

Summary Sheet

Cabinet and Commissioners' Decision Making Meeting – 11 July 2016

Council Report

2015/16 Revenue, Capital and Prudential Indicators Outturn

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

Pete Hudson, Chief Finance Manager
Stuart Booth, Assistant Director Finance

Ward(s) Affected

All

Summary

This report outlines the unaudited revenue, capital and Housing Revenue Account (HRA) outturn positions for 2015/16, reviews treasury management activity during the year and sets out the final 2015/16 Prudential Indicators reported under the Prudential Code for Capital Finance.

The reporting of the Outturn is based on the Directorate names and structures in place for the financial year ended 31st March 2016. Some structural changes and Directorate title changes have since been implemented, effective from 1st April 2016.

The report shows an overall revenue outturn of £0.141m underspend inclusive of the Traded Services balances of £0.589m surplus (set out in Appendix 2) and the unspent balances of £0.215m (Appendix 3). Excluding the surpluses on the Traded Services the revenue outturn is an overspend of £0.448m.

Assuming the trading services balances and carry-forward requests are funded in the manner outlined in this report (3.20.1) the General Fund Working Balance will remain at £11.269m. Overall the Council's Revenue Reserves have decreased by £18.721m to £100.478m prior to the funding of the carry-forwards.

This is a very positive outturn (and better than the Estimated Outturn forecast reported to Cabinet in February), especially given the in-year financial challenges faced, in particular the significance of the additional investment in Children and Young People's Service (£8.183m) while implementing significant financial savings (£12.9m) across the Council. Delivering this overall position necessitated the implementation of a moratorium on all but essential spend and the concerted efforts

of both elected Members and senior officers in managing reducing levels of funding at a time of increasing service need; and also the generally good and responsible financial management on the part of budget holders.

The key revenue pressure faced by the Council in 2015/16 was in respect of Children's Services (c£8.6m after the planned use of £7.5m from the Transformation Reserve) predominantly in respect of the number and cost of Looked After Children in Out of Authority Placements and the additional cost of leadership and social worker capacity as part of the improvement journey to ensure children are being managed and looked after safely. This pressure has largely been managed and mitigated through underspends across the other Council Directorates (c£1.8m), underspends within Central Services (c£1.0m) and the planned use of one-off resources held in earmarked reserves (c£5.3m) as set out in the Budget Monitoring reports to Commissioners and Cabinet throughout the year.

The Housing Revenue Account (HRA) underspent by £7.204m in 2015/16.

Schools outturn (including Declared Savings) with a combined balance of £3.722m which will be carried forward to 2016/17 in accordance with Department for Education (DfE) regulations.

The Capital Programme outturn shows an underspending of £6.438m (8.5%) against the estimated spend in 2015/16 (excluding PFI and Finance Lease liabilities and reversal of a Capitalisation Direction Provision). This is due to the re-profiling of expenditure on a number of schemes and an underspend of £4.05m on the HRA funded Housing Investment Programme (HIP). A request to re-profile certain scheme budgets into 2016/17 is shown on a scheme by scheme basis at Appendix 4.

Recommendations

That Cabinet is asked to:

- a. Note the Revenue outturn position of £0.141m underspend as detailed in Appendix 1.
- b. Approve, in accordance with Council Policy, the carry-forward of Traded Services balances of £0.589m as set out in Appendix 2.
- c. Approve the carry-forward of the underspend of £0.215m to meet specific budget requirements and pressures as set out in Appendix 3, to be funded from the Transformation Reserve.
- d. Approve, subject to the approvals at 1.2 and 1.3 above, the final revenue budget overspend of £0.448m to be funded via a transfer from the Transformation Reserve.
- e. Approve the Housing Revenue Account (HRA) outturn of £7.204m underspend and its transfer to the HRA Reserve.
- f. Note the carry-forward to 2016/17 of the combined schools' balance of £3.722m in accordance with DfE regulations.
- g. Approve the reserves position as set out in section 3.20.

- h. Approve the final capital expenditure and resourcing position, incorporating expenditure of £81.893m (including £13.683m PFI and Finance Lease liabilities) against a final budget of £76.026m, and approve the requests to re-profile the relevant scheme budget into 2016/17 as set out in Appendix 4.
- i. Approve the outturn Prudential Indicators position as set out in sections 3.22 to 3.24 and Appendix 5.

List of Appendices Included

Appendix 1- Individual Directorate Outturn positions 2015/16

Appendix 2 - Traded Services Outturn 2015/16

Appendix 3 – Requests for Carry-forward to 2016/17

Appendix 4 – Capital Programme requests for carry-forward to 2016/17

Appendix 5 – Summary of Prudential Indicators

Background Papers

Estimated Outturn Report to Cabinet – 11th April 2016

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board

Council Approval Required

Yes

Exempt from the Press and Public

No

2015/16 Revenue, Capital and Prudential Indicators Outturn

1. Recommendations

That Cabinet :

- 1.1 Note the Revenue outturn position of £0.141m underspend as detailed in Appendix 1.
- 1.2 Approve, in accordance with Council Policy, the carry-forward of Traded Services balances of £0.589m as set out in Appendix 2.
- 1.3 Approve the carry-forward of the under-spend of £0.215m to meet specific budget requirements and pressures as set out in Appendix 3, to be funded from the Transformation Reserve.
- 1.4 Approve subject to the approvals at 1.2 and 1.3 above the final revenue budget overspend of £0.448m to be funded via a transfer from the Transformation Reserve.
- 1.5 Approve the Housing Revenue Account (HRA) outturn of £7.204m under-spend and its transfer to the HRA Reserve.
- 1.6 Note the carry-forward to 2016/17 of the combined schools' balance of £3.722m in accordance with DfE regulations.
- 1.7 Approve the reserves position as set out in section 3.20.
- 1.8 Approve the final capital expenditure and resourcing position, incorporating expenditure of £81.893m (including £13.683m PFI and Finance Lease liabilities) against a final budget of £76.026m, and approve the requests to re-profile the relevant scheme budget into 2016/17 as set out in Appendix 4.
- 1.9 Approve the outturn Prudential Indicators position as set out in sections 3.22 to 3.24 and Appendix 5.

2. Background

- 2.1 This report sets out the Council's revenue, capital and HRA outturn position in 2015/16 and performance against its Prudential Indicators for the year. The Council set a revenue budget of £203.554m, a HRA balanced budget after planning to use £1.440m of reserves and a Capital Programme budget of £76.026m in 2015/16.
- 2.2 The report shows the Council's financial position in relation to management accounts used to monitor performance through the year. The Audit Committee will consider separately the Council's Statement of Accounts in July. The Statement of Accounts shows the financial position in a statutorily prescribed format including technical accounting adjustments that do not reflect how the Council's day to day finances are managed.

3. Key Issues

REVENUE OUTTURN

3.1 The table below summarises the Revenue Account outturn for 2015/16, both before and after the carrying forward of Traded Services balances (surplus or deficit) in accordance with Council Policy. A summary of the reasons for the most significant year-end variations is provided from paragraph 3.2 to 3.9 with more detail provided in Appendix 1 (where relevant to do so) and details of the Traded Services balances are shown in Appendix 2.

