

**Committee Name and Date of Committee Meeting**

Cabinet – 08 July 2019

**Report Title**

Financial Outturn 2018/19

**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

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**Ward(s) Affected**

Borough-wide

**Report Summary**

The report outlines the final revenue and capital outturn position for 2018/19.

The Revenue Budget 2018/19 was approved by Council on 28<sup>th</sup> February 2018. A budget of £216.876m was set for General Fund services; this excludes schools budgets and Housing Revenue Account (HRA). The final outturn position was a balanced budget which required £3.2m less use of corporate reserves than planned for. The original budget proposed a planned use of corporate reserves of £5.2m as part of a budget contingency of £10.0m. Additional funding received in year, use of earmarked grants and balances and flexible use of capital receipts has resulted in a reduced call on the planned reserves leaving a balance of £3.2m available to support the budget in later years.

A summary of the outturn position for each Directorate is shown in the table in Section 2.1 below together with the actions and measures taken to deliver a balanced budget. The Council continues to face demand pressures, in particular in respect of social care. The Council has provided additional budget for social care over the next two financial years, but the outlook is still challenging.

The Council's General Fund minimum balance has been increased from £11.269 to £16.812m, as a result of the planned use and profiling of reserves balances as set out in the Council's Reserves Strategy reported in the Budget and Council Tax Report 2019/20. The reserve is held to protect the Council against unforeseen events and realisation of contingent liabilities.

The Housing Revenue Account had an underspend of £1.4m. This reduced the overall amount required from reserves to balance the budget. The final drawdown from the HRA reserve was just under £11m.

The schools outturn position which is funded by the ring-fenced Dedicated Schools Grant had an underspend of £1.968m therefore increasing schools balances at the end of 2018/19 for the Council's maintained schools and pupil referral units to £3.369m.

The capital outturn shows slippage and underspend of £8.1m against the estimated spend for 2018/19 included within the Capital Programme. Of this, £7.073m relates to slippage on projects which has been factored into the revised capital programme 2019/20 – 2022/23.

## **Recommendations**

1. That the revenue outturn position for 2018/19 be noted.
2. That approval be given to the transfer of the £1.4m HRA underspend to the HRA reserve.
3. That the carry forward of the combined schools balance of £3.369m in accordance with the Department for Education regulations be noted.
4. That the reserves position set out in section 2.33 be noted.
5. That the capital outturn and funding position as set out in sections 2.41-2.69 be noted.
6. That Cabinet refer the report to Council to note the updated financial position as detailed in the report and for approval of the updated Capital Programme as set out in paragraphs 2.65 to 2.69 and Appendices A to D.

## **List of Appendices Included**

Appendices A to D – Capital Programme 2019/20 to 2022/23.

## **Background Papers**

Revenue Budget and Council Tax Setting Report for 2018/19 to Council on 28<sup>th</sup> February 2018.

May Financial Monitoring Report to Cabinet 9<sup>th</sup> July 2018

July Financial Monitoring Report to Cabinet 17<sup>th</sup> September 2018

September Financial Monitoring Report to Cabinet 19<sup>th</sup> November 2018

December Financial Monitoring Report to Cabinet 18<sup>th</sup> February 2019

February Financial Monitoring Report to Cabinet 15<sup>th</sup> April 2019

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**  
Overview and Scrutiny Management Board – 03 July 2018

