

Committee Name and Date of Committee Meeting

Cabinet – 15 April 2019

Report Title

February Financial Monitoring Report 2018/19

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

Yes

Strategic Director Approving Submission of the Report

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Ward(s) Affected

Borough-Wide

Report Summary

This report sets out an improved financial position compared to that previously reported to Cabinet in February 2019. It is based on actual costs and income for eleven months of the financial year with forecasts for the final month of 2018/19. Financial performance is a key element within the assessment of the Council's overall performance framework, and is essential for the achievement of the objectives within the Council's Policy Agenda. For that reason, this report is part of a series of monitoring reports for the current financial year which are brought forward to Cabinet on a regular basis.

In February 2019, the Council reported that it needed to identify a further £0.507m of cost reduction actions by the financial year-end in order to achieve a balanced budget. The current revenue position after eleven months shows an improved position on that previously reported, however £0.126m of cost reduction actions are still required by the financial year-end in order to achieve a balanced financial outturn, after taking account of the £10m budget contingency approved within the 2018/19 budget. This is a reduction of £0.381m in comparison to the £0.507m cost reductions reported in February 2019. This is largely due to the improved forecasts for Assistant Chief Executive and Adult Care Services.

The overspending against budget in Children's and Young People's Services Directorate is continuing in the current financial year as a result of demand for services outstripping budget capacity. The forecast overspend on Children's Services has remained broadly consistent with the last report at £15.704m

The number of Looked after Children hearings also places significant pressure on Legal Services within the Finance and Customer Services Directorate, with the current forecast overspend for Legal Services standing at £1.253m. The Finance and Customer Services Directorate overall is forecasting to outturn within budget after putting into place a range of actions to mitigate the legal service forecast overspend.

The Adult Care Services Directorate are on track to bring their overspend down to £5.399m. A combination of increased client numbers, the rising cost of care packages, and delays in delivery of savings plans have led to pressure on budgets across all client groups. A recovery plan has been developed to address previously undelivered savings and project plans are currently being finalised with the expectation that further savings will be identified from this activity.

Regeneration and Environment Directorate is forecasting a balanced budget, although it is facing challenges from a combination of declining business from the School Meals service and challenges with delivery of budget savings, including transport and property savings.

Mitigating savings and actions identified to date are set out in Table 1 and described in Paragraphs 2.2 to 2.9 of the report.

Recommendations

That Cabinet:

1. Note the forecast General Fund outturn position;
2. Note the actions being taken to reduce the forecast overspend;
3. Note the updated capital programme 2018/19 to 2021/22;
4. Note the capital grant funded budget inclusions and variations as detailed within the updated Capital Programme.
5. Approve the alternative budget savings proposals for the Regeneration and Environment directorate as referenced in Paragraph.2.4.4.

List of Appendices Included

None

Background Papers

Revenue Budget and Council Tax Setting Report for 2018/19 to Council 28th February 2018

Revenue Budget 2018/19 May Financial Monitoring Report to Cabinet 9th July 2018

July Financial Monitoring Report 2018/19 to Cabinet 17th September 2018

September Financial Monitoring Report 2018/19 to Cabinet 19th November 2018

December Financial Monitoring Report 2018/19 to Cabinet 18th February 2019

Consideration by any other Council Committee, Scrutiny or Advisory Panel
Overview and Scrutiny Management Board – 24 April 2019

Council Approval Required

No

Exempt from the Press and Public

No

February Financial Monitoring Report 2018/19

1. Background

- 1.1 As part of its performance and control framework the Council is required to produce regular and timely reports for the Strategic Leadership Team and Cabinet to keep them informed of financial performance so that, where necessary, actions can be agreed and implemented to bring expenditure in line with the approved budget for the financial year.
- 1.2 Delivery of the Council's Revenue Budget, Medium Term Financial Strategy (MTFS) and Capital Programme within the parameters agreed by Council is essential if the Council's objectives are to be achieved. Financial performance is a key element within the assessment of the Council's overall performance framework.
- 1.3 This report is part of a series of financial monitoring reports to Cabinet for 2018/19, setting out the projected year-end revenue budget financial position in light of actual costs and income for eleven months of the financial year. This report includes, with revenue forecasts, details of capital spending and the projected capital outturn position.
- 1.4 In February 2019, the Council reported that it needed to identify a further £0.507m of cost reduction actions by the financial year-end in order to achieve a balanced budget. The current revenue position after eleven months shows an improved position on that previously reported, however, £0.126m of cost reductions are still required in order to deliver a balanced financial outturn after taking account of the £10m budget contingency approved within the 2018/19 budget.
- 1.5 The Final Local Government Finance Settlement 2019/20 confirmed funding to local authorities from a surplus on the Business Rates Accounts Levy. The Council's allocation is £0.969m, which, subject to ratification of the appropriate legislation, will be provided in 2018/19. This has been taken into account in latest forecasts.
- 1.6 In addition, Government announced on 28th January 2019 some upfront funding allocations to support councils with regard to EU Exit. The Council's allocation is £210k, split as £105k in 2018/19 and £105k in 2019/20. The £105k funding for 2018/19 has also been taken into account in supporting the budget.

