

## Summary Sheet

Cabinet and Commissioners' Decision Making Meeting – 10 July 2017

### Title

2016/17 Revenue and Capital 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

Graham Saxton, Assistant Director Finance

### Ward(s) Affected

All

### Summary

This report outlines the pre-audit revenue, capital and Housing Revenue Account (HRA) outturn positions for 2016/17.

The original revenue budget for 2016/17 approved by Council on 2nd March 2016 was £199.521m. On 7th December 2016 Council approved an additional budget allocation of £8.456m, largely to address pressures within Children's Social Care services, increasing the 2016/17 budget to £207.977m.

This report shows a revenue outturn underspend of £765k against this revised budget inclusive of those Traded Services balances which are carried forward each year in line with Council policy. In addition a total of £1.968m of qualifying expenditure was capitalised, resulting in a final charge against the revenue budget of £205.244m which was £2.733m less than the revised budget. A summary of the Outturn is shown in Section 3.1 Table 1 and details of the Directorate's key outturn variances are shown in Appendix 1.

The outturn position takes account of the carry-forward of unspent balances in respect of specific projects/programmes (Rotherham Partnership, Emergency Planning Shared Service with Sheffield City Council and the Members' Community Leadership Fund). These amount in total to £0.160m.

The Council's General Fund Working Balance remains at £11.269m. The use of reserves to support the additional budget allocation agreed in December 2016 was £5.723m. This is £2.733m less use of reserves than that anticipated when the revised budget was approved.

This outturn position should be seen in the context of the significant increasing cost and demand for Children's Social Care services, the increase in demand for Adult Care Services and the delays in implementing some aspects of the Adult Care Development Programme. Delivering this overall position necessitated the implementation of a moratorium on all but essential spend through stringent procurement controls and recruitment controls (via the newly established Workforce Management Board) and the concerted efforts of both elected Members and senior officers in managing the 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 managers and budget holders.

The outturn means that the required call on the reserves to fund the additional £8.456m budget approved by Council in December will now be less by £2.733m. The use of reserves has been actioned in accordance with Council's approval in December but instead of drawing down the whole of the available Transformation Reserve (£4.936m), only £2.203m has been used leaving a balance on that reserve of £2.733m.

The Housing Revenue Account (HRA) underspent by £7.224m in 2016/17. Schools out-turned (including Declared Savings) with a combined balance of £1.304m which will be carried forward into 2017/18 in accordance with Department for Education (DfE) regulations.

The Capital Programme outturn shows an underspend of £9.850m (14.8%) against the estimated spend in 2016/17. This is due to the re-profiling of expenditure on a number of schemes and Cabinet is asked to note the underspends and associated re-profiling of certain scheme budgets into 2017/18 as shown in Appendix 4.

## **Recommendations**

That Cabinet:

1. Note the Revenue outturn position of £765k underspend, (Directorate details are set out in Appendix 1) and the capitalisation of £1.968m of qualifying revenue expenditure
2. Approve that the final revenue budget saving of £2.733m be a reduction to the planned transfer from the Transformation Reserve.
3. Approve the Housing Revenue Account (HRA) outturn of £7.224m underspend and its transfer to the HRA Reserve.
4. Note the carry-forward to 2017/18 of the combined schools' balance of £2.834m in accordance with DfE regulations.
5. Approve the reserves position as set out in section 3.20.

6. Note the final capital expenditure and resourcing position, incorporating expenditure of £56.490m against a final budget of £66.340m, and the carry-forward of underspends to re-profile the relevant scheme budgets into 2017/18 as set out in Appendix 3.

### **List of Appendices Included**

Appendix 1- Individual Directorate Outturn positions 2016/17

Appendix 2 - Traded Services Outturn 2016/17

Appendix 3 – Capital Programme Carry-forwards to 2017/18

### **Background Papers**

Estimated Outturn Report to Cabinet – 10<sup>th</sup> April 2017

### **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

## **Title: 2016/17 Revenue and Capital Outturn**

### **1. Recommendations**

That Cabinet:

- 1.1 Note the Revenue outturn position of £765k underspend, (Directorate details are set out in Appendix 1) and the capitalisation of £1.968m of qualifying revenue expenditure
- 1.2 Approve that the final revenue budget saving of £2.733m be a reduction to the planned transfer from the Transformation Reserve.
- 1.3 Approve the Housing Revenue Account (HRA) outturn of £7.224m underspend and its transfer to the HRA Reserve.
- 1.4 Note the carry-forward to 2017/18 of the combined schools' balance of £2.834m in accordance with DfE regulations.
- 1.5 Approve the reserves position as set out in section 3.20.
- 1.6 Note the final capital expenditure and resourcing position, incorporating expenditure of £56.490m against a final budget of £66.340m, and the carry-forward of underspends to re-profile the relevant scheme budgets into 2017/18 as set out in Appendix 3.