**Council Approval Required**

Yes

**Exempt from the Press and Public**

No

## **Financial Outturn 2018/19**

### **1. Background**

- 1.1 This report sets out the Council revenue, capital, HRA and schools outturn position in 2018/19. It also describes the details of the Council's reserves balances as at the end of the financial year. The Council set a revenue budget for 2018/19 of £216.876m and a capital programme of £99.750m.
- 1.2 The report illustrates the Council's financial position on a management accounts basis which is used to monitor performance throughout the financial year. The Audit Committee considered the Council's draft unaudited Statement of Accounts 2018/19 on 18<sup>th</sup> June 2019 and will consider the final Statement of Accounts on 30<sup>th</sup> July 2019 following the audit of the accounts by the Council's external auditors Grant Thornton. The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and appropriate accounting standards. As such, the reporting in the Statement of Accounts is different in format to the management reporting.
- 1.3 In understanding the outturn position it is helpful to set out the financial context of the Council.
- 1.4 The Council has made savings of £177m between the period 2011/12 to 2018/19 in response to the Government's austerity measures which has seen substantial cuts to local authority funding. The Council's Medium Term Financial Strategy identified a funding gap of £30m over the period 2019/20-2020/21. In setting its budget for 2019/20, the Council approved proposals for a balanced two-year budget over the aforementioned period. This requires the delivery of budget savings of £24m over the two years. Together with further efficiencies and additional funding announced by Government this meant that the Council could bridge the £30m funding gap.
- 1.5 However, the challenge is significant in light of increased demand for services and funding uncertainty for the local government sector. Notwithstanding, the Council will continue to examine service change and improvement work across the Council in meeting the challenges faced.
- 1.6 In common with other local authorities across the country, there continues to be increasing demand pressures on social care services. Throughout 2018/19 these continued to place additional pressures on the Council's financial position. This was closely monitored throughout the year and appropriate mitigations were implemented to ensure that total expenditure remained within the overall budget for 2018/19 set by Council in February 2018.
- 1.7 The Council has a programme to identify, track and deliver a savings programme over the medium term in order to maintain a balanced budget. The process draws on an approach that ensures that both investment and savings options are not considered in isolation and contribute to the principles and priorities as set out in the Council Plan and Medium Term Financial Strategy.

The Council's 'Big Hearts, Big Changes' programme will help the Council to address the financial challenges.

- 1.8 The Council's Medium Term Financial Strategy has been revised and updated and supports the Council's ambition of financial sustainability over the medium term.

## 2. Key Issues

- 2.1 The table below provides a summary of the Revenue Outturn for 2018/19. This is followed by a summary of the position by Directorate which includes an explanation of the key variances.

**Table 1 Summary Outturn 2018/19 by Directorate**

	<b>Budget 2018/19</b>	<b>Outturn 2018/19</b>	<b>Variance (over (+)/under (-) £'000</b>
Children and Young People's Services	58,591	74,237	+15,646
Adult Care, Housing and Public Health	74,139	78,800	+4,661
Regeneration and Environment	44,330	44,228	-102
Finance and Customer Services	15,571	15,415	-156
Assistant Chief Executive	6,965	6,150	-815
Central Services	12,479	7,647	-4,832
Budget Contingency	4,800	0	-4,800
<b>TOTAL</b>	<b>216,875</b>	<b>226,477</b>	<b>+9,602</b>
<b>Actions to address budget overspend</b>			
Use of Directorate balances	0	-3,916	-3,916
Flexible Use of Capital Receipts	0	-1,115	-1,115
Business Rates National Levy Account Surplus	0	-969	-969
Funding for EU Exit	0	-105	-105
Education PFI planned use of reserve	0	-1,480	-1,480
Use of Reserves – Budget Contingency	0	-2,017	-2,017
<b>Total Actions to Address Budget Overspend</b>	<b>0</b>	<b>-9,602</b>	<b>-9,602</b>
<b>Net Financial Outturn</b>	<b>216,875</b>	<b>216,875</b>	<b>0</b>

### 2.2 Children and Young People's Services

- 2.3 The Directorate (excluding schools) has an overspend of £15.646m. The Directorate has faced significant financial pressures on placement budgets and in the delivery of key social work services due to the number of children in the care system. The budget pressures are mainly in social care and are a combination of staffing and placements pressures and other associated costs.

- 2.4 The staffing pressures in respect of children's social care totalling £788k are due to the number of agency workers across the service during the financial

year. Business support costs of £852k are due to delays in implementing the new staffing structure. These are offset by staff savings in Early Help (£635k) and various other service areas (£55k) reducing the staffing overspend to £950k, when discounting DSG funded services.

2.5 The major pressure relates to placement costs which had a net overspend of £13.162m, with additional budget associated pressures on transport (car allowances, public transport and vehicles) £757k, section 17 & 23 payments £269k and interpretations £238k.