2. Key Issues

- 2.1 Table 1 below shows, by Directorate, the summary forecast revenue outturn position after management actions which have already been quantified and implemented.

Table 1: Forecast Revenue Outturn 2018/19 as at February 2019

Directorate / Service	Budget 2018/19	Forecast Outturn 2018/19	Forecast Variance over / under (-)
	£'000	£'000	£'000
Children & Young People's Services	58,591	74,295	+15,704
Adult Care & Housing	58,425	63,824	+5,399
Public Health	16,014	16,014	0
Regeneration & Environment Services	44,264	44,264	0
Finance & Customer Services	15,571	15,571	0
Assistant Chief Executive	6,965	6,278	-687
Central Services, Capital Financing and Treasury Management	12,245	7,645	-4,600
SUB TOTAL	212,075	227,891	+15,816
Budget Contingency (£4.8m budget, £5.2m reserves)	4,800	(5,200)	-10,000
TOTAL	216,875	222,691	+5,816
Additional in-year cost reduction activity :			
Forecast of reduced severance costs frees up Capital Receipts to fund revenue transformation expenditure			-700
Use of Directorate balances			-3,916
Additional funding from Business Rates National Levy Account			-969
Funding for EU Exit			-105
= Further actions required to reduce total expenditure to within Budget Contingency			+126
Dedicated Schools Grant			5,310
Housing Revenue Account (HRA)	82,312	82,312	0

The following section (paragraphs 2.2 to 2.9) provide further information regarding the key reasons for forecast under or overspends within Directorates, the progress of savings delivery and how the Council plans to deliver a balanced budget by the end of the financial year.

2.2 Children's & Young People's Directorate (£15.704 forecast overspend)

2.2.1 Children & Young People Services face significant financial pressures in their placement budgets and in the delivery of key social work services, due to the number of children in the care system.

2.2.1 The budget pressure had been increasing month on month due to a steady rise in LAC numbers, but numbers and the budget are now stabilising (the budget position forecasting a financial pressure of £15.7m since October 2018) linked to the various projects instigated by the Directorate. At the end of February the projected overspend remains at £15.7m which in the main reflects pressures on staffing, transport and placement budgets.

2.2.2 The direct employees budgets stands at £40.9m and is a combination of core and grant funded services. The projected overspend is £618k across the directorate, which is a £182k favourable movement from the previous period. The main pressures arise from a combination of staffing and agency costs in children's social care (£763k) and business support (£833k). This is primarily due to the number of agency workers across the service during this financial year and delays in implementing the new staffing structure (part of the £362k overspend in Early Help). However, there has been a positive month-on-month reduction in the number of agency staff in Children's Social Care from 63 in April 2018 to 19 at the end of February 2019.

2.2.3 A significant element of the non-pay budgets relates to placements (£23.430m) with an estimated spend of £36.475m (excluding DSG funded placements). The financial pressure at the end of February is £12.584m, an adverse movement of £447k this period, which is mainly due to a reduction in estimated CCG income (£461k). Whilst the Right Child Right Care initiative and other demand management strategies are having a positive impact, the initial target levels of reduction of children in care are not being met and the reductions which are being achieved have been offset by new admissions into care. Another element of the placement strategy is to reduce the number of children in high cost placements by stepping down into lower cost placements e.g. independent fostering to in-house foster care. However, this reduction is not being achieved as planned and is having a significant impact on the placement pressures.

