

## Commissioners' Office

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26<sup>th</sup> February 2016

The Rt. Honourable Greg Clark MP  
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The Rt. Honourable Nicky Morgan MP  
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Dear Secretaries of State,

I attach the fourth quarterly report from Commissioners on the Government's intervention in the Metropolitan Borough of Rotherham. It marks completion of 12 months' work. I attach a compendium of evidence to provide material for your officials to consider and to put into the public domain evidence of the progress made.

This is my last report before the all-out local elections on 5<sup>th</sup> May 2016.

The order that the previous system of election by thirds be replaced by an all-out election was a specific part of the intervention. The Government believed it was a proper response to a widespread feeling that the political administration of the Council up until 2014 had failed. It is a criticism that can be made about those in executive positions and those with scrutiny and other responsibilities.

The all-out elections provide an opportunity for local people to think afresh about who they want to represent them for a four year term beginning this year.

It is not the job of Commissioners to prejudge the outcome of those elections. As with all local elections, turnout will be a factor. Turnout for the 2014 election by thirds (where there was no parallel general election) was 34.76% although these were combined elections to the European Parliament and slightly higher than in 2012 (31.40%).

The current composition of the Council is that Labour hold 47 seats, UKIP hold 12 seats and there are 3 Independents and 1 Conservative.

Commissioners obviously take no view about which Party deserves to be supported, but the short term progress of the intervention might be affected by the outcome of the local elections.

If there is a further Labour Administration, then the Labour Group of Councillors have given me an undertaking that they will maintain continuity of Councillors elected to positions of responsibility for the Cabinet (the Leader, Deputy Leader and Cabinet). This has the advantage that the development activity which has been arranged for those post-holders during 2015 will not be lost. If there is an Administration formed by UKIP with or without support from Independents or other parties, then it is obvious that there will be many elected to office for the first time who will have to take up positions of responsibility and current opposition party leaders are aware that this will require a period of induction and assessment before any proposal for the restoration of further powers can be considered.

Nevertheless it is the nature of democracy that Councils change political control regularly and given the preparatory training during 2015 and the standing offer by Commissioners to meet and help prepare candidates from all or any parties prior to May 2016, I believe that those elected to office in Rotherham should have the same potential as in other places to do a good job on behalf of local people.

The third quarterly report at the end of November 2015 recommended the restoration of about one third of the Council's decision-making responsibilities, to executive Councillors. This will also re-institute the 'call-in arrangements' so making more active the role of scrutiny Councillors.

Following appropriate public consultation on the principle and the detail, this proposition was agreed by both Secretaries of State and became effective on 11<sup>th</sup> February 2016.

The Directions place a positive responsibility on Commissioners to report on whether further functions can be returned to the Council and this report recommends that with effect from the Council AGM on 20 May 2016, after the local elections, that the new Licensing Committee as appointed to at that meeting, should have responsibility for determining licensing applications and reviews.

Commissioner Ney's report which is contained in the attached Commissioners' 12 Month Progress Review, explains how she has modelled a more assertive and demanding approach to both officer reports and a comparison of individual circumstances against a toughened policy, in a way which has enabled Councillors to better understand their public responsibilities and pick up new skills and gain new confidence. Again the expectation is that, subject to them being re-elected, many of these Councillors will once again join a renewed Licensing Committee and be able to make use of those skills.

As a safeguard, a Commissioner, probably Commissioner Ney, will also attend Licensing Committees for a further period and provide Advice on the same terms as provided by the Directions revised in February 2016. This means that this Commissioner can advise Councillors as to their responsibilities and that Advice must be heeded or a written note kept as to why such Advice is not accepted.

Children's Services lay at the heart of our intervention. The work over the first 15 months since the first appointment of a Children's Commissioner in October 2014 has been heavily weighted towards a management agenda. There has been much to do by way of re-organisation, hiring of new staff, bringing in extra social workers, implementing a new IT system and improving basic practice. All of this has been conducted during a period of high demand both from current work and a proper attention to witness support as historic abuse trials come to court.

Over the last twelve months the most serious failings identified by Ofsted have been successfully tackled. There are no longer widespread failures in the service, all cases are allocated, and there are no untoward delays in children and families being assessed and receiving services. The Council has made great strides in strengthening its leadership capacity within Children's Services

and increasing the numbers of frontline staff to ensure workloads are manageable. The service now has sound performance and management information arrangements in place and this is effectively interrogated by senior managers and team managers. This will improve further when the ICS (IT) system is introduced later this year. Quality assurance arrangements are being strengthened and there are signs that these are achieving better traction although it is clear that this will need consolidating throughout the year. However, the Council still needs to strengthen the quality of its first line management; it remains too reliant on temporary managers and social workers and this seriously impacts on the sustainability of these improvements and the quality and effectiveness of practice.