## 2.6 High Needs Block

2.7 The High Needs Block (HNB) allocation 2018/19 was £31.167m and has been under significant pressure for a number of years due to rising numbers of children supported in specialist provision and the rising costs of Education Health Care plans. Consequently, the central DSG reserve has changed from a £1m reserve deficit in 2015/16 to £9.7m deficit at March 2018. The outturn at the end of March 2019 is an in-year overspend of £5.4m of which £5.1m is the High Needs Block (see table below for details) with minor movements of £0.3m across the other blocks.

**Table 2 High Needs Outturn 2018/19**

	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
Special Schools	13,008,458	13,191,042	182,584
Primary Schools	172,990	172,990	0
Secondary Schools	317,213	293,052	-24,161
Top Up Funding	3,134,231	3,825,295	691,064
Alternative Provision	4,380,556	4,532,930	152,374
Out of Authority Placements	6,614,024	10,834,217	4,220,193
Inclusion Services	2,128,650	2,000,465	-128,185
Other Education Services	337,605	341,080	3,475
CCP & FE Places	1,073,499	1,073,499	0
<b>Total</b>	<b>31,167,226</b>	<b>36,264,570</b>	<b>5,097,344</b>

## 2.8 **Adult Care, Public Health and Housing**

2.9 The final outturn position for the Directorate was an overspend of £4.661m. This was an improvement on the position which had been previously forecast, 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.

- 2.10 Whilst there were no new budget savings for Adult Care agreed as part of the 2018/19 budget setting process, there were £3.224m of savings agreed in previous years to take effect in 2018/19, in addition to the £5.422m agreed, but not delivered in 2017/18. This left £8.646m of savings to be delivered in 2018/19 of which £4.438m was delivered as planned.
- 2.11 There was also a net increase in the number of service users resulting in a budget pressure and cost to the service of circa £1.75m per annum.
- 2.12 The main reason for the delayed delivery of savings is the complexity of cases, with some service users having a significant change in need since their last assessment. 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 had to be diverted due to external market failure on several occasions.
- 2.13 The pressures incurred were partially offset by higher than expected staff turnover within Commissioning and Assessment & Care Management and also by maximisation of external funding.
- 2.14 There was additional income for the Housing General Fund relating to contractual gain share and adaptations on private sector housing. This assisted in reducing the potential Directorate overspend.
- 2.15 The Public Health ring fenced specific grant was reduced to £16.304m for 2018/19. Public Health budget savings of £653k were agreed as part of the budget setting process for 2018/19. These were fully achieved in year.
- 2.16 Within Public Health there were some budget pressures within Sexual Health and Tobacco Control but these were offset by underspends on Drugs & Alcohol and Children's Obesity contracts, together with staff vacancies across the service.
- 2.17 **Regeneration and Environment**
- 2.18 The Directorate had an underspend of £0.1m in line with forecasts of achieving a balanced budget. This included the one-off benefit of capitalising £340k of works, the underlying budget variance therefore was an overspend of £238k.
- 2.19 A summary of the main variances are:

- **Community Safety and Street Scene (CSS) - £0.356m overspend**

Streetscene Services were £1.1m overspent. This overspend, was offset by improved performance in Highway Network Management by £0.6m. The significant change was from the opportunity to complete Highway improvements, funded from capital grants, which helped bring about a positive contribution from Highway Network Management.

The majority of the overspend was incurred on the cost of the Corporate Transport Unit, principally Home to School transport. Spending on a

combination of elements including vehicle hire, plus day-to-day running costs of vehicles. Escalating referrals for transporting clients for CYPS and Adult Services explains the increases in costs, but also day-to-day charges from transport contractors have increased above inflation in-year.

- **Culture Sport and Tourism (CST) - £0.360m underspend** - CST ended the year favourably with a planned underspend of £0.36m in order to support the out-turn position. Activities that led to underspending against budget included a higher than expected gain share payment from the Leisure PFI contract which is expected to be a one-off. Customer Services underspent by £0.3m. Libraries and Leisure Facilities also underspent by £0.1m each although Green Spaces and CST Management overspends balanced off those latter underspends. Despite running a varied programme of activity, the theatre and some leisure activities have not been able to achieve budgeted income this year, where increases were set as part of the ASR process. Cost restraint on non-pay budgets helped to achieve a better financial outcome.