### **2. Background**

- 2.1 This report sets out the Council's revenue, capital and HRA outturn position in 2016/17. The Council set a revised revenue budget of £207.977m, a HRA balanced budget after planning a revenue contribution to Capital of £8.159m and a final Capital Programme budget of £66.340m in 2016/17.
- 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 in compliance with financial reporting standards, which is different in some respects to 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 2016/17, 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 2016/17**

<b>Directorate / Service</b>	<b>Revised Annual Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Children & Young People's Services	63.336	65.680	+2.344	+3.7%
Adult Care & Housing	68.338	71.348	+3.010	+4.4%
Regeneration & Environment	46.427	44.716	-1.711	-3.7%
Finance & Customer Services	14.791	13.631	-1.160	-7.8%
Assistant Chief Executive	5.229	5.073	-0.156	-3.0%
Council-wide Services	9.856	6.764	-3.092	-31.4%
<b>Total</b>	<b>207.977</b>	<b>207.212</b>	<b>-0.765</b>	<b>-0.4%</b>
<b>Capitalisation/ Capital Receipts Flexibility</b>	<b>0</b>	<b>-1.968</b>	<b>-1.968</b>	
<b>Total Outturn</b>	<b>207.977</b>	<b>205.244</b>	<b>-2.733</b>	

(+ = 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) has a net over-spend of £2.344m. 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 number of Looked After Children (LAC) in excess of budget (488 as at 31<sup>st</sup> March 2017 against a budgeted projection of 460), which reflects the national picture of growing LAC numbers, with mounting pressure on the cost of Independent Fostering Placements and Out of Authority provision and the use of agency staff to cover vacant Social Worker and team manager to secure the right knowledge, skills and leadership and reduce average caseloads to a reasonable level.

### 3.3 Adult Care and Housing Directorate

The Adult Care and Housing Directorate overspent by £3.010m in 2016/17. The key reason for the overspend within Adult Care services (£3.866m) is due to the increased demand for direct payments and managed accounts, residential and nursing care and domiciliary care packages. Neighbourhoods Services underspent by £0.856m, mainly as a result of additional income from the Furnished Homes scheme and delayed recruitment to staff vacancies pending the review of the Neighbourhood Partnerships service.

### 3.4 Public Health

Public Health Services are funded via a ring-fenced grant. The service received an in-year reduction in the grant funding of £1.319m (applied by the Government excluding the transfer of children's 0-5 responsibilities) and transferred £0.235m from the Public Health reserve (£592k less than was planned) to meet expenditure in 2016/17. The cumulative balance on the Public Health grant reserve as at 31<sup>st</sup> March 2017 is £0.788m.

### 3.5 **Regeneration & Environment Directorate**

The Directorate of Regeneration & Environment has a total net underspend of £1.711m. This represents underspending on a number of budgets, offsetting some on-going underlying operational pressures and follows service-wide efforts during the year to reduce non-essential spend. In addition £1.233m of qualifying expenditure was charged to capital resources.

Within the overall underspend position, Facilities Management have underspent £0.503m as a result of savings on land and property costs, due to the ongoing rationalisation of Council Buildings. The Rotherham Investment and Development Office (RIDO) have underspent by £0.307m as a result of additional grant income and other one-off funding. Facilities Services have underspent by £0.305m as a result of staff savings. Safer Neighbourhoods have underspent by £0.296m as a result of savings in the Community Protection Service. There were other smaller underspends across the Directorate largely due to reductions in operational spending.

3.6 Overspends were incurred in Building Design and Corporate Projects (£0.115m) as a result of under-recovery of income; in Green Spaces (£0.088m) as a result of under-recovery of income at Rother Valley Country Park; in Planning and Building Control (£0.086m) as a result of under-recovery of income resulting from economic conditions; in Estates (£0.078m) as a result of under-recovery of fee income as a consequence of a vacant post impacting on the service's ability to generate external fee income; and in the Street Scene service (£0.070m) mainly as a result of demand pressures for Home to School Transport.

### 3.7 **Finance and Customer Services Directorate**

The Finance and Customer Services Directorate underspend of £1.160m is predominantly in respect of receipt of additional income from the recovery of Housing Benefits overpayments (£295k), reduced costs of collection (£240k) and staff savings and non-staff savings from the moratorium on non-essential spend across Revenues and Benefits, Finance, Procurement and Customer, Information & Digital services.

### 3.8 **Assistant Chief Executive's Directorate**

The Assistant Chief Executive's Directorate underspent by £156k. Whilst there was a pressure on the Communications and Media budget (£0.1m) this pressure was more than offset by savings on the Member's Allowances budget and staffing and non-staff savings across the wider directorate as a result of the impact of the moratorium on non-essential spend.

### 3.9 **Council-wide Services**

The £3.092m underspend on Council-wide services is mainly due to:

- £1.620m underspend on the capital financing budget as a result of the Council being able to reschedule a market loan, changing interest rate forecasts post-EU Referendum, and a reduced borrowing need in year;
- £0.196m as the cost of the Integrated Transport Authority, Coroners and other levies are less than budgeted;
- £0.489m from the release of a bad debt provision which is no longer required (one-off);

- £0.186m one off dividend income from the wind up of Digital Region Ltd;
- £0.848m additional government income from Section 31 grants (£653k), business rates (£161k) and New Homes Bonus (£34k); and
- £0.464m additional income in excess of budget generated from non-General Fund services.

In addition, £735k of qualifying expenditure was funded from capital resources, utilising the Government's capital receipts flexibilities and in line with the Council's policy for flexible use of capital receipts.

The above underspends were partially offset by a budget pressure arising as a result of not delivering the £1m budget saving in respect of staff terms and conditions of employment for the period October 2016 to March 2017.

- 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 four Traded Services within the Council all of which out-turned a surplus balance in 2016/17 (combined total of £0.241m): the Schools' Meals Service, the Schools' Music Service, Neighbourhoods Dispersed Units and the Schools' Insurance Fund. 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 2016/17 outturn position has been taken into account in the 2017/18 business plans of the Traded Services.

**3.12 Amounts Carried Forward for Specific Purposes**

In addition to the carry-forward of Traded Services' balances, Council practice is to carry forward committed amounts for specific purposes, if the project or development concerned is a joint arrangement or if the project remains to be completed. These are listed below.

- 3.13 The Rotherham Partnership 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 carried forward to support the Partnership's work in 2017/18 (£70,952).