Table 1 – Summary Revenue Outturn 2015/16

Directorate / Service	Annual Budget	Overall Outturn	Overall Variance	Surplus on Traded Services	Variance excluding Traded Services Surpluses
	£m	£m	£m	£m	£m
Children & Young People Services	53.158	61.567	+8.409	-0.204	+8.613
Neighbourhood & Adult Services	69.921	69.373	-0.548	-0.077	-0.471
Environment & Development Services	46.835	45.519	-1.316	0	-1.316
Resources	18.760	18.401	-0.359	-0.308	-0.051
Central Services	14.880	13.879	-1.001	0	-1.001
Planned Use of Earmarked Reserves	-	-5.326	-5.326	0	-5.326
Total	203.554	203.413	-0.141	-0.589	+0.448

(+ = overspend, - = underspend)

3.2 Children & Young People's Directorate

The Children and Young People's Services Directorate (excluding School and Pupil Referral Unit delegated budgets) is reporting an unaudited net overspend of £8.409m before adjusting for traded service surplus balances

(£0.204m). This overspend is after the additional in-year budget allocation of £8.183m from the Council's Transformation Reserve Fund. The most significant pressure in the Directorate, which has been monitored and reported on continuously over the financial year, is within Children's Social Care services. This is largely due to the volume of placements in excess of budget and the high level of costs associated with the placement of Looked After Children in out of authority placements, the use of agency staff to cover vacant Social Worker posts and the use of interims to provide essential leadership and direction to enable the service to move forward and address recommendations in the Professor Jay, Louise Casey and Ofsted reports.

3.3 Neighbourhoods and Adult Services Directorate

The Neighbourhoods and Adult Services Directorate underspent by £0.548m in 2015/16, including traded services surplus balance of £0.076m. The key reason for the underspend is within Neighbourhoods Services (£0.436m underspent), mainly as a result of additional income from the Furnished Homes scheme and additional fee income from the increase in private sector adaptations. Adult Services underspent overall by £0.111m due to higher than anticipated staff turnover within the Commissioning and Performance and Quality teams.

- 3.4 Public Health Services are funded via a ring-fenced grant. The service received an in-year reduction in the grant funding of £1.010m (applied by the Government) and transferred £0.153m from the Public Health reserve to meet expenditure in 2015/16. The cumulative balance on the Public Health grant reserve as at 31st March 2016 is £1.085m.

3.5 Environment & Development Services Directorate

The Directorate of Environment and Development Services has reported a net underspend of £1.316m. This represents underspending on a number of budgets, offsetting some on-going underlying operational pressures. Waste Management services have reported an underspend of £0.345m as a result of savings on both waste collection and waste disposal services. Cultural Services were £0.226m underspent due in part to additional income generated by the first year of the VAT Cultural Exemption for theatres and higher attendance levels at theatre shows. Corporate Transport, Stores and Depots have reported an underspend of £0.206m due to staff savings on depots and increased income generation to the Corporate Transport Unit and Stores. There were also underspends within Facilities Management (£0.1m), the Corporate Environment Team (£0.1m), Customer Services (£0.1m) and Network Management (£0.1m). Other smaller underspends were reported across the rest of the Directorate largely due to reductions in operational spending.

- 3.6 Overspends were incurred in Planning of £0.145m due to the reduced number of major planning applications and search fees. There was also an overspend

of £0.099m in Estates as a result of the under-recovery of fee income due to the impact of a reduced number of rent reviews, arising from a corporate decision to support town centre businesses and undertaking non-fee earning work. There was a further overspend of £0.067m in the Markets service as a result of bad debt write offs, property management charges and a continued downturn in the use of the outdoor market.

3.7 **Resources Directorate**

The Resources Directorate underspend of £0.359m is mainly as a result of surpluses on the Traded Services. Excluding this there is a net underspend of £51k. Reduced costs and additional income generation within HR and Payroll services (£0.303m), an underspend of £0.097m within Revenues & Benefits service due to additional recovery of overpaid housing benefits, together with reduced costs of Members' Allowances and savings within Democratic Services (£0.199m) have offset overspends in respect of senior staff recruitment (£0.090m), additional staff costs within Legal services, high volumes of legal statutory/planning notices, an unachieved budget income level within the Print Unit (£0.568m) and additional staff costs to support the 2015/16 internal audit delivery plan (£0.054m).

3.8 This outturn position also includes the underspend on the Rotherham Partnership budget (£0.155m). The Council administers this account and the balance (which belongs to all partners) is included in the request for budget carry-forwards detailed in Appendix 3.

3.9 **Central Services**

Central Services under-spend of £1.001m is chiefly due to:

- Savings on the Voluntary Severance Budget and Pensions discount £946k
- Yorkshire Purchasing Organisation – Founding Member dividend and customer loyalty payment higher than budget £112k
- Coroners and Passenger Transport levies less than budget £354k

The above underspends were partially offset by overspends in respect of revenue costs for the implementation of the new social care system – Liquidlogic (£162k) and an overspend in respect of the Imagination Library due to delays in implementation of the budgeted saving (£253k). These two pressures have been reflected in the budget monitoring throughout the year.

3.10 Within the Revenue Outturn position reported the Council has made provision for potential liabilities in relation to known CSE claims. The provision has been made in accordance with accounting standards and in consultation with solicitors, insurers and the Council's External Auditors.

3.11 **Traded Services**

For management accounts purposes there are five Traded Services within the Council all of which out-turned a surplus balance in 2015/16 with a combined

total of £0.589m. These were the Schools' Meals Service, the Schools' Music Service, Neighbourhoods Dispersed Units, the Schools' Insurance Fund and the Schools' Finance Service. Details of the services' outturn positions are set out in Appendix 2. The Council's existing practice has been to carry forward 100% of surpluses and deficits and the 2015/16 outturn position has been taken into account in the 2016/17 business plans of the Traded Services.

3.12 Requests for Carry-Forwards

In addition to the carry-forward of Traded Services' balances, requests have been submitted to carry forward additional unspent budgets for specific purposes. Again it has been Council practice to permit the carry-forward of up to 100% of any unspent balance at the end of a financial year if the project or development concerned is a joint arrangement or if the project remains to be completed.

3.13 A key request for carry-forward is in respect of the Rotherham Partnership budget. This budget is hosted by the Council but includes contributions from across the partnership. As such, the under-spend does not belong to the Council. As in previous years, the unspent balance is requested for carry-forward to support the Partnership's work in 2016/17 (£154,813).

3.14 The Council's Emergency Planning Shared Service jointly funded with Sheffield outturned with an underspend of £42,432. As in previous years this underspend is being requested for carry-forward to fund service activity in 2016/17.

3.15 The Members Community Leadership Fund (which allocates £1,000 per annum to each ward member) has underspent by £18,026. As in previous years this is requested for carry-forward for use in 2016/17.

3.16 HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2015/16

3.17 There was an underspend of £7.204m against the HRA Budget in 2015/16 as set out below.

Table 2 – HRA OUTTURN 2015/16

HRA Summary Position	2015/16 Budget £m	2015/16 Outturn £m	2015/16 Variance £m
Expenditure	75.776	73.362	-2.414
Income	-84.810	-84.912	-0.102
Net Cost of Service	-9.034	-11.550	-2.516
Interest Received/Debt Redemption	-0.070	-0.226	-0.156

Revenue Contribution to Capital	9.104	4.572	-4.532
Transfer to/from Reserves	0	0	0
Net Surplus for the year	0	-7.204	-7.204

3.18 The main reasons for the underspend are:

- £0.186m underspend on the cost of Housing repairs principally due to a reduced level of spend on responsive and planned work programmes, partially offset by an overspend within the empty homes budget due to an increase in the number of completed minor void properties during the year.
- £1.509m underspend on Supervision and Management - mainly due to higher than expected staff turnover, the release of a Voluntary Severance contingency, savings on non-housing repairs and maintenance and lower fuel prices within District Heating schemes.
- £0.622m underspend on the Provision for Bad Debts due to the proposed changes to the welfare benefits system being less of an impact than anticipated.
- £0.102m additional charges for services and facilities in respect of the furnished homes scheme plus an increase in the sale of Council properties under the Right to Buy scheme.
- £4.532m underspend on Revenue Contributions to Capital due to in year reduction in the capital programme to mitigate the impact of the revised social rents policy on the long term HRA business plan plus alternative funding being identified to fund strategic acquisitions.