- **Planning Regeneration and Transport (PRT) - £0.260m overspend**- The budget under severest pressure was the facilities management (FM) budget that overspent by £0.8m. However, activity undertaken by the construction design service to maximise income and achieve benefits from the YORhub Framework led to an equally favourable outcome of £0.9m overachieved income. The reason for the overspend in FM is chiefly down to the timing in achieving required savings of £1m, albeit progress on this is making headway. Elsewhere in PRT, Facilities Services budgets were affected by the pressures within the School Meals Service, as a result the service underachieved against target by £0.3m. This, however, was offset by an over-recovery on planning fee income.

## 2.20 Finance and Customer Services

2.21 There was an underspend of £0.156m in the Directorate. This included the one-off benefit of capitalising £113k of equipment costs. The underlying budget variance was therefore an underspend of £43k. Details of the main variances are set out below.

- **Legal Services - £1.2m overspend** – Significant challenges continued during the year from the continued demand for legal support with child protection hearings and court cases relating to Looked After Children. Whilst the recruitment to vacancies has recently been productive, throughout the year there has been a reliance on locum solicitors alongside a temporary arrangement with Sheffield City Council and associated costs.

The budget set for 2019/20 was based on anticipated demands of social care proceedings on legal services so whilst it is envisaged that there will continue to be pressures on the service, the financial impact should be manageable. 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.

- **Customer Information and Digital Services - £0.479m underspend** – an underspend largely as a result of vacancies being held pending a complete

review of Digital Services management and staffing structures being implemented and to support the overall financial position of the Directorate.

- **Financial Services - £0.269m underspend** - within Finance, reduced volume and value of school staff absence claims from the Schools Traded Service led to a less than expected overspend on this scheme. The pressure in-year was offset by vacancy control across the wider finance function.
- **Revenues and Benefits - £0.677m underspend** – in the main this is due to vacancy control, and maximisation of grant funding.

## 2.22 Assistant Chief Executive

2.23 There was an underspend of £0.815m, in the main due to vacancy control and savings from the HR restructure. Further details are:

- **Human Resources - £0.704m underspend** – this is largely due to vacancy control and the ability to capitalise salary costs relating to the implementation of the new HR and Payroll system. There were pressures in the service due to loss of income, however, these were offset by income from salary sacrifice schemes and additional income from new payroll contracts.
- **Policy and Partnerships - £0.167m underspend** – there were cost pressures on the Complaints Team as a result of the use of external investigators, however, these were offset by vacancy control and additional income from Public Health for the Department for Education mapping exercise.
- The underspends were partly offset by the costs of additional support for the development of budget options for 2019/20 and 2020/21 and change management support to the Adult Care Directorate to deliver transformational change.

## 2.24 Central Services

2.25 There was an underspend of £4.832m, this was mainly as a result of further savings identified from treasury management activity, a review of PFI funding and payment profiles, additional business rates relief grant income and savings from early payment of pension costs to SYPA.

## 2.26 HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2018/19

2.27 The Housing Revenue Account (HRA) is a statutory ring-fenced account that the Council must maintain in respect of the income and expenditure incurred in relation to council dwellings and associated assets. The original approved budget included a revenue contribution to capital expenditure of £9.97m and a contribution of £4.528m from reserves to provide an overall balanced budget.

2.28 There were some pressures encountered during the year, which were primarily:

- An increased cost of borrowing due to an increase in bank interest rates
- Reduced fee income as a result of lower than anticipated Right to Buys

2.29 However, these pressures were more than offset by a number of favourable movements, which resulted in a final year end underspend of £1.4m against the approved revenue budget. The main areas of underspend are as follows:

- Additional rental income due to quicker turnaround of void properties
- Additional income on Furnished Homes
- Increased court costs income
- Reduced bad debt provision required as a result of improved collection rates
- Underspends on staffing

2.30 The final capital spend requiring revenue funding was £17.82m, £7.85m greater than anticipated in the original budget. This was largely due to 2 factors:

- New developments approved after the original budget had been set
- Re-profiled spend on approved schemes

2.31 The £1.4m revenue underspend reduced the overall amount required from reserves to balance the budget. The final drawdown from the HRA reserve was just under £11m.