2.2.4 Other major budget pressures have also been incurred linked to the increase in the number of Looked After Children this financial year. Transport costs (car allowances, public transport and vehicles) are forecast to overspend by £670k whilst Section 17 & 23 payments are projected to overspend by £250k; the latter being financial assistance to safeguard and promote a child's welfare. Detailed spend analysis is being undertaken to monitor Section 17 and 23 payments, with a task and finish group in place and undertaking work to support a reduction in spend.

- 2.2.5 The budget pressure of £15.7m is based on numbers remaining stable and not increasing between now and the year end. Various projects are now in place and the impact is being closely monitored.
- 2.2.6 It should be noted that the position has been exacerbated by a significant amount of placements that have arisen from the complex child protection work and associated interventions with further cases related to Operation Stovewood.
- 2.2.7 A challenging examination of the budget continues to take place, recognising the need for these to be thoroughly reviewed, discussed and considered so that the Directorate can bring forward options for immediate implementation. Proposals are being actively pursued to identify savings having due regard for the continued safeguarding of vulnerable children.

2.3 Dedicated Schools Grant

- 2.3.1 The High Needs Block (HNB) is £31.2m and is under significant pressure due to rising numbers of children supported in specialist provision and the rising costs of Education Health Care (EHC) plans. Consequently, the central DSG reserve has changed over a two-year period from a £1m reserve deficit at the end of 2015/16 to £10.7m deficit at the end of the 2017/18 financial year.
- 2.3.2 The forecast at the end of February 2019 shows an in-year overspend of £5.3m based on minimal anticipated growth and therefore if the pressures on EHCs continue this will incur further financial pressures
- 2.3.3 Both the Early Years and the Schools' block are expected to be broadly in line with allocations in 2018/19.
- 2.3.4 The forecast overspend of £5.3m will increase the DSG central reserve from £10.7m to a deficit of £16.0m. The DSG High Needs Block recovery plan in place is currently being reviewed as part of the 2019/20 budget setting process which includes disapplication funds (£2.8m), now approved by the Secretary of State, and the impact of the Special Educational Need and Disability (SEND) / Social Emotional Mental Health(SEMH) strategies to improve the HNB financial sustainability.
- 2.3.5 The key areas of focus to reduce the overspend are:
- A revised Special School funding model;
 - A review of high cost, out of authority education provision to reduce cost and move children back into Rotherham educational provision;
 - Work with schools and academies to maintain pupils in mainstream settings wherever possible;
 - A review of inclusion services provided by the Council;
 - To redirect funding from the schools block into the high needs block in 2019/20.

2.4 Regeneration and Environment Directorate (Forecast balanced budget)

2.4.1 The Regeneration and Environment Directorate has approved savings of £2.765m to deliver in 2018/19 as well as savings requirements from previous years. This is a challenging position for the Directorate, and in order to meet this challenge, the Directorate will continue the tight financial discipline that enabled it to outturn within budget in 2017/18. Budget monitoring has, however, highlighted some significant pressures, many of which arise from delays in delivery of savings.

2.4.2 The major pressures are as follows:

- Facilities Management (£1.000m). The 2018/19 budget includes a £1m saving on property arising from service reviews within other Council services. A pressure of £875k is being reported in respect of this saving, as a result of delays in concluding the service reviews. The savings are expected to be achieved in the long term, but their delivery has been delayed. In addition, a pressure of £140k is being reported in respect of a saving to let office space at Riverside House, as a result of the proposed tenant withdrawing.
- Catering service (£338k). This mainly arises from a continuing impact of the loss of contracts resulting from academy conversions, where academy chains have alternative provider arrangements in place.
- Street Scene Services (£549k). This is mainly in respect of continuing additional demand pressures on Home to School transport, which was also a pressure in 2017/18.
- Centenary Market (£240k). This is in respect of the number of void units within the Market, which reflects the wider pressures on the retail trade within the town centre.

2.4.3 In order to try to mitigate these pressures the Directorate Management Team has continued to keep a tight control on budgets, limit officers to essential spending and have identified some non-recurring underspends including:

- Holding vacant posts where this can be done without significantly impacting on service delivery;
- Line by line scrutiny of all significant budgets;
- Additional income in Building Consultancy;
- Other windfall income, including additional garden waste income
- Maximisation of capital resources;
- Review of provisions and maximisation of grant funding
- Training to be approved at Departmental Leadership Team

It is envisaged that these actions will enable the Directorate to deliver a balanced budget by the financial year end.