- 3.14 The Council's Emergency Planning Shared Service jointly funded with Sheffield out-turned with an underspend of £70,748. As in previous years this underspend is carried-forward to fund service activity in 2017/18.

- 3.15 The Members Community Leadership Fund (which allocates £1,000 per annum to each ward member) has underspent by £17,905. As in previous years this is carried-forward for use in 2017/18.

**3.16 HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2016/17**

- 3.17 There was an underspend of £7.224m against the HRA Budget in 2016/17 as set out below.

**Table 2 – HRA OUTTURN 2016/17**

<b>HRA Summary Position</b>	<b>2016/17 Budget £m</b>	<b>2016/17 Outturn £m</b>	<b>2016/17 Variance £m</b>
Expenditure	75.424	72.623	-2.801
Income	-83.493	-85.098	-1.605
<b>Net Cost of Service</b>	<b>-8.069</b>	<b>-12.475</b>	<b>-4.406</b>
Interest Received/Debt Redemption	-0.090	-0.215	-0.125
Revenue Contribution to Capital	8.159	5.466	-2.693
Transfer to/from Reserves	0	0	0
<b>Net Surplus for the year</b>	<b>0</b>	<b>-7.224</b>	<b>-7.224</b>

3.18 The main reasons for the underspend are:

- £0.693m underspend on the cost of Housing repairs principally due to faster void turnaround within the empty homes budget and a reduced level of spend on responsive work programmes and overheads.
- £1.430m underspend on Supervision and Management - mainly due to higher than expected staff turnover, reduced pension costs, review and reduction in the provision for disrepair claims, savings on non-pay budgets (computer maintenance, printing and postage) and lower fuel prices within District Heating schemes.
- £0.406m underspend on the Provision for Bad Debts due to the proposed changes to the welfare benefits system being less of an impact than anticipated.
- £0.289m underspend on the cost of Capital/Debt Management charges due to the timing of borrowing and lower than anticipated interest rates.
- £0.950m additional income from dwelling rents due to faster turnaround times on void properties and a reduction in rent allowances, plus additional income from unbudgeted strategic acquisitions.
- £0.496m additional charges for services and facilities in respect of the furnished homes scheme.
- £2.694m 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 2016/17**

School balances (including Declared Savings) at the end of 2016/17 for the Council's maintained schools and pupil referral units amount to £1.304m. This is £2.418m less than at the previous year end and takes account of schools that converted to academies during 2016/17.



## 3.20 RESERVES

### 3.20.1 Revenue Reserves

The Council's General Fund the overall balance remains at £11.269m. Overall, the Revenue Outturn is in balance for the year after allowing for the planned use of reserves of £5m agreed at the time that the 2016/17 budget was set and a further £5.723m additional use of reserves approved by Council in December 2016. The planned use of reserves takes into account the carry-forward of trading services balances (£0.241m) and other specific earmarked funding (£0.160m) as described in 3.12 – 3.15.

This leaves total revenue reserve balances at the end of 2016/17 of £88.395m, a decrease of £12.083m on the level of reserves at the end of 2015/16.

The movements in reserves during 2016/17 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 2016/17**

	<b>Balance as at 1 April 2016 £m</b>	<b>Movement in the year £m</b>	<b>Balance as at 31 March 2017 £m</b>
General Fund Balance – Non Earmarked	11.269	0.000	11.269
General Fund Balance – Traded Services & Carry Forwards from 2015/16	0.589	-0.589	0.000
<b>Sub-Total</b>	<b>11.858</b>	<b>-0.589</b>	<b>11.269</b>
HRA Balance	27.932	7.224	35.156
School Balances (including Declared Savings)	3.722	-2.418	1.304
Carry-forward Earmarked Reserves	0	0.401	0.401
Insurance	0.350	0.000	0.350
Business Rates	4.000	0.000	4.000
Pensions	6.000	0.000	6.000
Transformation	5.151	-2.418	2.733
Looked-After Children	6.000	-4.000	2.000
Furnished Homes	3.277	-0.226	3.051
Private Finance Initiative (PFI)	14.638	-0.475	14.163
Revenue Grants	13.970	-9.638	4.332
Other Earmarked	3.580	0.056	3.636
<b>TOTAL</b>	<b>100.478</b>	<b>-12.083</b>	<b>88.395</b>

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

- HRA Balance £35.155m (£7.224m higher) - the working balance has increased as a result of the outturn for the financial year.
- Schools Balances £1.304m which are held and ring-fenced for the specific use of schools are £2.418m lower. The overall balance has reduced in the financial year by the £1.450m schools' outturn and balances transferred to new Academies and special schools (£0.968m).
- Carry-forward Earmarked Reserve £0.401m specific earmarked reserves created in 2016/17 for the carry-forward of traded services balances and specific annual carry-forward requests.
- Insurance - £0.350m to cover claims incurred but not yet reported to the Council and not taken account of in the Insurance Provision
- Business Rates - £4m to cover residual risks relating to appeals, NHS trusts claim for charitable relief, and business closures not taken account of in the provision for business rates appeals
- Pensions - £6m as part of meeting the Council's pension obligations across the medium term.
- Transformation £2.733m (£2.418m 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.
- Looked-After Children £2m (£4m lower) the reserve is being used to support the investment in Children's social care services.
- Furnished Homes £3.051m has reduced by £0.226m. This reserve is used to meet the additional capital financing cost following the capitalisation of furniture purchases in 2014/15. £0.616m of the trading surplus made in 2016/17 in excess of target has been used to support the Council's 2016/17 Revenue Budget.
- Private Finance Initiatives (Schools, Leisure and Waste) £14.163m decreased by £0.475m. These reserves are 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.
- Revenue Grants £4.332m (£9.638m lower) representing revenue grants (including a balance of £3.169m DCLG Transformation Grant) which are to be used to meet future spending plans relevant to the terms and conditions of the grant. The significant reduction on these grants includes the carry-forward of the deficit balance on the Dedicated Schools Grant (£5.213m) which, in accordance with Government policy, can be carried forward for the deficit to be addressed in the following year or the year after that. Children's services have already implemented plans to recover £3m of the deficit in 2017/18 and are currently developing plans to recover the balance.