3.19 **SCHOOLS' OUTTURN 2015/16**

School balances (including Declared Savings) at the end of 2015/16 for the Council's 73 maintained schools and pupil referral units amount to £3.722m. This is £1.331m less than at the previous year end and takes account of the four schools that converted to academies during 2015/16.

3.20 **RESERVES**

3.20.1 **Revenue Reserves**

Taking account of the earmarked balance within the Council's General Fund the overall balance has decreased by £0.507m to £11.858m as a result of the Revenue Outturn for the year. Assuming approval of the carry-forward of the Trading Services balances which are earmarked and funded from the General Fund balance and the other carry-forward requests are approved to be funded from the Transformation Reserve, there will be no change in the non-earmarked balance of £11.269m.

The total revenue reserve balances at the end of 2015/16 are £100.478m, a decrease of £18.721m on the level of reserves at the end of 2014/15. This is principally due to the impact of the part reversal (£20.191m) of the 2014/15 Accounting and Technical Adjustments (see 3.20.2 below - MRP Adjustment Reserve for further clarification).

The movements in reserves during 2015/16 are summarised in the table below and are followed by an outline of the main changes and reasons for holding balances in these reserves.

Table 3 – Movement in Revenue Reserves 2015/16

	Balance as at 1 April 2015	Movement in the year	Balance as at 31 March 2016
	£m	£m	£m
General Fund Balance – Non Earmarked	11.269	0.000	11.269
General Fund Balance – Traded Services & Carry Forwards from 2014/15	1.096	-0.507	0.589
Sub-Total	12.365	-0.507	11.858
Ring-fenced Reserves			
HRA Balance	20.728	7.204	27.932
Revenue Grants	9.966	4.004	13.970
School Balances (including Declared Savings)	5.053	-1.331	3.722
Sub-Total	35.747	9.877	45.624
Earmarked Reserves			
MRP Adjustment	34.783	-34.783	0.000
Insurance	0.000	0.350	0.350
Business Rates	0.000	4.000	4.000
Pensions Deficit	0.000	6.000	6.000

Transformation	16.851	-11.700	5.151
Looked-After Children	0.000	6.000	6.000
Furnished Homes	3.743	-0.466	3.277
Private Finance Initiative (PFI)	13.918	0.720	14.638
Other Earmarked	1.792	1.788	3.580
Sub-Total	71.087	-28.091	42.996
TOTAL	119.199	-18.721	100.478

3.20.2 The chief reasons for the movements in the main balances are:

- HRA Balance £27.932m (£7.204m higher) - the working balance has increased as a result of the outturn for the financial year.
- Revenue Grants £13.970m (£4.004m higher) representing revenue grants (including the £5.169m DCLG Transformation Grant) which are to be used to meet future spending plans relevant to the terms and conditions of the grant.

Schools Balances £3.722m which are held and ring-fenced for the specific use of schools are £1.331m lower. The overall balance has reduced in the financial year by the £0.792m schools' outturn and balances transferred to new Academies and special schools (£0.539m).

- MRP Adjustment £0.000m (£34.783m lower) - Members will recall that a sum of £34.783m arising from the approved amendments to the Council's Minimum Revenue Provision (MRP) profile for pre 2007/08 debt was held within the MRP Adjustment Reserve at 1st April 2015. This was earmarked to cover the equivalent future cost which would eventually arise from re-profiling this debt in later years.

Working with its External Auditors, the Council has evaluated whether any of the sum set aside in the reserve could be prudently released early. In concluding this evaluation the Council's External Auditors indicated that the sum held in the earmarked reserve should no longer be held in a reserve in the Balance Sheet but retained in the Capital Adjustment Account, and could be released over a period of time by taking an annual MRP holiday.

The net impact of this change in disclosure as at 31st March 2016 means that £20.191m of the MRP Adjustment Reserve has been transferred to the Capital Adjustment Account and will be released to revenue over time by taking an MRP holiday. The balance of £14.592m is the amount remaining which has been released from the Capital Adjustment Account in respect of the 2014/15 and 2015/16 financial years by applying the MRP holiday for those years.

It was indicated in the 2016/17 Budget Setting report that further proposals on the future purpose of this amount would be presented to Members within the 2015/16 (Estimated) Revenue Outturn report. Initial proposals to manage on-going risks by creating new reserves were set out in that report and in concluding the outturn position. It is recommended an amount of £10.350m is set aside in the following reserves:

- Insurance - a lower amount than previously recommended of £0.350m to cover claims incurred but not yet reported to the Council and not taken account of in the Insurance Provision.
- Business Rates - a higher amount than previously recommended of £4m to cover residual risks relating to appeals, NHS trusts claim for charitable relief, and business closures.
- Pensions Deficit - £6m to cover the potential increase in back-funding contributions to the South Yorkshire Pension Scheme over the 3 years 2017/18 to 2019/20 following the 2017 actuarial valuation.
- Transformation £5.151m (£11.700m lower) this reserve has been set aside for meeting the likely significant additional costs and potential liabilities facing the Council in order to help bring about a 'fit for purpose' Council, at the earliest opportunity. The reserve has reduced due to setting aside £6m within the newly created Looked-After Children reserve (see below) and £8.394m was committed to support the Council's 2015/16 Revenue Budget. These reductions have in part been offset by a contribution to the reserve of £2.539m. This contribution has been made from the remaining Accounting and Technical Adjustments savings following the application of funding to support the 2015/16 outturn position as outlined in this report, the management of on-going known financial risks (see above) and the potential financial impact of schools converting to Academy status (see below – Other Earmarked Reserves).
- Looked-After Children £6m as previously approved has been set aside, having been transferred from the Transformation reserve to this new reserve. The funding is earmarked as support to the Revenue Budget on a £3m, £2m and £1m basis over the three financial years, 2016/17 to 2018/19.
- Furnished Homes £3.277m has reduced by £0.466m. Used to meet the additional capital financing cost following the capitalisation of furniture purchases. The trading surplus on the scheme was offset by £1.5m of the balance being committed to support the Council's 2015/16 Revenue Budget. A further £1.6m of the balance is committed to support the Council's 2016/17 Revenue Budget.
- Private Finance Initiatives (Schools, Leisure and Waste) £14.638m now inclusive of the Waste PFI reserve increased by £0.720m being used to effectively manage the income and expenditures relevant to the schemes over the life of the contracts in line with the agreed finance and accounting models.

- Other Earmarked £2.380m (£1.788m higher) - reserves set aside for service specific purposes, the principal reasons for the change being the introduction of a Selective Licensing reserve in line with the requirement for the service to be self-financing and the establishment of a specific reserve to cover potential future financial impact of schools converting to Academy status.

3.20.3 Capital Reserves – the total unearmarked capital reserve balances at the end of 2015/16 are £4.004m, a decrease of £18.505m on the level of reserves at the end of 2014/15. The decrease is largely due to the commitment of capital receipts (£17.625m) to part finance the capital expenditure plans set out in the approved Capital Strategy.