2.4.4 Following these reviews, it has been determined that a number of outstanding savings for the R&E Directorate cannot be delivered as originally agreed and alternative savings are now proposed as set out below :

Savings Ref No	Description	Value £000
R&E5	Transformation of Community Safety and Street scene	53
R&E11	Sponsorship for Christmas Illuminations	36
R&E4a	Review of proactive food hygiene inspections & potential for shared service	55
R&E4c	Review of trading standards and potential for shared service	60
R&E21	Sponsorship for seasonal bedding	21
CCR1	Review of transport and fleet operations	3
CCR5	Fixed Penalty Notices SLA with Doncaster	78
	Rotherham Show (part only)	7
	TOTAL OF SAVINGS NOT BEING DELIVERED	313
Proposed alternative savings		
	Additional income from :	
	• Caretaking	(35)
	• Highways Licences	(50)
	• Business Centres	(25)
	• Cleaning	(62)
	• Bulky Waste	(10)
	• Green Spaces	(21)
	Deletion of 2 x vacancies in business unit and reduction in training budget	(110)
	TOTAL ALTERNATIVE SAVINGS	(313)

Cabinet are asked to agree the above alternative savings replacing those originally approved.

2.5 Adult Care & Housing (£5.399m overspend)

2.5.1 Adult Care and Housing Services are currently forecasting an overspend of £5.399m in 2018/19 (after allocation of £5.9m of the additional Better Care Funding). This has reduced from the previously reported £5.647m, mainly driven through effective budget management, plus internal/external challenge to the necessity of spend and value for money tests against the Better Care Fund plan for 2018/19.

2.5.2 Whilst there were no new budget savings for Adult Care agreed as part of the 2018/19 budget setting process, there are £3.224m of savings agreed in previous years to take effect in 2018/19, in addition to the £7.346m agreed in 2017/18. The forecast overspend for 2018/19 includes an anticipated shortfall of £6.995m in the delivery of these accumulated budget savings within the current financial year.

2.5.3 The main reasons for the delayed delivery of savings are the complexity, rather than the volume of new cases (including transition) – as the overall customer base has been relatively static. Also, contributing to the delay is historical assessment practice across all cohorts; in terms of over reliance on residential care, poor application of self-directed support and over provision of care hours. In addition reviewing team resources have had to be diverted to due to market failure over recent months.

- 2.5.4 The main budget pressures continue to be in respect of: Residential Care (+£4.6m), Domiciliary Care (+£1.3m) and the provision of Direct Payments/Managed accounts (+£0.2m), this includes pressures from anticipated delays in achieving budgeted savings.
- 2.5.5 These pressures have been reduced by underspends from higher than anticipated staff turnover within Commissioning and Assessment and Care Management (-£640k).
- 2.5.6 Neighbourhood Services (Housing General Fund) latest forecast is a favourable variance against budget, and this is included in the overall Directorate position. This is as a result of one-off savings generated from the housing repairs contracts.
- 2.5.7 Adult Care recognises that the primary pressures on its budget centre on previously undelivered savings. As a result, a suite of high level project plans have been developed to address the savings challenge which includes reviewing Learning Disability Services (My Front Door), right sizing care packages and resource/operating models.

Digital Transformation, Workforce Development and the Intermediate Care and Re-ablement Pathways will be enablers to these. This will be in line with the Rotherham Integrated Health and Social Care Place plan priorities.

Public Health (Forecast Balanced budget)

- 2.5.8 The Public Health ring fenced specific grant was reduced by a further £430k to £16.304m for 2018/19.
- 2.5.9 The latest forecast is an overall balanced budget, which includes a planned transfer from the Public Health Grant reserve of £441k in order to achieve a balanced budget. There are some forecast pressures within Sexual Health and Tobacco control but these are being offset by underspends within Drugs and Alcohol and Children's Obesity contracts, together with staff vacancies with the Public Health team.
- 2.5.10 Budget savings agreed as part of the budget setting process for 2018/19 totalling £0.653m are forecast to be fully achieved in year.

2.6 Finance & Customer Services (Forecast Balanced Budget)

- 2.6.1 Whilst F&CS Directorate is continuing to forecast a balanced outturn position, the Directorate has an underlying overspend of £1.253m as a result of the ongoing pressures on Legal Services from Children's Services. Significant challenges exist within this department from the continued demand for legal support with child protection hearings and court case costs relating to Looked After Children. Recruitment to vacancies is now nearing completion, but in the interim, there has been a heavy reliance this year on locum solicitors alongside a temporary arrangement with Sheffield City Council, which has come at a premium cost.