- Other Earmarked £3.637m (£0.057m higher) – a range of reserves set aside for service specific purposes, the principal ones being the Selective Licensing reserve in line with the requirement for the service to be self-financing and the specific reserve to cover potential future financial impact of schools converting to Academy status.

3.20.3 **Capital Reserves** – the total un-earmarked capital reserve balances at the end of 2016/17 are £8.820m, an increase of £4.816m on the level of reserves at the end of 2015/16. The improvement in available resources is largely due to an increase in capital receipt income from Right-to-Buy sales (£5.650m received in 2016/17) and the early repayment of a loan (£4.392m), which forms part of the General Fund capital receipts balance.

**Table 4 – Capital Reserves**

	<b>Balance as at 31 March 2017 £m</b>	<b>Committed Resources £m</b>	<b>Un-earmarked as at 31 March 2017 £m</b>
<b>Capital Receipts</b>			
General Fund	20.867	18.310	2.557
HRA	6.555	0.720	5.835
<b>Sub-Total</b>	<b>27.422</b>	<b>19.030</b>	<b>8.392</b>
<b>Capital Grants</b>			
General Fund not service specific	0.559	0.131	0.428
General Fund (Service Specific)	10.863	10.863	0.000
HRA	0.062	0.062	0.000
<b>Sub-Total</b>	<b>11.484</b>	<b>11.056</b>	<b>0.428</b>
<b>Major Repairs Reserve – HRA</b>	<b>5.218</b>	<b>5.218</b>	<b>0.000</b>
<b>TOTAL</b>	<b>44.124</b>	<b>35.304</b>	<b>8.820</b>

### 3.21 CAPITAL OUTTURN POSITION 2016/17

3.21.1 The 2016/17 outturn position in respect of capital expenditure is shown in summary form by Directorate below:

**Table 5 – 2016/17 Capital Expenditure by Directorate**

Directorate	2016/17 Budget £m	2016/17 Outturn £m	2016/17 Variance £m
Children and Young People's Services	7.971	6.580	-1.391
Regeneration & Environment	20.328	15.300	-5.028
Adult Care & Housing	31.628	29.065	-2.563
Finance & Customer Services	4.113	3.022	-1.091
<b>Sub Total Capital Outturn 2016/17</b>	<b>64.040</b>	<b>53.967</b>	<b>-10.073</b>
Capitalisation Direction	2.300	2.523	+0.223
<b>Outturn Capital Expenditure 2016/17</b>	<b>66.340</b>	<b>56.490</b>	<b>-9.850</b>

3.21.2 The final level of capital expenditure for 2016/17 varied against the final budget by £9.850m: an underspend of 14.8%. The main variances contributing to this underspend are:

- Carriageway Resurfacing (£0.555m underspend). Operational resources had to be diverted to other, high priority, schemes;
- STEP2 (£1.105m underspend). Operational resources had to be diverted to other high priority schemes;
- Brinsworth Library (£0.497m underspend). A feasibility sketch and building cost estimate have been drafted for the project. It is hoped further progress will be made in 2017/18;
- Special Educational Needs & Disability (SEND) targeted capital funding (£0.496m underspend). A report was considered by Members on the 13<sup>th</sup> March 2017 highlighting areas of need to be addressed in 2017/18;
- Land Enabling and Strategic Acquisitions (£0.636m underspend). Planned purchase of properties at Waverley was delayed due to contractor issues. The purchase of the properties will now take place in the Spring/Summer of 2017;
- District Heating Schemes (£0.409m underspend). Problems identifying suitable sites, and necessary delays to the scheme over the Winter months led to the budget not being fully utilised;
- ICT Digital Strategy (£0.584m underspend). Individual sub-projects are still in the developmental stage and reports will be brought forward once finalised;
- Operational Property Condition Maintenance Programme (£1.112m underspend). Several projects have underspent, or not started, due to preliminary delays. These will continue/start in 2017/18;
- Suitability and Conditional Works Programme CYPS (£0.522m underspend). Of the £0.900m approved budget for this programme of suitability and conditional works £0.522m remains to be re profiled into 17/18.

Where an in-year underspend has occurred, and funding is still required to complete the project, the unspent balance from the 2016/17 has been carried-forward and re-profiled into 2017/18. The detail of the carry-forwards is set out, on a scheme by scheme basis, in Appendix 3.

### 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. This may contribute future capital receipts, the first £2m of which is earmarked to support the revenue budget, using the new capital receipts flexibilities introduced from the 1<sup>st</sup> April 2016, to fund expenditure relating to transforming Council services to generate future revenue efficiency savings.

During 2016/17 General Fund capital receipts of £6.716m 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 3.20.3 above). Although a significant loan repayment was received in 2016/17, that cannot be used to support the revenue budget as only those receipts generated by the disposal of property, plant and equipment assets can be used in that way.