## 2.32 **SCHOOLS OUTTURN 2018/19**

School balances at the end of 2018/19 for the Council's maintained schools and pupil referral units was £3.369m. This is a £1.968m increase compared to the previous year and takes account of schools that have converted to academies during 2018/19.

## 2.33 **RESERVES**

2.34 As mitigation of some in-year overspending, use of £3.9m of earmarked grants and balances was utilised to support the delivery of a balanced budget.

2.35 In addition to the use of earmarked balances referred to above, there was a planned use of reserves of £5.2m in the budget for 2018/19 approved by Council in February 2018. However, due to the identification of additional savings from Central Services budgets, additional government funding and use of capital receipts flexibility, only £2m was required, leaving a balance of £3.2m available as a budget contingency for use in 2019/20 or later years.

2.36 The Budget and Council Tax Report 2019/20 set out the Reserves Strategy, which includes a planned increase in the Council's General Fund Minimum Balance to £21m by 2020/21 and a move to four main Corporate Reserves. The end of year balances for Earmarked Reserves, as shown in Table 3 below, supports the Council's plan for robust, risk assessed balances as set out in the Reserves Strategy.

2.37 The Corporate Reserve balances are shown in the table below and make up the Council's total earmarked reserves. Total General Fund revenue reserves balance at 31 March 2019 are £38.124m compared to £46.508m in the previous year.

2.38 The Council's General Fund minimum balance has been increased to £16.812m as a result of planned use and profiling of reserves balances as set out in the Council's Reserves Strategy.

**Table 3 Total Earmarked Reserves as at 31 March 2019**

	Balance as at 1 April 2018 £m	Transfer to/(from) in the year £m	Balance as at 31 March 2019 £m
<b>General Fund Reserves</b>			
Transformation	2.733	0	2.733
Furnished Homes	3.050	(3.050)	0
Insurance Fund	0.350	0	0.350
Business Rates	4.000	0	4.000
Pensions	4.925	0	4.925
PFI – Waste	0.234	(0.234)	0
PFI – Leisure	2.393	(2.393)	0
PFI – Education (Schools)	8.161	(5.021)	3.140
Looked After Children	1.000	(1.000)	0
Corporate Revenue Grants Reserve	5.664	(3.463)	2.201
Budget Contingency	0	3.182	3.182
Balances Earmarked to Directorates	2.619	(2.619)	0
Housing Transformation Fund	0	0.702	0.702
Other Minor Earmarked Reserves	0.110	(0.031)	0.079
<b>Total General Fund Reserves</b>	<b>35.239</b>	<b>(13.927)</b>	<b>21.312</b>
<b>General Fund Minimum Balance</b>	<b>11.269</b>	<b>5.543</b>	<b>16.812</b>
<b>Total General Fund</b>	<b>46.508</b>	<b>(8.384)</b>	<b>38.124</b>
<b>DSG Grant Reserve</b>	<b>(9.687)</b>	<b>(5.427)</b>	<b>(15.114)</b>

### 2.39 Capital Reserves

2.40 These reserves are held to finance capital expenditure. Capital Receipts are proceeds from the sale of an asset which are used to finance capital expenditure. The Capital Grants Unapplied Reserve holds grants and contributions received towards capital projects until the expenditure funded by that grant has been incurred, whilst the Major Repairs Reserve holds the unspent amount of HRA balances for capital financing purposes.

**Table 4 Capital Reserves as at 31 March 2019**

	Balance as at 31 March 2019	Committed Resources	Un- earmarked as at 31 March 2019

	£m	£m	£m
<b>Capital Receipts</b>			
General Fund	11.875	11.875	0
HRA	13.472	6.076	7.396
<b>Sub-Total</b>	<b>25.347</b>	<b>17.951</b>	<b>7.396</b>
<b>Capital Grants – Unapplied</b>			
General Fund (not service specific)	0	0	0
General Fund (service specific)	17.922	17.922	0
HRA	1.017	1.017	0
<b>Sub-Total</b>	<b>18.939</b>	<b>18.939</b>	<b>0</b>
<b>Major Repairs Reserve – HRA</b>	<b>10.596</b>	<b>10.596</b>	<b>0</b>
<b>Total</b>	<b>54.882</b>	<b>47.486</b>	<b>7.396</b>