- 2.6.2 It is envisaged that these financial pressures will not diminish until the current resourcing problems are concluded, and the volume of social care proceedings reduces further. Work is ongoing to identify ways of reducing demand for legal advice, coupled with a management restructure within the department, with the aim of better controlled use of resources.
- 2.6.3 Legal Services also have pressures in respect of Statutory Costs, where the forecast overspend is currently projected at £107k as a result of the volume of statutory and planning notices. A review into the demand drivers for this area identified that a significant proportion of the costs relate to roads and highways. Consideration is being given to a better alignment of costs and responsibility in order to control spend.
- 2.6.4 Within Customer Information and Digital Services (CIDS), vacancies are deliberately being held across the service whilst a complete review of Digital Services management and staffing structures is implemented. This is being undertaken alongside consideration of current commitments and service demand. The legacy savings decisions that have been causing pressure within CIDS have now been resolved, with just one saving due to be completed in 2019/20.
- 2.6.5 Within Finance, reduced volume and value of staff absence claims from the Schools Traded Service has reduced the forecast overspend on this scheme from £211k at the last report to £125k as at February. The pressure in-year is being offset by vacancy control across the wider finance function, along with restrictions on overtime within Revenues and Benefits.
- 2.6.6 The recovery of Housing Benefit overpayments is now projected to deliver income in excess of budget of £300k as a result of robust recovery processes.
- 2.6.7 As a result of robust and rigorous management actions, the Directorate had identified and implemented mitigating actions to reduce the underlying overspend to £122k as at the end of February. Other mitigating funding and cost reductions have been identified to cover this remaining pressure and ensure that the Directorate delivers a balanced budget by the end of the financial year.

2.7 Assistant Chief Executive (£0.687m Forecast Underspend)

- 2.7.1 The Assistant Chief Executive's Directorate are forecasting a budget underspend of £0.687m, which is an increase of £133k since the last report.
- 2.7.2 Within the HR service, where there is naturally a high staff turnover, vacancies have been held for as long as possible to assist with the overall financial position of the Council, whilst over-achievement of income from salary sacrifice schemes has delivered a further £50k budget benefit.
- 2.7.3 Vacancies within Business and Innovation Team have been offset by expenditure to support the delivery of service transformation across the Council.

2.7.4 It should also be noted that a restructure within HR consultancy has delivered an in-year saving that will be removed from the budget in 2019/20 to contribute to future funding pressures.

2.8 Central Services (£4.6m forecast underspend)

2.8.1 As highlighted in previous financial reports to Cabinet and Council over the past year, a thorough review has been undertaken of all the Council's Central Services Budgets and Provisions, Corporate Funding and Accounting and Apportionments. This includes the classification of expenditure between revenue and capital and between HRA and General Fund. Savings from these reviews fed into the updated Medium Term Financial Strategy reported to Cabinet in December 2018. Capital financing decisions made as part of the 2017/18 financial outturn, along with further savings from treasury management activity, reviews of PFI funding and payment profiles, business rates relief grant income and finalisation of inflation funding requirements results in a further saving of £4.6m in 2018/19.

2.8.2 The Final Local Government Finance Settlement 2019/20, announced in January 2019, confirmed details of additional funding to local authorities from the Government's Business Rates Levy Account. The Council's allocation is £0.969m which is taken into account in reducing the forecast outturn overspend to £0.126m.

2.8.3 In addition the Government announced on 28th January 2019 some upfront funding allocations to support councils with regard to EU Exit. The Council's allocation is £210k, split as £105k in 2018/19 and £105k in 2019/20. The £105k funding for 2018/19 has also been taken into account within the budget.

2.9 Achieving a Balanced Budget in 2018/19

2.9.1 A range of actions as outlined in the Budget Report 2018/19 to Cabinet and Council in February 2018 have been implemented

2.9.2 Strategic measures have been put into place as part of mitigating budget pressures. These include:

- Further controls on recruitment and a reduction in the use of agency staff
- Reductions on general spend across all Council services
- Review of financing options, including PFI schemes and staff severance payments
- Use of Directorate balances with re-provision for any liabilities to be funded by those balances being re-provided in future years.