**Table 6 – General Fund Capital Receipts Received in 2016/17**

	£m
Plot 2 Greasbrough Depot	0.775
Parkstone House & Land Adjacent	0.615
Land off of Browning Road	0.330
Former Rawson Road Car Park	0.225
Other Miscellaneous Capital Receipts	0.379
<b>Sub Total – Usable In-Year Capital Receipts</b>	<b>2.324</b>
Repayment of Loan	4.392
<b>Total Capital Receipts</b>	<b>6.716</b>

3.21.4 **Funding of the Capital Programme** - the £56.490m of capital expenditure was funded as shown in the table below:

**Table 7 – Funding of the 2016/17 Capital Programme**

<b>Funding</b>	<b>2016/17 Budget £m</b>	<b>2016/17 Outturn £m</b>	<b>2016/17 Variance to Budget £m</b>
Grants and Contributions	17.629	16.488	-1.141
Unsupported Borrowing	14.376	7.870	-6.506
Usable Capital Receipts – HRA	1.009	0.899	-0.110
General Fund	6.347	7.050	+0.703
Housing Major Repairs Allowance (HRA)	21.182	18.630	-2.552
Revenue Contributions:			
HRA	5.466	5.466	0.000
General Fund	0.331	0.087	-0.244
<b>TOTAL</b>	<b>66.340</b>	<b>56.490</b>	<b>-9.850</b>

**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 2016/17 Report to Council 2nd March 2016.

Estimated Outturn Revenue Budget Monitoring report 2016/17  
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 2017/18 Revenue Budget and Capital Programme.

**7. Financial and Procurement Implications**

7.1 The financial issues are discussed in sections 7 above.

**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 31<sup>st</sup> March 2017 the Council General Fund working balance was £11.269m. This is the same level as 2015/16 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 this level, which 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 Customer Services:- Judith Badger

Assistant Director of Legal Services:- Dermot Pearson

Head of Procurement (if appropriate):-

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

## Individual Directorate Outturn Positions

<b>Children and Young People's Service</b>	<b>£m</b>	<b>Key reason(s) for variance</b>
Directorate Wide	0.1	Costs of temporary interim managers and additional management support costs.
Locality Social Work Teams	0.1	Pressure on Direct Payments from both an increase in client numbers and the value of payments for clients who have more complex educational and disability needs. Additional agency staff costs incurred whilst recruiting to newly qualified Social Worker posts.
School Effectiveness	0.2	Reduced income from traded activities
Inclusion Services	(0.5)	Renegotiated Health contributions towards Complex Needs Placements (Education, Health and Care assessments). Additional spend on special educational needs and disability (SEND) transferred for funding through the DSG High Needs Block.
Early Years	(0.2)	Review of expenditure resulting in some costs transferring to the Dedicated Schools Grant Block
Early Help	(0.2)	In year savings within Children's Centres and from effective vacancy management within the service.
Children Looked After	2.8	Additional numbers of Looked after Children (revised budget provision for 460, actual numbers as at 31 <sup>st</sup> March of 488) contributing to overspends on Out of Authority Residential placements and Independent Fostering Agency placements. There was also an overspend on providing Leaving Care allowances and reduced income from



		Continuing Health Care contributions resulting from a change in funding criteria. These pressures were partially mitigated by savings resulting from the closure of Children's Residential Care Homes and additional grant income (Unaccompanied Asylum Seeker Children and Inter Agency Adoption).
<b>Total Children &amp; Young People's Service Variation</b>	<b>2.3</b>	

The Table below provides comparative information for the number and cost of Looked After Children for 2015/16 and 2016/17.

LOOKED AFTER CHILDREN  Placement Type	2015/16		2016/17		Actual Number of placements as at 31st March 2017
	Average No. of placements	Average Cost of Placement	Average No. of placements	Average Cost of Placement	
		£ per week		£ per week	
<b>Out of Authority Residential</b>	41.3	3,746	45.7	3,803	48
<b>Remand</b>	0.7	2,995	1.3	1,339	1
<b>Independent Fostering Agencies</b>	115.5	908	150.7	900	162
<i>Standard</i>	63.9	753	93.0	763	109
<i>Complex</i>	35.9	977	35.7	1,046	32
<i>Specialist</i>	15.7	1,358	22.0	1,243	21
<b>In-house Fostering</b>	189.0	281	179.0	333	197

<b>Adult Care &amp; Housing</b>	<b>£m</b>	<b>Key reason(s) for variance</b>
Adults general, Management, Training and Support	(0.1)	Planned delay on new qualifications training plus savings on recruitment to senior management posts.
Older Peoples Services	3.0	Overspends in respect of residential and nursing care due to a increase in the average cost of care packages, continued increased take up of Direct Payments/Managed Accounts/Domiciliary Care packages including an income budget pressure in respect of fees and charges. These pressures have been reduced by higher than anticipated staff turnover within Assessment and Care Management, plus additional non-recurrent Better Care Funding from Rotherham Clinical Commissioning Group (CCG).
Learning Disability Services	(0.9)	Overall underspend in respect of the lower take up of Shared Lives scheme, reconfiguration of Community Support and additional CHC income for supported living schemes, plus higher than anticipated staff turnover within in-house residential and day care provision.
Mental Health Services	0.9	Overspend due to additional high cost residential care placements plus increased take up of Direct Payments/Managed Accounts.
Physical and Sensory Disability Services	1.4	Overspend due to high cost residential and nursing placements plus additional demand for Direct Payments/Managed Accounts.
Adult Safeguarding	(0.2)	Higher than anticipated staff turnover due to restructure, additional funding for Domestic Violence and higher than anticipated income from managing Court of Protection cases.
Housing Related Support	0.1	Overall overspend due to delays in achieving budget savings on external contracts.
Commissioning, Performance and Quality	(0.3)	Underspend due to higher than anticipated staff turnover pending restructure, and lower than anticipated take-up of the new advocacy contract.
<b>Total Adult Services</b>	<b>3.9</b>	