Table 4 – Capital Reserves

	Balance as at 31 March 2016	Committed Resources	Un-earmarked as at 31 March 2016
	£m	£m	£m
Capital Receipts			
General Fund	21.201	17.625	3.576
HRA	3.808	3.808	0.000
Sub-Total	25.009	21.433	3.576
Capital Grants			
General Fund not service specific	0.559	0.131	0.428
General Fund (Service Specific)	9.954	9.954	0.000
HRA	0.093	0.093	0.000
Sub-Total	10.606	10.178	0.428
Major Repairs Reserve – HRA	3.873	3.873	0.000

TOTAL	39.488	35.484	4.004

3.21 CAPITAL OUTTURN POSITION 2015/16

3.21.1 The 2015/16 outturn position in respect of capital expenditure is shown in summary form by Directorate below:

Table 5 – 2015/16 Capital Expenditure by Directorate

Directorate	2015/16 Budget £m	2015/16 Outturn £m	2015/16 Variance £m
Children and Young People's Services	11.650	12.526	+0.876
Environment and Development Services	24.924	22.496	-2.428
Neighbourhood and Adult Services	36.670	32.481	-4.189
Resources	2.782	2.085	-0.697
Sub Total Capital Outturn 2015/16	76.026	69.588	-6.438
PFI & Finance Lease Liabilities	0	13.683	13.683
Reversal of Capitalisation Direction Provision	0	-1.378	-1.378
Outturn Capital Expenditure 2015/16	76.026	81.893	+5.867

3.21.2 The final level of capital expenditure for 2015/16 varied against the final budget by £5.867m, an overspend of 7.7%. However, this figure includes accounting entries relating to the bringing on balance sheet of a number of finance leases, totalling £13.683m, including the Finance Lease associated with the Barnsley, Doncaster and Rotherham Waste PFI scheme, which became operational in July 2015, of £13.483m. Excluding the finance leases and the reversal of a Capitalisation Direction Provision of £1.378m gives an underspend of £6.438m, which equates to 8.5% of the Programme value. This is due to re-profiling of expenditure on a number of schemes and an underspend on the HRA funded Housing Investment Programme (HIP) of £4.05m. Where in-year underspends have occurred, a request for the remaining in year budget to be re-profiled into 2016/17 is set out on a scheme

by scheme basis at Appendix 4. With the exception of two projects, Canklow and Bellows Road, the rest of the HIP underspend is not being rolled forward and the expenditure will be managed within the existing 2016/17 budget.

3.21.3 Capital Receipts – The Council is continuing to undertake a comprehensive review of its assets and buildings portfolio with the aim of rationalising both its operational and non-operational asset holdings which may contribute both future capital receipts to support the revenue budget, using the new capital receipts flexibilities introduced from the 1st April 2016, the capital programme and generate revenue savings. Within the 2016/17 Revenue Budget, an assumption has been made that Capital Receipts of £2m will be generated in 2016/17, to fund expenditure relating to transforming Council services to generate future revenue efficiency savings. During 2015/16 General Fund capital receipts of £0.505m were generated and the table below shows the more significant capital receipts that were received. These receipts form part of the Council’s Capital Reserves (para 7.5.3 above)

Table 6 – General Fund Capital Receipts Received in 2015/16

	£m
Clifton Court	0.198
Rawmarsh District Library	0.165
Other Miscellaneous Capital Receipts	0.142
Total Capital Receipts	0.505

3.21.4 Funding of the Capital Programme - the £81.893m of capital expenditure was funded as shown in the table below:

Table 7 – Funding of the 2015/16 Capital Programme

Funding	2015/16 Budget	2015/16 Outturn	2015/16 Variance to Budget
	£m	£m	£m
Grants and Contributions	22.974	19.318	-3.656
Unsupported Borrowing	20.315	19.646	-0.669
Usable Capital Receipts – HRA	3.432	2.870	-0.562
General Fund	0.100	0.222	+0.122

Housing Major Repairs Allowance (HRA)	24.262	20.932	-3.330
Revenue Contributions:			
HRA	4.637	4.572	-0.065
General Fund	0.306	0.650	+0.344
Waste PFI Finance Lease Liabilities	0	13.683	+13.683
TOTAL	76.026	81.893	+5.867

3.22 TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2015/16

3.22.1 During 2015/16 the Council complied with its legislative and regulatory requirements in terms of setting, monitoring and reporting on its prudential indicators for the year.

3.22.2 Indicators are set prior to the start of the financial year and reflect the known position at that time. Approved changes to the capital programme and its funding throughout the financial year, together with variations in treasury management activity, mean that actual indicators for the year may vary from the projections made prior to the start of the financial year. However, by regularly monitoring and reporting revisions to these indicators the Council is able to ensure the impact is known and managed through the Medium Term Financial Strategy.

3.22.3 The actual prudential indicators for 2015/16, with comparators, are shown at Appendix 5 to this report with background to these provided in the following paragraphs.

3.22.4 **Impact of the Council's Capital Expenditure and Financing 2015/16** - the Council undertakes capital expenditure on long term assets. These activities may either be:

- Financed immediately through capital receipts, capital grants etc.; or
- If insufficient financing is available the expenditure will give rise to a borrowing need.

3.22.5 Part of the Council's Treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise

performance. The primary objective is security ahead of liquidity and then yield or return.

3.22.6 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position. It represents 2015/16 and prior years' net capital expenditure which has not yet been paid for by revenue or other resources. Following changes to accounting rules in 2009/10, the CFR also includes other long term liabilities which have been brought on balance sheet, for example, PFI schemes and finance lease assets.

3.22.7 The Non-HRA element of the CFR (excluding PFI schemes and finance lease assets) is reduced each year by a statutory revenue charge (called the Minimum Revenue Provision - MRP). The CFR can also be reduced by:

- the application of additional capital resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

3.22.8 At the end of the financial year the closing CFR is broadly in line with that approved as the revised indicator for the year.

3.22.9 **Treasury Position at 31 March 2016** - whilst the Council's gauge of its underlying need to borrow is the CFR, the Strategic Director of Finance and Customer Services and the Treasury function can manage the Council's actual borrowing position by either:

- borrowing to the CFR (excluding the impact of PFI and similar contracts); or
- choosing to utilise some temporary internal cash flow funds instead of borrowing (under-borrowing); or
- borrowing for future increases in the CFR (borrowing in advance of need).

3.22.10 For 2015/16 it had been expected that borrowing would have been in line with the estimated borrowing need for the year whilst partly reducing the Council's 31 March 2015 under-borrowed position. The continued volatility in the financial markets was such that the most prudent approach was to continue to utilise temporary cash flow funds instead of borrowing.

Thus at 31 March 2016, the Council's borrowing (excluding PFI and similar schemes) and investments were as follows:

Table 8 – Council's Treasury Position 2015/2016

Net Borrowing	As At 31 March 2016 £m	As At 31 March 2015 £m
External Borrowing		
Public Works Loans Board (PWLB)	233.598	255.884
Market (e.g. Banks, Other Local Authorities)	243.000	213.000

	476.598	468.884
External Investments		
Debt Management Office	2.680	17.820
Banks	1.500	0.854
	4.180	18.674
Net Borrowing	472.418	450.210

3.22.11 Against the Council's Capital Financing Requirement (£649.505m excluding PFI and similar arrangements), the Council's outstanding net debt (£472.418m) is lower than this Requirement by approximately £177m due to the Council's prudent and sensible approach to utilise temporary cash flow funds rather than take out additional borrowings.

3.23 PRUDENTIAL INDICATORS AND COMPLIANCE ISSUES

3.23.1 Some of the prudential indicators provide either an overview or specific limits on Treasury activity:

3.23.2 **Net Borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing net of investments must only be used for a capital purpose. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2015/16 plus the expected changes to the CFR over 2016/17 and 2017/18. The Council complied with this prudential indicator throughout 2015/16.

3.23.3 **The Authorised Limit** - the Authorised Limit is the "Affordable Borrowing Limit" required by S3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The Council maintained gross borrowing within its Authorised Limit, both excluding and including the impact of bringing PFI and similar arrangements on to the Council's Balance Sheet.

3.23.4 **The Operational Boundary** – The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached. The Council maintained its borrowing position around its Operational Boundary.

3.23.5 **Actual financing costs as a proportion of net revenue stream** - This indicator identifies the trend in the cost of capital (borrowing and the cost of other long term obligations but net of investment income) against the Council's Budget Requirement (net revenue stream) for the General Fund and budgeted income for the HRA.