The multi-agency arrangements to protect children at risk of sexual exploitation have been significantly strengthened. The joint team, Evolve has achieved major successes with two large operations involving the engagement of over 160 young people. To date there has been one successful conviction with the defendant receiving a lengthy custodial sentence, and the first trial of a multi-agency investigation into non-recent child sexual exploitation has concluded with six people convicted of multiple sexual offences committed against 15 young girls. The victim management strategy employed by the team has been an outstanding success with none of the survivors withdrawing from the process of giving evidence. This has involved the collaboration of six separate agencies that have provided intensive support to these survivors, many with complex and challenging needs. Further multi-agency investigations are progressing well and will continue throughout 2016 and into 2017.

Detail of the progress on Children's Services is set down in Commissioner Newsam's report which is included in the detail of the compendium and also in his separate report to the Secretary of State at the Department for Education.

Since the submission of the nine month progress report at the end of November 2015, the Prime Minister has made a statement, on the 14<sup>th</sup> December, showing his personal commitment to acting where Children's Services have "persistently failed in the past".

Commissioners are monitoring carefully the intervention strategies which are being tried in other Children's Services departments which have attracted an inadequate verdict from Ofsted. The intervention in Rotherham constitutes 'management by experts' which is recognised in the Prime Minister's statement as one of the Government's intervention options.

Commissioners note that in other parts of the country aggregation of Children's Services by formal agreements for Councils to pool management and some other specialist resources is now being tried. Before this task in Rotherham, I had personal involvement in the 'Tri-borough' arrangements. I am pleased to see that Ofsted has recently judged two of the three Councils involved in this shared management arrangement as outstanding and the third as good but I recognise that these judgements build on years of successful leadership.

Alongside the Commissioners, leading Councillors and the new Chief Executive and Director for Children's Services have initiated a series of discussions and visits to authorities where new management arrangements are being tried. This is in order that Rotherham can evaluate whether any of these represent a more secure way forward for its Children's Services given the reality of future resource constraints and the need to be open to all and any ideas which on fair evidence look to be worth supporting.

Overall Commissioners have to note that within the Sheffield City Region, there has been limited appetite so far across the four South Yorkshire authorities for shared services but discussions are now more encouraging.

The Children's Trust, set up for Doncaster Children's Social Care Services ought to have the potential to provide the services across a wider area and stretch its management capacity to be of service to others though Commissioners recognise that as it has recently again been evaluated by Ofsted as 'inadequate', it will not want to be distracted from its own management improvements at this point.

The Commissioner Team is mindful of emerging Government policy which promotes transfer of some service provision to a non-profit distributing Trust.

The Lead Commissioner led on budget setting for 2016/17 and is acutely aware of the long list of bids from existing Children's Services which could not be met by extra funding. Over £12m was allocated. A Children's Trust might have some potential to secure a new ethos of high standards but any proposal for a stand-alone Children's Trust for Rotherham also needs to demonstrate it meets a Value for Money test and does not lead to an unjustified increase in management overheads, employments costs, including pensions overheads and other headquarters costs which do not add enough value to the lives of children in Rotherham.

For the time being, Commissioners will keep an open mind on the appropriateness of such a transfer but in the meantime the current strategy of looking at individual services to decide who is best placed to provide quality value for money provision will continue.

As of the end of February 2016, the new management team in Rotherham is taking shape as shown in Appendix O of the evidence file. The new Chief Executive took over on the 1<sup>st</sup> February. This marks a significant step down in the intervention as previously one Commissioner was also acting as Chief Executive and therefore taking daily decisions about management matters.

Other decision making previously conducted by Councillors is now divided between a smaller team of Commissioners as laid out in Appendix B.

The significance of this change is not to be underestimated. Previously as Lead Commissioner I chaired an Improvement Board where the Improvement Plan was being delivered under the direction of the Managing Director – also a Commissioner. In practice this did not impede progress indeed the collegiate, determined spirit within the Commissioner Team drove improvement forward. But from this point, as Lead Commissioner I will be chairing the Improvement Board and holding to account the new Chief Executive and her management team for the agreed necessary development activity.

An important part of the intervention has been to seek to impact on public confidence in the Council. Public confidence is important because it affects the willingness of individual members of the public to refer onto the Council matters of public concern, and play their part in a more collaborative approach to solving problems in local life. Confidence in the Council's many agents and allies is also important. Commissioners aspire that Parish Councils should believe the Council is a proper force for local good and they understand how they can work well alongside the Council.