<b>Neighbourhoods General Fund</b>		
Housing Options	(0.7)	Increased service fee income in respect of Furnished Homes scheme and private sector adaptations.
Neighbourhood Partnership and Engagement Services	(0.2)	Higher than anticipated staff turnover within Area Assemblies plus underspends due to the moratorium on non-essential spend and an underspend within the Members Community Leadership Fund.
Variations Less than £100k	-	Strategic Housing and Investment/Central Services
<b>Total Neighbourhoods General Fund Variance</b>	<b>(0.9)</b>	
<b>TOTAL ADULT CARE &amp; HOUSING</b>	<b>3.0</b>	

<b>Public Health</b>	<b>£m</b>	<b>Key reason(s) for variance</b>
Public Health (Specific Grant)	<b>0</b>	In addition to the use of the 2016/17 Public Health Grant (which reduced by £1.319m from 2015/16) the service utilised £235k of its reserve to present the balanced outturn. This is a very positive outturn for the service as the use of reserve was £592k less than had been planned for 2016/17.

<b>Regeneration &amp; Environment</b>	<b>£m</b>	<b>Key reason(s) for variance</b>
Estates	0.1	Under recovery of fee income due to a vacant post which has affected the services ability to generate external income. The service also engaged in non-fee earning work. Overspend partly offset by higher than budgeted income from Commercial Property.
Facilities Management	(0.5)	Savings on land and property costs due to the ongoing rationalisation of Council buildings. Staff savings as a result of vacancies and the capitalisation of premises lifecycle expenditure, resulting in an underspend on the premises fund.
Building Design and Corporate Projects	0.1	Under-recovery of income partly offset by service-wide staff savings
Adult Care & Housing Properties	(0.1)	Savings on utilities as a result of building closures during the year.
Markets	(0.1)	Revaluation gain following upwards revaluation of the Markets building.

Planning & Building Control	0.1	Under-recovery of income on Building Control applications and Local Land Charges as a result of economic conditions.
Rotherham Investment & Development Office (RIDO)	(0.3)	Additional grant income from the Department of Business, Energy and Industrial Strategy (BEIS), European Regional Development Fund (ERDF) Growth Hub and the use of reserves.
Facilities Services	(0.3)	Staff savings and an underspend on the Schools Catering traded service which will be carried forward into 2017/18.
Business Unit	(0.1)	Savings due to the moratorium on non-essential spend and offering a reduced training programme.
Green Spaces	0.1	Under-recovery of income at Rother Valley Country Park.
Tourism & Marketing	(0.1)	Staff savings and a reduced events programme in 2016/17.
Libraries & Customer Services	(0.2)	Staff savings as a result of vacant posts during the consultation period and non-pay savings as a result of the moratorium on non-essential spend.
Theatres	(0.2)	Staff savings as a result of vacant posts during the year and increased income.
Street Scene Services	0.1	An overspend in the Corporate Transport Unit, mainly home to school transport due to demand pressures, partly offset by savings in Street Cleansing and Grounds Maintenance as a result of staff savings.
Safer Neighbourhoods	(0.3)	Staff savings from vacancies in the Community Protection Service.
Emergency Planning and Health & Safety	(0.1)	Staff savings from vacant posts and savings to non-pay budgets.
Variation less than £100k	0.1	Corporate Environmental Team, Children's Capital Team, Corporate Property Management, Managed Workspace, Regeneration, Transportation, School Crossing Patrols, Sports Development, Trees & Woodlands, Heritage Services, Museum, Galleries & Archives, Community Safety and Business Regulation. Network Management
<b>Total Regeneration &amp; Environment Variance</b>	<b>(1.7)</b>	

<b>Finance &amp; Customer Services Directorate</b>	<b>£m</b>	<b>Key reason(s) for variance</b>
Revenues & Benefits	(0.8)	Recovery of Housing Benefit overpayments (£295k), reduced costs of collection (£240k) and staff cost savings (£236k) from vacancies and reduced overtime payments.
Customer, Information and Digital Services	(0.2)	Staff cost savings due to recruitment delays to the restructured service and additional income generation.
Finance	(0.1)	Staff cost savings and non-staff cost savings as a result of the spending moratorium.
Procurement	(0.1)	Staff cost savings and non-staff cost savings as a result of the spending moratorium.
Variation less than £100k	-	Legal, Elections, Statutory Costs, Business Unit and Internal Audit
<b>Total Finance &amp; Customer Services Variance</b>	<b>(1.2)</b>	

<b>Assistant Chief Executive</b>	<b>£m</b>	<b>Key reason(s) for variance</b>
Communications & Media	0.1	Additional staff costs, system and subscription costs
Democratic Services	(0.1)	Savings due to Members not receiving full Supplementary Responsibility Allowances (SRAs) and changes to Pension legislation. No expenditure incurred in respect of Town Twinning budget.
Policy & Partnerships	(0.2)	Staff cost savings and non-staff cost savings as a result of the spending moratorium. One-off income from the Local Government Association (£31k). NB: The underspend on the Partnership budget (£71k) – see Appendix 3
Variation less than £100k	-	HR & Payroll, Management Support, Chief Executive's Office
<b>Total Assistant Chief Executive Variance</b>	<b>(0.2)</b>	

## APPENDIX 2

### Traded Services Outturn 2016/17

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 2016/17 out-turned with a surplus balance.

2017/18 Service Business Plans reflect the carry-forward of these balances.

