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9th February 2015

Paul Rowsell
Deputy Director - Democracy
Dept. for Communities and Local Government
2 Marsham Street
London SW1P 4DF

Dear Mr Rowsell,

Rotherham Metropolitan Borough Council: Budget-setting for 2015-16 following Corporate Governance Inspection report and Secretary of State's proposals

Further to Sir Bob Kerslake's letter to me of 8 February - providing a steer on the permanent Chief Executive recruitment process and acknowledging the need to move quickly on Commissioner appointments - I am now in a position to enclose further details of the technical and constitutional matters I referred to in my letter of 5 February, which have been prepared by the Council's Monitoring Officer.

As you will see, an extremely urgent matter that needs to be resolved as quickly as possible is the ability for the Council to agree, legally, its budget for 2015/16. As things stood prior to the CGI report, the Council's Cabinet was due to consider a finalised budget proposal on 25 February; with a view to it being signed off at the full Council meeting on 4 March. However, the four remaining members of Cabinet have indicated that they no longer feel it appropriate for them to recommend a budget, following their decision to resign once the transitional arrangements are in place. This situation could potentially leave the Council in danger of not having set a lawful budget for 2015/16.

In addition - aside from the ongoing issues around Commissioner roles and decision-making, which have been raised in my previous correspondence - the attached highlights the need for clarity on the recruitment exercises already underway with regard to the posts of Director of Public Health, Director of Adult Social Services, and Chair of the Adult Safeguarding Board.

It also raises the question of whether there may need to be some form of "Shadow Cabinet" of elected members going forward, to provide ongoing experience and guidance that can support, over time, the return of powers to the Council's democratic structures.

However, it is the matter of the imminent budget-setting process which requires the involvement of both Cabinet and Council, on which we seek your Department's most urgent attention and advice.

Finally, for the official record, there is one minor point of accuracy with regard to the Inspection report that I would like to draw to the Department's attention. This relates to the final paragraph on page 146 (Annex C), concerning the Council's treasury management. The text states that £1.904 million has been recovered from the £3.75m lost to the Icelandic banking crisis in 2008. However, while the £3.75m figure is correct, the £1.904m figure refers only to the Council's recovery of monies invested in one of the institutions concerned (Landsbanki). In total - across both Landsbanki and Heritable - the Council has to date recovered £3.6m of the £3.75m invested; and whilst the Council sold its claim in Landsbanki in January 2014, the expectation remains that most, if not all, of the outstanding £104k from Heritable will be recovered. Whilst this is a minor, technical matter and does not impact in any way on the Council's acceptance of the report's main findings, I would be grateful if this could be noted.

I remain keen to have an opportunity to discuss these matters with your officials face-to-face at some point this week, if at all possible.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jan Ormondroyd', with a large, sweeping flourish at the end.

Jan Ormondroyd
Interim Chief Executive

cc: Sir Bob Kerslake, DCLG
Helen Edwards, DCLG
Louise Casey, DCLG
Gemma Penn, DCLG
Jacqueline Collins, RMBC