Reputations take a long time to change and political differences mean that the various parties on the Council and outside the Council opine differently about the Council's strengths and weaknesses. Nevertheless there is some evidence that the Council's reputation is improving.

The evidence of this is the second six monthly survey of resident perception conducted on behalf of the LGA. The full results are at Appendix I but the headlines show modest improvements in trust and confidence in the Council; perceptions of value for money remain static and overall figures remain below the national average.

We have also formally tested the views of progress amongst nine key partners. A summary of the meetings (not conducted by Commissioners) are at Appendix J. It is reasonable to conclude that a wide range of people in leadership positions outside the council have noticed that the Council is more open, interested in working with others, reliable and much more assured and proactive over key issues of children's safeguarding.

### **Budget for 2016/17**

The Council faced an unusual set of challenges as it committed to spending more on Children's Services whilst dealing with a loss of £11.5m in Revenue Support Grant for 2016/17.

On the 2<sup>nd</sup> March, the Council will have a recommended budget led by Commissioners arising from a process of Commissioners working with senior Councillors and senior staff and a full scrutiny challenge, which carefully uses the relative strength of Rotherham's balance sheet, makes prudent changes in the way the servicing of debt costs is accounted for, utilises some extra funding agreed by DCLG and commits to asking local people to pay a total Council Tax rise of 3.95% including the new 2% precept to support the funding of Adult Social Care services, as allowed by the Government.

The Council budget for 2016/17 only balances after a decision to close around 300 jobs. 146 staff have agreed voluntary severance. There will be compulsory redundancies but final figures await redeployment decisions. The Council will make good its commitment to Children's Services with a total of over £12 million extra budget provision which has started in 2015/16 and feeds into 2016/17. The increasing children's expenditure in-year will lead to an estimated overspend on the Council's original 2015/16 budget of £16million which can be covered from the Council's reserves and from the in-year benefit of the revised approach to managing the Council's debt. The 2016/17 budget does not rely upon a contribution from the Council's reserves.

The Council has also set a positive capital budget over the next 5 years which commits a total of £279 million spread across agreed spending priorities including spending £17million on the Town Centre, investment of £150m to improve highways and infrastructure, over £24million focussed on building and ICT critical conditions works, housing growth and creating a development fund and £4.4million to fund investment in schools.

The Council has a new and improved Medium Term Financial Strategy which if executed well will provide more budget options going forward and provide a greater sense of assurance that value for money is being achieved.

### **The Improvement Plan**

There are two Improvement Plans which have been active this year with one focussed on improvements in Children's Services and one dealing with improvements across the rest of the Council and across the local democratic system. Both plans have been rigorously executed and show progress to expected standards. Commissioner Newsam has provided an update against the Children and Young People Services Improvement Board Action Plan to the Secretary of State for Education and is detailed within his update on Mission outcomes 1, 2 and 3 of the 12 month review.

A progress report of the Rotherham Improvement Plan ('A Fresh Start') is at Appendix A. The incoming Chief Executive has undertaken to produce a second Improvement Plan by the end of April 2016.

### **New Demands**

The significant work to support victims and survivors of CSE through both the current and non-recent investigations has presented a major challenge to the capacity of both the Council and South Yorkshire Police. In January 2016 a further multi-agency enquiry into suspected child sexual exploitation commenced. This operation is still at the earliest stages but could have major resourcing implications as it gains momentum. Alongside this, Operation Stovewood, directed by the National Crime Agency (NCA), is now taking shape and this will also present further demands on an already stretched resource.

Over the past 12 months the Council has made good progress in strengthening its approach to victims and survivors. A detailed needs analysis has been completed (Appendix C), supported by research by Salford University. Existing services have been remodelled and a range of practical, emotional and therapeutic support is currently being commissioned. At the end of January 2016, the new assertive outreach service, Reachout was launched funded by contributions from the Department for Communities and Local Government, the Department for Education, the Council, Barnardo's and the KPMG Trust. The team has already been successfully engaged in supporting the most recent CSE operations.

Planning for the new City Region apparatus has been a new demand over the last 12 months. This has been led by the Leader and Commissioners Kenny and Manzie. The Council is enthusiastic about playing its part in maximising the potential of the City Region arrangements. It is not yet clear that this will lead to a more shared sense of endeavour across all of the work of four South Yorkshire authorities. As Lead Commissioner I think this is inevitable through time.