#### 2.41 CAPITAL OUTTURN 2018/19

2.42 The Capital Programme for 2018/19 was £99.750m split between the general fund £57.862m and HRA £41.888m. As at the financial year end 31 March 2019, the capital programme had expenditure of £91.642m, with underspend and slippage of (£8.108m). The breakdown of the outturn position by Directorate is shown below, together with a summary of the key variances between budget and outturn, and some key achievements in the year.

**Table 4 Capital Outturn 2018/19**

Directorate	2018/19 Budget £m	2018/19 Outturn £m	2018/19 Variance £m
<b>General Fund Capital</b>			
Children and Young Peoples Services	9.822	7.427	-2.395
Assistant Chief Executive	1.338	0.921	-0.417

Adult Care & Housing	4.069	4.321	0.252
Finance & Customer Services	5.187	1.965	-3.222
Regeneration & Environment	35.446	32.074	-3.372
Capitalisation Direction	2.000	1.676	-0.324
<b>Total General Fund Capital</b>	<b>57.862</b>	<b>48.384</b>	<b>-9.478</b>
<b>Total HRA Capital</b>	<b>41.888</b>	<b>43.258</b>	<b>1.370</b>
<b>Total RMBC Capital Programme</b>	<b>99.750</b>	<b>91.642</b>	<b>-8.108</b>

## 2.43 Children and Young People's Services

2.44 The CYPS capital programme outturn had £2.395m of underspend and slippage against the approved budget of £9.822m.

There were a number of variances contributing to the outturn at the year end with a number of Schools schemes required slippage of budget into 2019/20 following delays starting on site, with finalising designs, and through the decision to amalgamate a number of contracts to create efficiency savings. In addition there was a saving made on some delivered works due to value engineering.

As part of the outturn position the following key outputs have been delivered:

- Primary Schools: one new school build commenced at Harthill Primary, additional classrooms commenced at Wath CofE and design works started at Rawmarsh and Sandhill Academy.
- Secondary Schools: a new classroom block was constructed at Wales Academy & Wath Comprehensive
- Special: Additional classrooms built at Abbey and Newman Schools and one new swimming pool at Newman School.
- Relocation of a childrens centre from Flanderwell Primary to Highgreave Primary.
- Investment in over twenty schools through the capitalised enhancement programme.
- Work commenced or completed across six careers properties, via Pathways to Care.

## 2.45 Adult Care & Housing

2.46 The Adult Care & Housing capital programme outturn was an additional spend of £0.252m against the approved budget of £4.069m. The main variance contributing to this position was:

- The Furnished Homes scheme had additional expenditure of £0.118m. This project is a home furnishing rental scheme, whereby the capital financing costs of borrowing to fund the scheme are met by the rental streams generated. The scheme is demand led and self-financing with the additional borrowing requirement picked up by the rental streams.

- The Private Sector Adaptations scheme spent a further £0.097m resulting from the late award to the Council of additional top up grant funding (Disabled Facilities Grant), that had to be utilised before the year end. This project provides adaptations to properties to assist in allowing vulnerable people to remain within their own home.

As part of the outturn position the following key outputs have been delivered:

- 7 Community centre conversions completed delivering 16 new units.
- 189 Major Adaptations completed (Fair Access) to properties, including, but not limited to, hoists, level access showers, extensions, ramps, and stairlifts.
- 2,425 Assistive Technology Equipment issued to vulnerable people to help them remain in their homes, including but not limited to, riser/recliner chairs, bed sensors, automatic door openers, and radio guardian monitors.

#### 2.47 Assistant Chief Executive

2.48 The Assistant Chief Executive capital programme outturn had £0.417m of underspend and slippage against the approved budget of £1.338m. The main variance contributing to this position was:

- Ward budgets have been re-profiled by £0.153m to allow for the finalisation of projects not completed in 2018/19.
- Some works for the replacement HR system fell within 2019/20. As a result £0.264m has been re-profiled.