It is anticipated that these and other actions implemented across the financial year will achieve a balanced financial outturn after taking account of the £10m Budget Contingency. The final outturn position will be finalised as part of completing the draft financial statements for 2018/19 by the end of May. A Financial Outturn report for 2018/19 will be submitted to Cabinet in July.

2.10 Housing Revenue Account (HRA) – (Forecast Balanced Budget)

2.10.1 The Housing Revenue Account is a statutory ring-fenced account that the Council has to maintain in respect of the income and expenditure incurred in relation to its council dwellings and associated assets. The approved budget included a revenue contribution to capital expenditure of £9.970m, and a contribution of £4.528m from the HRA reserves to provide an overall balanced budget. The forecast is that this will still remain the case.

2.10.2 However, there are currently a number of pressures including the following:-

- forecast increase in the cost of borrowing due to increase in bank interest rates (£185k)
- projected overspend on rent, rates and taxes due to an increase in voids (£30k)
- reduced fee income as a result of lower than anticipated Right to Buys (£26k)
- Costs re closure of neighbourhood offices (£30k)
- Increased system licence costs (£52k)
- Site clusters marketing costs (£123k)

2.10.3 These pressures are being mitigated as follows:-

- A reduction in the provision for bad debt as a result of improved collection rates (£256k)
- Additional rent income as a result of quicker turnaround of void properties (£230k)

3. Updated Capital Programme 2018/19 to 2021/22

3.1 The Capital Programme 2018/19 totals £99.750m, split between the general fund £57.862m and HRA £41.888m. Anticipated spend for 2018/19 has reduced overall by (£3.394m) from the position reported to Cabinet and Council in February 2019. The movement is based on the latest profiles of expenditure against schemes, factoring in slippage to future years of (£3.928m), and the addition of new inclusions to the capital programme, through grant approvals or as part of the Council's Budget Setting Report, totalling £0.534m.

3.2 The main items of slippage are within the Regeneration and Environment programme and include:

- Beighton Link Road – The exchange agreement for the purchase of the land has not yet completed, as such initial construction costs are now profiled into 2019/20 resulting in slippage of £1.087m.
- The Council was awarded grant of £900k towards the Parkway Widening scheme with a grant condition that the funding had to be used in 2018/19. This has meant that £400k of the Council's funding for the scheme is reprofiled into the latter half of the programme of works.
- Fleet Management – the £1.096m funding for the purchase of new fleet rather than continue to spot hire or lease hire is rephased into 2019/20 to match the timescale for the delivery of the fleet.

- £0.365m of Forge Island Flood Defences funding is reprofiled into 2019/20 pending the necessary external approvals required to enable construction to start on site.

3.3 Additional grant funded schemes are added to the Capital Programme on an ongoing basis in accordance with the Financial and Procurement Procedure Rules. In addition a number of new capital proposals, requiring corporate borrowing, have been added to the capital programme as set out in the Council's Budget Setting Report 2019/20. Grant schemes added since the report to Cabinet in February are listed below.

Table 2: New Grant Funded Schemes & Capital Proposals to be approved via the Budget Setting Report.

Directorate/Scheme	2018/19 £M	Post 2018/19 £m
Regeneration & Environment		
The Council has been awarded an additional DFC grant of £0.534m, this grant is to be used for minor works for equipment/buildings within Schools.	0.534	0.000
Total Additions	0.534	0.000

Table 3: Updated Capital Programme 2018/19 to 2022/23

Directorate	2018/19 Budget £m	2019/20 Budget £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	Total Budget £m
General Fund Capital						
Children and Young People's Services	9.822	10.751	10.715	4.220	4.700	40.208
Assistant Chief Executive	1.338	0.210	0.210	0.210	0.210	2.178
Adult Care & Housing	4.069	6.237	11.993	6.066	3.921	32.286
Finance and Customer Services	5.187	3.976	4.828	1.775	1.775	17.541
Regeneration and Environment	35.446	49.621	41.129	18.113	6.238	150.547
Capitalisation Direction	2.000	2.000	2.000	2.000	0.000	8.000
Total General Fund Capital	57.862	72.795	70.875	32.384	16.844	250.760
Total HRA Capital						
	41.888	42.036	28.113	22.275	22.275	156.587
Total RMBC Capital Programme						
	99.750	114.831	98.988	54.659	39.119	407.347

