and uncommitted spend) across Social Care, Public Health, Capital Projects, Housing Improvement and General Revenue Funds;
- Deliver a robust organisational review that appraises enabling services and Business Support, reviewing staff levels, structures and functions, developing an organisation blueprint that is fit for the future, delivers real term cost savings and builds upon the 'Laying the Foundations' report to continue to strengthen corporate governance and oversight to address the issues identified within the Corporate Governance Review. This approach will start to develop options for the 'future council', the shape of the Council in the medium to long term to meet the changing context and landscape;
- Work with managers, staff and trade unions to develop a more flexible workforce, recognising the greater integration of services and the shift towards more generic competencies and skills across previous departmental silos such as family based working; asset and strength based approaches; and more commercially aware decision making;
- Centralise enabling functions and areas of spend to improve strategic fit and oversight of impact and value for money, including for example workforce development and communications;
- Identify and strip out unnecessary agency and consultancy spend, totalling c£9m in 2015/16, introducing more robust recruitment and approval mechanisms to ensure that where consultancy/agency staff are used it is business critical;
- Ensure the Council's infrastructure and estate is fit for purpose for a smaller, leaner organisation and offers good value for money. This includes reviewing financing options and estate and property rationalisation, facilitated by digital access to Council services;
- Strengthen the Council's enabling services, building capacity and capability to enable the council to lead and influence within Rotherham and the Sheffield City Region; drive the quality and performance of front line services; and build on the good work to improve governance and accountability. This will be funded by savings identified within the organisational review, re-directing spend from transactional to strategic resources including performance, commissioning, research and intelligence;
- Continue the progress made towards 'digital by default', increasing the pace of transformation to enable more residents to access services online across multiple access points, 24/7.

***e) Adopt a more commercial, outward facing approach to doing business, generating income and leveraging the resources and assets of partners in Rotherham***

- 4.6 As the role of Rotherham MBC evolves and the Council becomes a smaller, more focused organisation, so the way in which the Council collaborates with other public sector partners in Rotherham and Sheffield City Region will develop and change. The devolution agreement and the increasing role of shared services across local authorities (and other public services) presents new opportunities to make savings



and secure income. Similarly, the Council must better lever the assets, resources and capacity of Rotherham's thriving voluntary and community sector that has weathered the storm of significant budget cuts across the public sector. There are clear opportunities to generate increased income to the Council by adopting a more commercial approach, ensuring the Council gets the best possible deal for Rotherham's tax payers. The Council's Efficiency Plan priorities are to:

- Continue to invest in building the capacity of the voluntary and community sector, streamlining funding, ensuring grant and application processes are proportionate, and prioritising investment in those areas that help to build sustainable community capacity, resources and asset;
- Ensure a commercial approach to housing and development that secures a good deal for the Council and enables the re-investment of surplus. Similarly, implementing the housing strategy will ensure the housing stock profile better meets demographic changes and alternative specialist housing options including extra care developments are accelerated to meet demand and reduce the costs of high cost residential care placements;
- Build on the existing (small scale) shared services work with other local authorities in SCR to increase the scope and level of collaboration where it makes sense to do so for Rotherham. This includes potential strategic projects linked to high cost social care services such as SCR-wide adoption services; different areas of adult social care; and strategic planning and transport;
- Consider alternative delivery vehicles and funding models across the Council where there is a strong evidence base, exploring the role of social investment, outcome based contracting and risk/reward contracting models;
- Undertake a comprehensive review of traded services and charged for services, developing options for more enterprising, commercially focused traded service models, included services delivered to schools and academies; the level of subsidy and/or cost recovery from residents for particular services; and a review of Council Tax Reduction Scheme (CTRS) and Business Rates Discretionary Relief.

## **5. Supporting efficiency and transformation through the Council's Workforce Development Strategy**

5.1 The Council has developed a Workforce Development Strategy to 2020, designed to ensure that the Council develops the managers and staff needed for the Council of the future. The Workforce Development Strategy recognises the crucial role that managers and staff will play in the delivery of the far reaching reforms and efficiencies detailed in this Plan. The Strategy includes five key priorities to support the delivery of this Efficiency Plan (with corresponding delivery plans in place):

- Develop good managers
- Value driven and high performing
- Develop workforce capacity and skills
- Recruit and Retain a Skilled and Capable Workforce
- Maintaining a Sustainable Workforce

5.2 In addition, the Council is focusing specifically on good social work practice across Adults and Children's Services, with a corresponding investment in performance management, monitoring and capacity building of social work team leaders and staff.