<b>Directorate</b>	<b>Service</b>	<b>Outturn (Surpluses)</b>
		<b>£</b>
Children & Young People's Services	School Meals Service	125,235
	School Music Service	28,168
Adult Care & Housing	Dispersed Units	79,489
Finance & Customer Services	Schools Insurance Fund	7,916
<b>TOTAL</b>		<b>240,808</b>

## Capital Programme – Carry-Forwards into 2017/18

## CHILDREN AND YOUNG PEOPLE'S SERVICE

<b>Project</b>	<b>Carry-Forward Explanation</b>	<b>£m</b>
<b>Primary Schools</b>		
Kiveton Park Infants	This project has provided a new nursery building to replace the old dilapidated nursery modular classroom building, and was completed over the Easter holiday period, in April 2017. The under spend will be re-profiled into 2017/18 to meet residual costs.	0.036
Laughton J&I	This project was started in 2016/17 and will provide a two classroom block extension and alterations to the main school building. The under spend will be re-profiled into 2017/18.	0.052
Maltby Hall Infants	This project was started in 2016/17 and relates to the demolition of an unused building. There have been various delays while different options were considered and then a further delay for a bat survey. The under spend will be re-profiled into 2017/18.	0.095
High Greave Infants	The scope of a previously approved project, to re-site existing mobile modular units, has been expanded to include development of the outside area using additional Early Years Capital funding from the Government.	0.009
<b>Other Projects</b>		
Special Educational Needs and Disability provision	A re-profiling of expenditure on the Special Educational Needs and Disability provision into 2017/18.	0.496
Capitalised Minor Enhancement programme	Using Government funding, minor enhancement works are carried out at schools. The under spend on the 2016/17 programme will be re-profiled into 2017/18.	0.377
Property Adaptations	Works to private properties to increase the Borough capacity for foster care placements. The under spend on the 2016/17 programme will be re-profiled into 2017/18 to continue those developments.	0.062
<b>TOTAL - CHILDREN AND YOUNG PEOPLE'S SERVICE</b>		<b>£1.127m</b>

## ADULT CARE & HOUSING

<b>Project</b>	<b>Carry-Forward Explanation</b>	<b>£m</b>
<b><u>Neighbourhoods Services</u></b>		
Canklow Clearance	This is the continuation of a house clearance project. A small number of properties remain that need to be acquired and then demolished to clear the area.	0.142
Bellows Road Service Centre Clearance	The remaining budget for Bellows Road is for the compensation payments to traders.	0.056
IHMS – Phase 2	This phase of the project (Stock asset information – Keystone), started in 2016/17, work is continuing into 2017/18.	0.117
Fuel Poverty – Vulnerable People	A programme of thermal works (cavity wall and loft insulation) to homes, to alleviate fuel poverty in the private sector, has been delivered (242 homes in 2016/17). The scheme will continue into 2017/18 with a further 25-30 properties receiving investment.	0.048
Area Assembly Capital	Each of the 7 Area Assemblies received an allocation to be spent in line with priorities for each area. The underspend in 2016/17 is to be carried forward to deliver the work, mainly highways related, that was ordered but not delivered within the year.	0.050
Land Enabling and Strategic Acquisitions	Planned purchase of properties at Waverley was delayed due to contractor issues. The purchase of the properties will now take place Spring/Summer of 2017.	0.636
<b>TOTAL – ADULT CARE &amp; HOUSING DIRECTORATE</b>		<b>£1.049m</b>



## REGENERATION & ENVIRONMENT

<b>Project</b>	<b>Carry- Forward Explanation</b>	<b>£m</b>
<b>Culture, Sport &amp; Tourism</b>		
Strategic Review of Libraries	<p>No spend in 2016/17 due to reviewing options for the future service offer of Library and Customer Services across all 16 sites.</p> <p>The Library Strategy and future service offer were approved by Council during 2016-17. This included specific recommendations relating to relocation of, and changes to, services which require capital expenditure during 2017-18. These, along with any additional proposed changes to service delivery, are being progressed in line with the wider review of assets.</p>	0.078
Brinsworth Library	<p>This project has been progressed in partnership with Brinsworth Parish Council during 2016-17. An options appraisal has recently been requested which will consider ways to continue to deliver and improve library provision in the area.</p> <p>Any proposed changes would be considered by Cabinet and would need to take account of the statutory nature of library provision, and the Council's wider review of assets. It is expected that this will take place as a matter of urgency during 2017-18.</p>	0.497
Alexandra Park	Some of the works profiled for 2016/17 required time to settle before finishing works could be undertaken. This has moved the final spend into 2017/18.	0.007
Clifton Park Bollards	Delay in provision of an electrical supply to the site has meant that completion of the project has been delayed into 17/18.	0.040
Barkers Park Changing Facilities	Procurement of contractors moved profiled spend into 2017/18.	0.040
Sanctuary Fields	The funding was to be utilised as a match for new equipment, but the application to a third party funder failed. There is a new application in progress for 2017/18.	0.005
Wath Park	The preferred contractor from the tender process went into administration leading to the re-profiling of expenditure. Contractor procured and contracts in place for delivery in June 2017.	0.037
Packman Way	This scheme has been delayed into 2017/18 as having employed a company	0.020