3.5 Forecast position of Capital Programme 2018/19

The £99.750m of capital expenditure is funded as shown in the table below;

Table 4: Funding of the approved Capital Programme

Funding Stream	2018/19 Budget £m
Grants And Contributions	23.176
Unsupported Borrowing	26.391
Capital Receipts	6.295
Capital Receipts – Flexible Use	2.000
Total Funding - General Fund	57.862
Grants And Contributions	3.325
Housing Major Repairs Allowance	12.559
Capital Receipts	2.435
Revenue Contribution	23.569
Total Funding – HRA	41.888
Total	99.750

3.6 Capital Receipts

3.6.1 The Council continues 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 to future capital receipts which are earmarked to support the revenue budget. Use of the new capital receipts flexibilities, introduced from the 1st April 2016, can be used to fund expenditure relating to transforming Council services to generate future revenue efficiency savings.

3.6.2 As at the end of February 2019 General Fund Capital receipts of £1.091m have been generated. This includes loan repayments of £0.637m which cannot be used flexibly to support the revenue budget as only those receipts raised by the disposal of property, plant and equipment can be utilised.

3.6.3 The forecast for the year-end total of capital receipts available for flexible use is between £1.1m and £1.7m following a recent auction for a number of properties.

4. Options considered and recommended proposal

4.1 The Council is currently forecasting a need to identify a further £0.126m of savings to enable a balanced financial outturn for 2018/19. To any extent that further savings are not identified and a balanced budget is not achieved for 2018/19, there will be an impact on the Council's reserves. Within the current financial climate, effective and careful use of reserves is ever more critical to the Council's ability to maintain a robust balanced budget.

5. Consultation on proposal

- 5.1 The Council consulted extensively on budget proposals for 2018/19. Details of the consultation are set out within the Budget and Council Tax 2018/19 report approved by Council on 28th February 2018.

6. Timetable and Accountability for Implementing this Decision

- 6.1 Strategic Directors, Managers and Budget Holders will ensure ongoing tight management and close scrutiny of spend for the remainder of this financial year.

- 6.2 Financial Monitoring reports are taken to Cabinet meetings during the year.

7. Financial and Procurement Advice and Implications

- 7.1 The current forecast identifies a need for additional actions and savings required to reduce expenditure by a further £0.126m in order to deliver a balanced financial outturn for 2018/19, after taking account of the £10m Budget Contingency.

- 7.2 If budget and planned savings and spend reductions are not delivered as intended, there will be an impact on the Council's reserves, as any expenditure in excess of budget impacts reserves levels. Control over spending is therefore critical to both a robust Reserves Strategy and Medium Term Financial Strategy. All savings are being closely monitored and tracked, with all areas at risk of shortfall subject to review to identify alternative options.

- 7.3 Failure to achieve planned savings and to contain revenue expenditure within the agreed budget for this financial year will have further implications for financial years 2019/20 and 2020/21, in the context of the proposals set out in the Budget and Council Tax Report 2019/20.

- 7.4 There are no direct procurement implications arising from this report.

8. Legal Advice and Implications

- 8.1 No direct legal implications

9. Human Resources Advice and Implications

- 9.1 No direct implications

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 This report includes reference to the cost pressures on both Children's and Adult's Social care budgets.

11. Equalities and Human Rights Advice and Implications

- 11.1 No direct implications.

12. Implications for Partners

12.1 No direct implications. As management actions are developed some of these may impact upon Partners. Timely and effective communication will therefore be essential in these circumstances.

13. Risks and Mitigation

13.1 At a time of economic difficulty and tight financial constraints, managing spend in line with the Council's Budget is paramount. Careful scrutiny of expenditure and income across all services and close budget monitoring therefore remain a top priority if the Council is to deliver both its annual and medium term financial plans while sustaining its overall financial resilience.

14 Accountable Officer(s)

Graham Saxton, Assistant Director – Financial Services

Nikki Kelly, Finance Manager – Corporate Services

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive	Sharon Kemp	29/03/19
Strategic Director of Finance & Customer Services (S.151 Officer)	Graham Saxton	28/03/19
Assistant Director of Legal Services (Monitoring Officer)	Stuart Fletcher	28/03/19
Assistant Director of Human Resources (if appropriate)	N/A	N/A
Head of Procurement (if appropriate)	N/A	N/A

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