## **6. Financing options to support this Efficiency Plan**

### **6.1 Capital Strategy and Flexible Use of Capital Receipts**

6.1.1 Rotherham Council is proposing to support the delivery of this Efficiency Plan by taking advantage of the Department for Communities and Local Government's Updated Guidance on Flexible Use of Capital Receipts. In particular, using Capital Receipts from the sale of non-housing assets to fund the revenue costs of service improvement, modernisation and transformation; and as a mechanism to fund investment that will drive or enable future efficiencies to be delivered.

6.1.2 Business cases will be developed on a case by case basis over the four year funding settlement to use Capital Receipts to fund the transformational projects detailed in section 4 above, prioritising business cases that deliver significant efficiency savings over the medium term.

6.1.3 Capital Receipts will also be considered as a means of funding existing transformation expenses as part of the Medium Term Financial Strategy.

6.1.4 The Flexible Use of Capital Receipts will have due regard to the requirements of the Prudential Code and to the CIPFA Local Authority Accounting Code of Practice and the specific guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act.

### **6.2 Use of Reserves to support this Efficiency Plan**

6.2.1 The Council has a number of earmarked reserves established for specific targeted investment to support the Council's transformation agenda and the delivery of this Efficiency Plan. The use of these reserves will be reviewed on an ongoing basis to ensure they are most effectively used to support the Council's Medium Term Financial Strategy.

6.2.2 Taken together, the Council's approach to Reserves and the Flexible use of Capital Receipts provides a funding mechanism to support the delivery of this Efficiency Plan along with supporting the Council's overall financial strategy.

## **7. Management and monitoring arrangements**

### **7.1 Risk Management Strategy**

7.1.1 Rotherham Council has a detailed Risk Management Policy and supporting guidance in place. The implementation of this Efficiency Plan will reflect the protocols, practice and procedures detailed within the risk management guidance.

### **7.2 Monitoring Arrangements**

7.2.1 The Council has robust budget monitoring arrangements in place which includes close monitoring of progress in the delivery of efficiency savings. Reports are provided on a monthly basis detailing forecast and actual expenditure; variance; and a supporting commentary detailing risks to the budget.

7.2.2 Recognising the scale of the budget challenge over the next four years the Council is establishing a specific programme with supporting governance and controls to

oversee the development of Efficiency Plan business cases, their implementation and delivery; ensuring that benefits are realised and risks to the budget are closely monitored.

- 7.2.3 The Council recognises the risks to the delivery of efficiency savings and the potential for externalities to impact on the Efficiency Plan. These will be captured as part of the Council's standard budget monitoring procedures.

## **8. Conclusion**

- 8.1 Rotherham Council is committed to securing a Four Year funding settlement. It offers a stronger platform on which to plan for and deliver significant transformational change, both directly and with partners in Rotherham. This Efficiency Plan summarises the means by which the Council will deliver the large scale efficiencies required across the Council's operations, linked to the Council's Corporate Plan and Medium Term Financial Strategy. It demonstrates the extent of the Council's ambitious change and improvement programme, alongside a rigorous focus on productivity and performance. This Efficiency Plan also highlights some of the practical measures by which the Efficiency Plan will be funded and monitored. Taken together, the Efficiency Plan and supporting documentation provide the framework to ensure that Rotherham's public services are sustainable, affordable and fit for the future.

## **Appendixes**

Links to the following:

[Corporate Plan 2016](#)

[Medium Term Financial Strategy 2016/17 – 2019/20 – Original](#)

[Medium Term Financial Strategy 2016/17 – 2019/20 – Update](#)

[Capital strategy](#)

[Housing strategy](#)

[Rotherham Economic Growth Strategy](#)

[Commissioners' progress review reports](#)

[Improvement Plan \(a fresh start\)](#)

[Improvement Plan \(Phase 2\)](#)

Workforce strategy

Risk Management Policy

The Workforce Strategy and Risk Management Policy are currently under review, therefore they are not presently accessible on the Council's internet. If you require a copy of these documents please contact:

Anne Ellis, Finance Manager, Strategic Finance

[Anne.Ellis@rotherham.gov.uk](mailto:Anne.Ellis@rotherham.gov.uk)