	to undertake soil sampling and testing, the site was found to be contaminated. A new site is required. The funding will now be spent at West Melton Park (this is allowable within the terms of the funding). Spend expected 2017/18.	
Firsby Reservoir Phase 2	Ancillary earthworks, access works and ecology works have been postponed to 2017/18 to give the site a further year of natural recovery before any further works.	0.016
<b><u>Planning Regeneration and Transport</u></b>		
Town Centre Business Vitality Scheme	The carry-forward is in respect of grants to support new business start-ups into 2017/18.	0.074
Acquisition of Riverside Precinct	Agreement yet to be reached with occupants, re-profiled into 17/18.	0.347
Forge Island Redevelopment	Works to be carried out on the footbridge, including the roof and parapet. Demolition works complete.	0.030
Bassingthorpe Farm Development	Delayed start on site to minimise damage to the farmers' fields and crops after a period of very wet weather.	0.160
Pit House West Site Investigations	Project re profiled into 17/18.	0.046
Bailey House Condition	New projects associated with works at Bailey House have been approved for 17/18. To make it cost and time effective some of the works relating to this project have been delayed to correspond in 17/18.	0.075
Operational Property Condition Maintenance Programme	A number of projects within the property condition maintenance programme have underspent, or not started, due to preliminary delays and will continue/start in 17/18. These include RVCP heating/hot water system, Maltby Library relocation, Barbers Ave Depot roller shutters, Wath Library concrete works, Bailey House asbestos, and Hellaby Depot re-roofing.	1.112
Operational Buildings Capital Investment	A number of projects within the operational buildings capital investment programme have underspent or not started due to preliminary delays and will continue/start in 17/18. These include Markets complex works, Barbot Hall Industrial Estate retaining bank, Hellaby Depot Air Con, Bailey House Roof, Civic Theatre Dressing Rooms, and Victoria Park Rawmarsh foul drainage.	0.234
Suitability and Conditional	Of the £0.900m approved budget for this	0.522

Works Programme CYPS	programme of suitability and conditional works £0.522m remains to be re profiled into 17/18.	
<b><u>Community Safety &amp; Environment</u></b>		
Landfill Sites	The carry-forward request is largely due to a number of operational issues. Wath experienced issues with the compressed air and pumping systems resulting in the use of loan equipment. Vandalism at Dropping Well Landfill has led to delays with works to the ground gas flare. Increased workloads, and staffing issues, have also impacted. Work to lay a new leachate line at the Wath site, together with electrical supply upgrade at the Dropping Well site, are expected during 17/18.	0.066
Wath upon Dearne Flood Alleviation Scheme	As a result of cost savings on the original brief, additional works were agreed with the funder (Environment Agency). These works have progressed slowly due to staff resourcing issues.	0.043
Herringthorpe Valley Flood Defence	Work slipped due to a lack of capacity to carry out the works in house, as was initially proposed. Additional resources have now been allocated, the second phase of specialist modelling work has just been let to consultants and this work is progressing.	0.015
Whiston Brook flood storage	This is a joint project with the Environment Agency and was delayed due to their requirement for the computer modelling to be compatible with their systems. This issue has now been resolved and work is progressing.	0.030
Highways Maintenance	The in-year underspend will be carried forward to 17/18. This was the result of other schemes having to take priority, in particular improvements to the A618.	0.476
Highways Delivery (Connectivity, Network Management, Local Safety, Bus Projects, Smarter Choices & Step2)	Issues with the SCR approval process in respect of the STEP2 programme led to delays in projects commencing. Additionally the emergence of other schemes such as the A618 Growth Corridor placed further demands on the same design and delivery teams.	0.114
Bridges	Bridge works funded by grant re-profiled into 2017/18.	0.093
Pool Green Roundabout Highways Scheme	Re-profiling of expenditure into 2017/18 as the design and implementation resource to carry out the remaining safety	0.164

	audit works was redirected to the A618 scheme, which took priority.	
A57 Scheme	Re-profiling of expenditure due to delays in agreeing with residents the installation of an electric gate and associated power supply.	0.058
SYITS	System Acceptance Testing and works on going. Slipped into 17/18 due to contractors work load and inability to meet original targets.	0.134
A630 Sheffield Parkway Widening	Project was delayed as traffic modelling by a third party consultant did not take place as originally timetabled and there was late commissioning of consultants through the Highways England Framework.	0.224
Waverley Link Road	Expenditure on the new Waverley Link Road was limited as a final decision on HS2 wasn't confirmed and agreement hadn't been reached with Sheffield City Council on the utilisation of playing fields.	0.174
Traffic Signal red light camera digital upgrade scheme	The delay in completion of the project has largely been down to issues with the provision of new BT phone lines and electrical connections. However the project is ongoing and is planned to complete in 17/18.	0.248
CIL Software	Delay in acquisition of system due early 17/18.	0.030
<b>TOTAL – Regeneration &amp; Environment Directorate</b>		<b>- £5.209m</b>

## FINANCE & CUSTOMER SERVICES DIRECTORATE

<b>Project</b>	<b>Carry Forward Explanation</b>	<b>£m</b>
ICT Strategy	A carry-forward request in respect of ongoing ICT Strategy 2 infrastructure projects and the financial systems project.	0.024
ICT Resilience	Resilience works within the Bailey House data centre. Part of the Bailey House renovation project referred to above.	0.009
ICT Digital Strategy	During 2016/17 work has been undertaken firstly to develop the Digital Council Strategy, which was approved by the Cabinet and Commissioners' Decision Making Meeting in September, and secondly to develop key themes for future investment to enable the Council to meet the objectives of the Strategy. Following the conclusion of this work, business cases will now be brought forward for individual projects, such as Digital Collaboration, Digital Customer Services, Digital Place and Digital Workplace. As such the approved budget requires profiling into 2017/18.	0.584
Network Equipment Refresh	Ongoing programme of network improvements re profiled into 17/18.	0.048
Computer Refresh	Ongoing programme to refresh staff computers re profiled into 17/18.	0.355
Replacement of server equipment	Ongoing programme to replace end of life and non-compliant IT server equipment re profiled into 17/18.	0.107
<b>TOTAL Finance &amp; Customer Services Directorate</b>		<b>£1.127m</b>