3.23.6 Both indicators show a reduction reflecting an overall fall in borrowing costs. Whilst the share of these costs is approximately equal (as reflected by the respective CFRs) the HRA has a lower net revenue stream and therefore the impact on the indicator is greater. In addition the General Fund indicator also reflects, when compared to the original estimate, the reduced MRP charge for 2015/16 which arose as a result of the MRP

Accounting and Technical Adjustment made at the end of the 2014/15 financial year.

3.23.7 **Incremental impact of Capital Investment Decisions** – two indicators are used to highlight the trend in cost arising from changes to the Council's capital investment plans:

- the impact on Council Tax Band D levels as already budgeted for within the Council's MTFS of changes to the General Fund capital programme, and
- the impact on weekly rent levels arising from changes in the housing capital programme

The incremental impact of capital investment decisions on the Band D Council Tax is broadly in line with the revised indicator. This reflects the fact that the actual borrowing need in 2015/16 is consistent with the revised forecast. None of the HRA capital investment was financed by borrowing in 2015/16 and therefore there was no incremental impact of capital investment on HRA rent levels.

3.24 TREASURY MANAGEMENT INDICATORS

3.24.1 Limits on Activity

Upper limits on fixed and variable interest rates as at 31 March 2016 – these indicators identify the maximum limits for fixed interest rate gross debt and for variable interest rates based upon the debt position, net of investments. The Council remained within the limits set throughout 2015/16.

Maturity structure of fixed rate borrowing during 2015/16 – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits. The Council remained within the limits set throughout 2015/16.

Maximum funds invested for more than 364 days – This limit is set to reduce the need for early sale of an investment and is based on the availability of funds after each year end.

3.24.2 Borrowing

New Borrowing - Three new long term loans amounting to £30m in total were drawn by Rotherham MBC during the year, all with Sheffield Combined Authority. £10m was borrowed over 3 years at an interest rate of 1.25%, £15m over 6 years at 2.20% and £5m over 9 years at 2.54%, with an overall average rate of 1.94%. The total borrowed was in line with the budget assumption for new & replacement borrowing in the financial year.

During the year temporary borrowing (maximum 2 months) was taken up on three occasions to manage the Council's cash flow position. All these short-term loans were fully repaid.

Rescheduling – No rescheduling took place in 2015/16 due to the continuing unfavourable market conditions.

Debt Repayment – One loan of £20m matured during the year as shown in the table below. Part repayments of principal continued on the Annuity and Equal Instalment of Principal (EIP) loans taken up in prior years.

Table 9 – Debt Repayments 2015/16

Lender	Principal £m	Type	Interest Rate	Average rate of interest
PWLB EIP	2.000	Fixed rate	3.46%	
PWLB	20.000	Fixed rate	9.625%	
PWLB Annuity	0.286	Annual repayments	Various	
Total:	£22.286			8.99%

The overall debt activity resulted in a decrease in the average interest rate on the Council's debt portfolio of 0.37%, from 4.57% to 4.20%. This principally arose due to the maturity of the high cost fixed rate loan shown in the table above.

3.24.3 Investments

The Council's investment policy is governed by DCLG Guidance, which was implemented in the annual investment strategy approved by Council on 4 March 2015. The investment activity during the year conformed to the approved strategy.

The Council maintained an average balance of £21.3m and received an average return of 0.29%. When compared to the local measure of performance the average return was slightly below the average 7 day LIBID rate for 2015/16 of 0.36%.

3.25 FORMER SOUTH YORKSHIRE COUNTY COUNCIL

No new borrowing or rescheduling took place during 2015/16, whilst one loan of £9.412m matured during the year. Thus at 31 March 2016, external debt, all with the PWLB, totalled £86.709m. The average interest rate on the debt is 5.53%

The Former SYCC had no investments at 31 March 2016, the same as at 31 March 2015.

The actual prudential indicators for the Former SYCC are also shown at Appendix 5.

4. Options considered and recommended proposal

4.1 This detail is set out in section 3 above.

5. Consultation

5.1 Revenue Budget and Council Tax for 2015/16 Report to Council 4th March 2015.

Estimated Outturn Revenue Budget Monitoring report 2015/16
Capital Monitoring Report to Commissioner 27th February 2015
Strategic Directors and Service Directors of the Council
Local Government Act 2003

6. Timetable and Accountability for Implementing this Decision

6.1 The Strategic Director of Finance and Customer Services is responsible for implementing any actions arising from the supported recommendations in this report. These should be actioned at the earliest opportunity to aid the monitoring of the 2016/17 Revenue Budget and Capital Programme.

7. Financial and Procurement Implications

7.1 As it is a predominantly financial report, the financial issues are contained within the body of the report.

8. Legal Implications

8.1 No direct legal implications

9. Human Resources Implications

9.1 No direct implications

10. Implications for Children and Young People and Vulnerable Adults

10.1 No direct implications

11 Equalities and Human Rights Implications

11.1 No direct implications

12. Implications for Partners and Other Directorates

12.1 No direct implications

13. Risks and Mitigation

13.1 The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the Corporate Risk Register.

13.2 As set out in section 3.20.1 as at 31st March 2016 the Council General Fund working balance was £11.269m. This remains at the same level as 2014/15

prior to which it was increased in light of the unprecedented speed of funding, welfare and other policy change. Having assessed the risks plus their impact on available balances and the potential scale of the financial challenges facing the Council, the Strategic Director of Finance and Customer Services confirms that at this stage it is reasonable to maintain the minimum working balance at 5.6% of the 2016/17 net budget requirement. This level takes into account the twin objectives of minimising the cost to the taxpayer whilst minimising the effect financial risk on the Council. Given current uncertainty about the longevity of funding and policy commitments it is intended that this balance will be carefully managed and may need to increase further to meet the level of risks in the system. Also as outlined in section 3.20.1 the Council also maintains separate Revenue Balances in respect of the HRA and Schools.

14. Accountable Officer(s)

Approvals Obtained from:-

Strategic Director of Finance and Corporate Services:- Judith Badger

Director of Legal Services:- Dermot Pearson

Head of Procurement (if appropriate):-n/a

This report is published on the Council's website or can be found at:-

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=>

Individual Directorate Outturn Positions

Children and Young People's Service	£m Over/(under) spend	Key reason(s) for variance
Directorate Wide	0.5	Additional costs in relation to interim staffing arrangements and recruitment costs partially offset by savings on pensions
Education & Skills	0.3	Redundancy, pension and trade union costs for Rotherham Schools.
School Improvement	0.2	Income under-recovery due to Schools Forum withdrawing DSG funding for some Education services.
Inclusion Services	0.7	Additional cost of Complex Needs placements
Traded Services	(0.2)	School Catering Net Surplus , School Music service Net Surplus
Early Years	(0.1)	Delay in recruitment to vacancies
Early Help	(0.6)	Delay in recruitment to vacancies through restructuring delay and Children's Centres underspends in respect of vacancies and supplies and services budgets.
Commissioning, Performance & Quality	0.8	Additional staffing costs for interims and additional appointments.
Safeguarding Management &	0.4	Costs of interims and

Legal Services		recruitment advertising
Safeguarding Teams	0.3	Agency staff costs
Locality Social Work Teams	2.8	Agency costs due to difficulties in recruiting to vacancies, payments to clients and Leaving Care accommodation costs
EVOLVE	0.5	Additional CSE support contract costs, and agency and consultancy costs.
Children Looked After	2.6	Overspends on Out of Authority Residential placements, Out of Authority Fostering and overspends on other fostering, Looked After Children (LAC) social worker agency and Rotherham children's homes offset by underspends on LAC Transport and Adoption Services
Variations Less than £100k	0.1	Facilities Services
Total Variation	8.3	
Plus: Write off of School Deficits upon Conversion to Academy taking the sponsored route	0.1	Regulations permit a school with a deficit joining the Academy Trust of an external sponsor and opening as a sponsored academy, to leave deficits with the LA, to be funded from its core budget.
Total CYPS Variance (incl Traded Services)	8.4	

The Table below provides comparative information for the number and cost of Looked After Children for 2014/15 and 2015/16 which resulted in the £5m overspend.