### **A healthy system of democratic leadership and accountability**

This has been a very determined work strand for the intervention over the last 12 months. All the leading Councillors have had mentors appointed by the Local Government Association and a summary of reported progress is at Appendix H.

A new Code of Conduct, additional to the National Code was approved and is at Appendix F. An additional Code of Conduct covering how Councillors should work with paid staff and vice-versa has been agreed and is at Appendix G. Councillors have been enthusiastic about taking training opportunities.

It is clear that there was a critique that said that the internal workings of the Labour Administration was part of an unhealthy culture which prevented proper issues being raised.

The Lead Commissioner challenged the Labour Group to own a development plan for its own working, and I am satisfied that this is serious and being implemented well. The note is at Appendix E.

The Centre for Public Scrutiny has offered continuing consultancy to those Councillors involved in scrutiny to good effect. The scrutiny process of budget proposals is generally thought to be the most robust and comprehensive ever achieved in Rotherham. Several budget proposals have changed as a result of this scrutiny process.

Properly, public opinion set high standards for local political leaders and when it was clear things went wrong, the previous generation of leaders stood down. There is bound to be interest in whether those currently in leadership positions are "any better". As individuals I am satisfied that the three party leaders, the Cabinet Members and the chairs of Scrutiny, Standards and Audit, as well as the advisory Chair of Licensing are all securely within the range of standards expected of local Councillors and found in other principal authorities. The Leader was singled out for particular praise by partners (Appendix J) as being approachable and taking partners' suggestions and concerns seriously.

Currently, given the intervention, only certain senior councillors are trusted wholly to lead and be accountable. The final proof that all those in leadership and accountable positions can be trusted will only be established through time. This is why ongoing supervision by Commissioners is important. But I am currently confident that senior local Councillors understand their duties, have integrity, are well motivated and have sufficient skills to perform their current roles competently.

The original expectations within the intervention included the Council being required to consider whether a return to a Committee system would be part of better governance.

In order to ensure these issues were fairly considered, the Council agreed to appoint an independent chair for a working group to look into all these issues. Professor Anthony Crook from Sheffield University has recently finished his report and this is at Appendix D. The outcomes are a range of improvements in an executive and scrutiny model with a lower threshold for call-in and extended rights for all non-executive Councillors including those from minority parties.

These changes are designed to take effect from May 2016.

### **Looking Ahead**

I do not wish to promise a fixed timetable for further progress because any proposal for the restoration of further powers is a complex mix of the preparedness of Councillors, the public reputation of the Council, the stability and solidity of service management and the confidence of Commissioners. Nevertheless on the current trajectory, Commissioners would be expecting to recommend a timetable for the restoration of further decision-making of Councillors in their next report at the end of May 2016.

These will require consideration of the following:

1. Has the new Management Team established itself as capable of setting out ambitions for further progress?
2. Is there a stable Administration following local elections?
3. Are the office holders within that stable Administration adequately prepared for office?
4. Do Commissioners have confidence that Councillors in positions of accountability will be able to add value to the improvement trajectory of the Council?
5. Have there been any recent misconduct issues amongst Councillors that need to be taken into account?
6. Are there any other extraneous matters, including opinions from any regulators, which are relevant to this consideration?
7. Have the tests for Children's Services as set out in the separate report by Commissioner Newsam been met?

Even after the last of decision-making has been restored to Councillors, there will be a continuing role for Commissioners. Commissioners are appointed in Rotherham until 2019 and from the outset we have assumed there will be a continuing Commissioner role over this period.

The end point is clear enough. Towards the end of the intervention Commissioners should be having routine periodic meetings to look over agreed paperwork which should evidence continuing improvement; reviewing any external inspection data and keeping in touch with Council life sufficient to know that staff are not wanting to report an unhealthy culture and that partners are generally satisfied with how the Council is conducting its responsibilities.

It follows that through the course of 2016, 2017 and 2018, there will be various stepdown points and we anticipate that at some stage during 2018 there will likely be some organised external view on the Council's progress and health at that time. This is likely to be a pre-condition before both Secretaries of State agree to end intervention completely.

Along the way we expect a re-inspection by Ofsted. We do not know when this will be but our current anticipation is that this will be during the first half of 2017.

In conclusion at the end of the first year of intervention, I should place on record my thanks to my fellow Commissioners and to the staff of the Council for their continuing efforts and to commend all Members of the Council for their positive commitment to work with Commissioners in the public interest. Further progress is both necessary and expected but a good start has been made.

Yours sincerely

A handwritten signature in black ink, appearing to read "Derek Myers". The signature is written in a cursive style with a large initial 'D'.

Sir Derek Myers  
Lead Commissioner