LOOKED AFTER CHILDREN Placement Type	2014/15		2015/16		Actual Number of placements as at 31st March 2016
	Average No. of placements	Average Cost of Placement	Average No. of placements	Average Cost of Placement	
		£ per week		£ per week	
Out of Authority Residential	34.6	3,442	41.3	3,746	45
Remand	0.5	1,426	0.7	2,995	3
Independent Fostering Agencies	106.2	890	115.5	908	140
<i>Standard</i>	60.5	760	63.9	753	81
<i>Complex</i>	33.5	1,001	35.9	977	39
<i>Specialist</i>	12.2	1,229	15.7	1,358	20
In-house Fostering	174.6	259	189.0	281	191

Neighbourhoods & Adult Services	£m Over/(under) spend	Key reason(s) for variance
Adults general, Management, Training and Support	(0.2)	Planned delay on new qualifications training plus a reduction in central charges.
Older Peoples Services	0.4	Overspends in respect of unachievable budget savings due to lower levels of continuing health care income within residential and nursing care and increased take up of Direct Payments. These pressures have been reduced by higher than anticipated staff turnover within Assessment and Care Management, plus additional non-recurrent winter pressures and Better Care Funding from Rotherham Clinical Commissioning Group (CCG).
Learning Disability Services	(1.2)	Overall underspend in respect of the reconfiguration of residential care to supported living, savings from the review of existing supported living contracts plus higher than anticipated staff turnover within in-house residential and day care provision.
Mental Health Services	0.4	Overspend due to additional high cost residential care placements plus increased take up of Direct Payments
Physical and Sensory Disability Services	0.9	Overspend due to increase in residential and nursing placements plus additional demand for Direct Payments.
Adult Safeguarding	0	Spend on Deprivation of Liberty Safeguards (DoLs) assessments offset by specific grant funding.

Supporting People	(0.2)	Overall underspend due to contract efficiency savings and reduced contract activity.
Commissioning, Performance and Quality	(0.2)	Underspend due to higher than anticipated staff turnover.
Total Adult Services	(0.1)	
Public Health	0	There was an actual overspend on the ring-fenced specific grant due to in-year grant reduction of £1.010m by Government. A transfer of £153k from the Public Health Reserve balanced the budget.
Neighbourhoods General Fund		
Housing Options	(0.1)	Increased service fee income in respect of private sector adaptations plus underspend on Dispersed Units Trading Account.
Housing and Estate Services/Central Services	(0.1)	Additional income from Police and Crime Commissioner plus underspend on supplies and services due to moratorium on non-essential spend.
Safer Neighbourhoods	(0.1)	Higher than anticipated staff turnover plus underspends due to the moratorium on non-essential spend.
Neighbourhood Partnership and Engagement Services	(0.1)	Savings on Community development activities and underspend within Members Community Leadership Fund and Area Assemblies due to the spend moratorium.
Variations Less than £100k	-	Strategic Housing and Investment
Total Neighbourhoods General Fund Variance	(0.4)	
TOTAL NEIGHBOURHOODS AND ADULT SERVICES	(0.5)	

Environment & Development Services	£m Over/(under) spend	Key reason(s) for variance
Estates	0.1	Under recovery of fee income due to the impact of a reduced number of rent reviews following a corporate decision to support town centre businesses. Service also engaged in non-fee earning work.
Facilities Management	(0.1)	2015/16 revenue benefit from previous year's provisions in respect of charges to the NHS for Kimberworth The Place and Aston CSC. Savings on the lease and running costs as a result of vacating the Innovation Centre. These have offset pressures, including Community Buildings unachieved savings and the write-off of the BRITE bad debt.
Building Design and Corporate Projects	(0.1)	Additional income generation and staff savings across the service area
Corporate Environment Team	(0.1)	Reduced expenditure on the Carbon Reduction Commitment, as a result of lower emissions forecasts
Cultural Services	(0.2)	Additional income generated by the first year of the VAT Cultural Exemption for theatres and higher attendance levels at theatre shows. Museums have been continuing to operate with vacant posts and materials (book) fund was not fully spent.
Customer Services	(0.1)	A delay in recruiting to vacant posts and associated expenditure in Registrars has

		resulted in savings. Staffing savings have also been made in Customer and Contact Centres. A saving in Automated Libraries and Information Management was achieved through not requiring the IT updates.
Markets	0.1	Bad debt write off's, Property Management charges and a continued downturn in use of the outdoor market.
Planning	0.1	Reduced number of major planning applications and search fees.
Network Management	(0.1)	Savings on street lighting energy costs and highway maintenance, together with additional income on street works, partly offset by an overspend on winter maintenance and an under recovery of income within parking services.
Waste Management	(0.3)	Savings on Waste Disposal and Waste Collection services in part due to savings on HWRC disposal and management costs and one-off savings on the Waste PFI contract.
Corporate Transport, Stores & Depot	(0.2)	Staff savings on depots and increased income to the Corporate Transport Unit and Stores.
Transportation	(0.1)	Additional income generation and savings on signal maintenance expenditure.
Corporate Accounts	(0.1)	Savings on the plant account, partly due to fuel cost savings.
Emergency Planning and Health & Safety	(0.1)	Staff savings from vacant posts.

Variation less than £100k	(0.1)	Children's Capital Team, Corporate Property Management, Business Unit, Regeneration, Managed Workspace, Building Control, Leisure & Green Spaces, Community Services and Business Regulation
Total EDS Variance	(1.3)	

Resources Directorate	£m Over/(under) spend	Key reason(s) for variance
Human Resources and Payroll	(0.3)	Staff cost savings due to vacancies, additional income generation and savings from the moratorium on non-essential spend
Recruitment	0.1	Recruitment costs to new management structure
Communications & Media	0.1	Additional staff costs
Revenues & Benefits	(0.1)	Recovery of Housing Benefit overpayments
Democratic Services	(0.2)	Savings due to Members not receiving full Supplementary Responsibility Allowances (SRAs) and changes to Pension legislation. Underspend on Special Events (Mayors Dinner) and underspends on Supplies & Services budgets mainly due to moratorium on non-essential spend.
Legal Services	0.4	Staff cost pressures relating to interim Assistant Director of Legal and additional management support posts to support the new management structure. Unachieved income in Print Unit.
Statutory Costs	0.1	Statutory Legal costs in excess of budget.
Policy & Partnerships	(0.2)	Underspend on Partnership budget (£155k) – see Appendix 3
Variation less than £100k	-	ICT, Finance, Internal Audit and Procurement
Total Resources Variance	(0.1)	

APPENDIX 2

Traded Services Outturn 2015/16

The table below shows details of the Traded Services Outturn which in accordance with Council Policy are carried forward (surpluses or deficits) each year. All traded services in 2015/16 outturned with a surplus balance.

2016/17 Service Business Plans reflect the carry-forward of these balances.

Directorate	Service	Outturn (Surpluses)
		£
CYPS	School Meals Service	(181,485)
	School Music Service	(22,515)
NAS	Dispersed Units	(76,665)
Resources	Schools Insurance Fund	(195,452)
	Schools Finance Service	(113,064)
TOTAL		(589,181)

APPENDIX 3

Requests for Carry-Forward of Unspent Budget

The table below sets out Directorate requests to carry-forward unspent budgets including details of why the request is being made.

Directorate	Service	Reason for carry-forward request	£
Resources	Rotherham Partnership	Unspent balance on Partnership budget hosted by the Council (Includes contributions from all partners)	154,813
Neighbourhoods & Adult Services	Members Community Leadership Fund (CLF)	This carry-forward request represents a significant proportion of the unspent balance on the CLF which Members have asked be made available to fund initiatives in 2016/17.	18,026
Environment & Development Services	Emergency Planning Joint Service	Unspent balance on Joint Service budget hosted by the Council (Includes contributions from both Partners)	42,432
TOTAL CFWD REQUEST			215,271

Capital Programme – Requests for Carry-Forwards into 2016/17

CHILDREN AND YOUNG PEOPLE'S SERVICE

<u>Project</u>	<u>Carry-Forward Explanation</u>	<u>£m</u>
<u>Primary Schools</u>		
Broom Valley Community School	The carry-forward is for play equipment required in the playground.	0.001
Authority New School, Eldon Road	The school is complete and operational. There is no provision for children's play equipment in the playground, this carry-forward is to pay for this.	0.020
Badsley Moor Primary Classroom	The provision of an additional classroom to meet an increase in pupil numbers at the school. This will allow the school to admit 90 pupils per year group. The scheme was profiled over 2 financial years. However, the start on site was later than anticipated.	0.131
High Greave infants moving of porta cabin	A project to relocate a modular classroom from Dalton Flanderwell to High Greave, to enable the movement of the children's centre from the school to its own building. This has been delayed to 2016/17 due to other work priorities.	0.005
Universal Free School Meals	Grant to fund works to school kitchens to enable the provision of universal free school meals. The remaining grant monies are to be spent on Thornhill Kitchen (£95k) for Badsley Moor Primary Kitchen (£20k) with £63k for Kitchen canopies in 4 schools.	0.178

<u>Secondary Schools</u>		
Wickersley School and Sports College New Building	This project has provided a 17 classroom new block to deal with the increase in pupil numbers at the school. The building became operational from 2 nd November 2015. However, issues with classroom temperatures have meant a requirement that air conditioning units need to be installed.	0.035
<u>Other Projects</u>		
Rawmarsh City Learning Centre	This is historic grant that has been used to purchase computers in 2016/17	0.006
Property Adaptations	Works to private properties to increase the Borough capacity for foster care placements. Delay to programme, funding to be rolled forward into 2016/17.	0.057
Entitlement for Early Years Provision (2 year olds)	The spending has been re-profiled to reflect changes in the childcare market, which has led to a review of the method of allocating the capital grant.	0.003
SUB-TOTAL - CHILDREN AND YOUNG PEOPLE'S SERVICE		£0.436m

NEIGHBOURHOOD AND ADULT SERVICES

<u>Project</u>	<u>Carry-Forward Explanation</u>	<u>£m</u>
<u>Adult Services</u>		
Rothercare Alarms	Installation of remaining alarms delayed until April 2016 as a result of the lack of availability of an installer. Tunstall to complete the works.	0.006
<u>Neighbourhoods Services</u>		
Canklow Phase 1 & 2	This is a continuation of a house clearance project. A small number of properties remain that need to be acquired and then demolished to clear the area.	0.111
Bellows Road Service Centre Clearance	The removal of the mast and demolition works to the shopping units and clearance of the land. Delays in the mast removal have contributed to the delay and requirement to carry budget over.	0.200
Monksbridge Demolition	Negotiations with home owners are still continuing to enable the demolition and building up of a gable wall.	0.005
Fuel Poverty – Vulnerable People	A requirement to retender the contract meant that it wasn't possible to deliver the contract in the fourth quarter of 2015/16. A contract is now in the final stages of agreement with Keepmoat with the delivery of 186 properties receiving investment to alleviate fuel poverty, totalling £181k. Additional properties are currently being identified to take up the remaining budget allocation. All grant should be spent in 2 tranches with the first phase taking place during the summer months of 2016.	0.274
Air Quality Grant	Request for carry-forward of historic grant provided for the purchase for air quality units.	0.003

Landfill Sites	The carry-forward request is largely as a consequence of the focus of activity being on the tendering process for the revenue maintenance contract which substantially reduced the availability of resources for several months with a subsequent delay in arranging capital works. Work to lay new pipe line and pumps are planned for 2016/17 at the Wath site, together with work to the Gas Flare at the Droppingwell site.	0.075
SUB – TOTAL - NEIGHBOURHOOD AND ADULT SERVICES		£0.693m

ENVIRONMENT & DEVELOPMENT SERVICES

<u>Project</u>	<u>Carry- Forward Explanation</u>	<u>£m</u>
<u>Culture, Sport & Tourism</u>		
Strategic Review of Libraries	<p>No spend in 2015/16 due to reviewing options for the future service offer of Library and Customer Services across all 15 sites.</p> <p>Library & Customer Services proposals are now out to public consultation, the results will be presented to Council for a decision on the future service offer. If proposals are agreed, capital expenditure will be required in a number of sites (e.g. implementation of self-service kiosks).</p>	0.039
Alexandra Park	Some of the works profiled for 2015/16 required time to settle before finishing works could be undertaken. This has moved the final spend into 2016/17.	0.008
Gordon Bennett Play	Thurcroft Parish Council have been slow to agree the project as they have been dealing with a third party funder (Big Local). The Service are now in a position to raise an order for the works in early 2016/17.	0.069
Sanctuary Fields	The Service were expecting to utilise the funding as match for new equipment, but the application to the third party funder failed. There is a new application in progress for 2016/17.	0.009
Wath Park	The preferred tenderer for the works went into administration late in the process which has led to the re-profiling of expenditure.	0.040
Packman Way	This scheme has slipped into 2016/17 as we have had to employ a company to	0.020

	undertake soil sampling and testing, as the site is potentially contaminated. A further report will follow if additional funding is required.	
Firsby Reservoir Phase 2	Some ancillary earthworks, access works and ecology works have been postponed to 2016/17 to give the site a further year of natural recovery before any further works.	0.003
<u>Planning Regeneration and Transport</u>		
High Street Public Realm	An historic information board in the process of being restored, is due to be completed/delivered early 2016/2017.	0.006
Town Centre Business Vitality Scheme	The carry-forward request is in respect of grants to support new business start-ups to be rolled forward into 2016/17.	0.076
Bailey House Renovation	The Project has been re-profiled into 2016/17 as there were delays surrounding planning conditions and staff resourcing. Key personnel left during 2015/16 that added to the time frame.	0.126
All Saints Public Toilet Work	This project has been delayed until 2016/17 and will be subject to a further Cabinet report.	0.013
Wath Montgomery Square	Full project completion has been delayed into 2016/17 as a result of works required to external lighting. Originally all the external lighting was fed back to one store. Now each unit has its own external light connected to its own distribution board.	0.004
<u>Community Safety & Environment</u>		
Wath upon Dearne Flood Alleviation Scheme	The works in 2015/16 progressed as planned. As a result of cost savings on the original brief, additional works were agreed with the funder (Environment	0.052

	Agency). These works have progressed slowly due to staff resourcing issues.	
Aston, Aughton and Swallownest Flood Alleviation Scheme Phase 2	The works in 2015/16 progressed as planned. As a result of cost savings on the original brief, additional works were agreed with the funder (Environment Agency). These works have progressed slowly but are expected to be completed in the first half of 2016/17.	0.063
Herringthorpe Valley Flood Defence	Work slipped due to a lack of capacity to carry out the works in house, as was initially proposed. It may now need to be out sourced.	0.028
Highways Maintenance	Due to a commitment to deliver works funded by third parties in the final quarter, the Highway Delivery Team was unable to carry out programmed patch repairs to the highway network. The third party funding would have been lost if it had not been committed in 2015/16. Therefore, it is requested that the underspend is carried forward to 2016/17 to fund the carriageway patch repairs, which precede the Surface Dressing surface treatment, which improves the condition of the network. The patching works have been delivered in April and May to allow the Contractor to carry out the surface dressing as programmed in May and June.	0.592
Highways Delivery (Connectivity, Network Management, Local Safety, Bus Projects, Smarter Choices & Step2)	The grant funding notionally allocated to Rotherham is done through the combined authority for South Yorkshire. The grants come from Central Government and often there are time restrictions placed on these grants. Therefore the South Yorkshire Finance Team for transportation projects closely monitors spend and delivery and makes every effort to ensure that grant funding conditions are satisfied. In 2015/16 we were unable to deliver our full programme of Local Transport Plan Integrated	0.645

	Transport spend due to some projects not being delivered in year and because some projects did not ultimately cost as much as their estimates. Officers are in discussions with the South Yorkshire finance team about carrying forward these funds into 2016/17.	
Bridges	Bridge works re-profiled into 2016/17 and 2017/18.	0.243
Pool Green Roundabout Highways Scheme	Re-profiling of expenditure into 2016/17 has occurred due to the final accounts not being settled.	0.265
Old Flatts Bridge Highways Scheme	£20k expenditure expected in 2016/2017 to complete the project.	0.020
A57 Scheme	Re-profiling of expenditure due to delays in settling compensation claims. A report is to be submitted on this project in 2016/17.	0.096
A630 Sheffield Parkway Widening	The Stage 1a Business Case process took longer to complete than anticipated, with assessment by Sheffield City Region required. Subsequently, an appraisal specification report submitted to DfT required further work to be undertaken, delaying the commencement of work on the Stage 1b business case.	0.029
Waverley Link Road	An appraisal specification report submitted to Sheffield City Region required further work on traffic modelling and the economic appraisal. To optimise resources, a decision was taken to undertake the additional work alongside the A630 Parkway Widening, incorporating the economic appraisal within the Stage 1b business case (Parkway) and joint traffic model update for both schemes (subject to DfT approval).	0.020
SUB-TOTAL – ENVIRONMENT AND DEVELOPMENT SERVICES		£2.466m

RESOURCES DIRECTORATE

<u>Project</u>	<u>Carry Forward Explanation</u>	<u>£m</u>
ICT Strategy	A carry-forward request in respect of ongoing ICT Strategy 2 infrastructure projects and the financial systems project.	0.071
ICT Resilience	Resilience works within the Bailey House data centre. Part of the Bailey House renovation project referred to above.	0.010
Social Care IT Project	Milestone payments expected to be paid to Liquidlogic in 2015/16 slipped to 2016/17, due to delay in project implementation. Reported to Cabinet on 26 th May 2016, together with request for additional funding, which was approved.	0.389
Customer Access Delivery Plan	Contract award of the new Your Account service was delayed until March 2016, due to procurement delays. This meant project spend will not be incurred until 2016/17.	0.298
SUB-TOTAL – Resources Directorate		£0.768m

APPENDIX 5

Summary Prudential Indicators: Rotherham MBC

		Actual	Revised Estimate	Original Estimate
		£m	£m	£m
1	Capital Expenditure (excluding PFI & Finance lease liabilities)	68.210	76.026	70.024
2	Capital Financing Requirement (CFR) including PFI & similar liabilities:			
	General Fund	483.122	483.637	463.098
	HRA	<u>304.125</u>	<u>304.125</u>	<u>306.445</u>
	Total	<u>787.247</u>	<u>787.762</u>	<u>769.543</u>
3	Net Borrowing compared to CFR excluding PFI & similar liabilities:			
	Total Borrowing	476.598	481.017	481.656
	Total Investments	<u>4.180</u>	<u>20.000</u>	<u>25.000</u>
	Net Borrowing	472.418	461.017	456.656
	CFR	<u>649.505</u>	<u>650.174</u>	<u>631.941</u>
	Under-borrowing	<u>177.087</u>	<u>189.157</u>	<u>175.285</u>
4	Net Borrowing compared to CFR including PFI & similar liabilities:			
	Borrowing (from above)	476.598	481.017	481.656
	Borrowing (PFI etc)	<u>137.742</u>	<u>137.588</u>	<u>137.602</u>
	Total Borrowing	614.340	618.605	619.258
	Total Investments	<u>4.180</u>	<u>20.000</u>	<u>25.000</u>
	Net Borrowing	610.160	598.605	594.258
	CFR	<u>787.247</u>	<u>787.762</u>	<u>769.543</u>
	Under-borrowing	<u>177.087</u>	<u>189.157</u>	<u>175.285</u>
5	Authorised Limit for external debt			
	Assumed Borrowing	683.391	683.391	648.657
	PFI & similar liabilities	<u>139.267</u>	<u>139.267</u>	<u>139.267</u>
	Authorised Limit	822.648	822.648	787.924
	Total Borrowing	<u>614.340</u>	<u>618.605</u>	<u>619.258</u>
	Borrowing Below Limit	<u>208.308</u>	<u>204.043</u>	<u>168.666</u>
6	Operational boundary for external debt			
	Assumed Borrowing	481.017	481.017	481.656
	PFI & similar liabilities	<u>139.267</u>	<u>139.267</u>	<u>139.267</u>
	Operational Boundary	620.284	620.284	620.923
	Total Borrowing	<u>614.340</u>	<u>618.605</u>	<u>619.258</u>
	Borrowing Below Boundary	<u>5.944</u>	<u>1.679</u>	<u>1.665</u>
7	Maximum Funds invested > 364 days	0.000	10.000	10.000

		Actual	Revised Estimate	Original Estimate
		%	%	%
8	Ratio of financing costs to net revenue stream – Non HRA	6.41	6.30	8.24
9	Ratio of financing costs to net revenue stream – HRA	15.99	15.94	16.07
		£	£	£
10	Incremental impact of capital expenditure plans on the Band D Council Tax	11.65	12.29	7.55
11	Incremental impact of capital expenditure plans on housing rents levels	0.00	0.00	0.04

12	Maturity Structure of Fixed Rate Borrowing	Actual %	Revised Upper Limit %	Original Upper Limit %
	Under 12 Months	1.94	35	35
	12 months to 2 years	16.59	35	35
	2 years to 5 years	21.82	40	40
	5 years to 10 years	24.25	40	40
	10 years to 20 years	3.44	45	45
	20 years to 30 years	8.99	50	50
	30 years to 40 years	15.00	50	50
	40 years to 50 years	7.97	55	55
	50 years and above	0.00	60	60

13	Upper Limit on fixed interest rates based on fixed net debt	Actual %	Revised Upper Limit %	Original Upper Limit %
		79.61	100	100

14	Upper Limit on variable rates based on fixed net debt	Actual %	Revised Upper Limit %	Original Upper Limit %
		25.33	30	30

Summary Prudential Indicators: Former South Yorkshire County Council

		Actual	Revised Estimate	Original Estimate
		£m	£m	£m
1	Authorised Limit for external debt			
	Authorised Limit	96.121	96.121	96.121
	Total Borrowing	<u>96.121</u>	<u>96.121</u>	<u>96.121</u>
	Borrowing Below Limit	0.000	0.000	0.000
2	Operational boundary for external debt			
	Operational Boundary	96.121	96.121	96.121
	Total Borrowing	<u>96.121</u>	<u>96.121</u>	<u>96.121</u>
	Borrowing Below Boundary	0.000	0.000	0.000

3	Maturity Structure of Fixed Rate Borrowing	Actual %	Revised Upper Limit %	Original Upper Limit %
	Under 12 Months	11.53	50	50
	12 months to 2 years	45.80	70	70
	2 years to 5 years	42.67	100	100

4	Upper Limit on fixed interest rates based on fixed net debt	Actual %	Revised Upper Limit %	Original Upper Limit %
		100.00	100	100

5	Upper Limit on variable rates based on fixed net debt	Actual %	Revised Upper Limit %	Original Upper Limit %
		0.00	30	30