#### 2.49 Finance & Customer Services

2.50 The Finance & Customer Services capital programme outturn had £3.222m of underspend and slippage against the approved budget of £5.187m. The main variance contributing to this position was:

- The ICT refresh programme has been delayed whilst the service undertake a review of the Council's requirements in respect of the new telephony and software platforms (Office 365). These new systems are now expected to be implemented during 2019/20.

#### 2.51 Regeneration & Environment

2.52 The Regeneration & Environment capital programme outturn had £3.372m of underspend and slippage against the approved budget of £35.446m. The main variance contributing to this position was:

- **Corporate Property Unit:** Operational Buildings capital investment programme has slippage of £0.331m, In addition CYPS Corporate property has slippage of £0.267m.
- **Transport & Highways:** The main slippage in this area is on the Clean Air Zone Electric Charging Points, £0.650m. This slippage will be carried forward. The tender process was being finalised at the year-end with a view to spend completing in the early part of 2019/20.

In addition there is significant slippage on Crinoline Bridge, £0.222m, College Road NPIF, £0.319m, Traffic Signal Renewal, £0.193m, and Traffic Signal Red-light camera digital upgrade, £0.173m.

- **Cultural Heritage & Sports:** Brinsworth Library requires an additional £0.043m to complete the funding of the tendered cost of the scheme. The updated Capital Programme proposes that this is met by the transfer of £0.043m from the Libraries Strategic Review project.
- **Street Scene Services:** The major scheme in this area, Bin Wagons/Bins had a £0.351m slippage at the year end. This budget will be carried forward into the new year to meet the procurement of the 1,100 litre steel bins to be completed.

As part of the outturn position the following key outputs have been delivered:

- £9.881m invested into improving the Borough's Carriageways, unclassified roads, and pavements including utilising the £1.651m grant from the Department for Transport that was awarded in Autumn 2018.
- Procurement of bin wagons and almost all the required bins as part of the Council's approved Waste Management Strategy.
- Purchase of grounds maintenance assets to remove the need to lease, ensuring budgeted savings within revenue are delivered.
- Delivery of the Rother Valley Country Park Caravan Park.

### 2.53 Transformation Programme (Capitalisation Direction)

2.54 The expenditure that the Council can capitalise under this direction is limited to the level of new-year Capital Receipts. A budget of £2.000m is included in the Capital Programme as an estimate of the availability to fund revenue expenditure that meets the criteria of being transformational spend. The Council's policy is to use new-year capital receipts to fund transformational costs that would otherwise be held within revenue expenditure accounts, releasing pressure on the revenue budget. The total receipts for 2018/19 was £1.676m.

### 2.55 Housing Revenue Account (HRA)

2.56 The HRA capital programme outturn was a £1.370m overspend against the approved budget of £41.888m. The main variance contributing to this position was:

- Site Clusters - this scheme is to deliver 217 units of new build housing across 7 sites, with a mixed tenure, including new Council Housing and private for sale properties. Due to significant cost increases from sites and inflation on materials, there were additional costs of £2.869m in 2018/19. The revised cost and funding profile of the scheme was approved by Cabinet on 18<sup>th</sup> March 2019.

- Communal Areas - Efficiencies were gained within the tender process and during on-site delivery, therefore £0.964m less budget was required to complete the scheme of works.
- Rothwell Grange SOAHP - £0.213m underspent in year, due to site issues. However the scheme is now in contract and work will commence in summer 2019.
- Lapwater Drive Estate Communals – The pre-tender estimate of £1.000m was reduced as a number of efficiencies were gained both through tender process and during on-site delivery totalling £0.219m.
- Maltby all Hallows Communals – The pre-tender estimate of £1.000m was reduced as a number of efficiencies were gained both through tender process and during on-site delivery totalling £0.571m.

As part of the outturn position the following key outputs have been delivered:

- 7 Community centre conversions completed delivering 16 new units.
- 27 new units delivered for social housing, comprising of 4 houses from site clusters (Gaitskell), 6 Bungalows for the elderly (2 sites, 4 at Aston and 2 at Treeton), 17 new purchased units under the strategic acquisitions programme.
- 450 Major Adaptations completed (Fair Access)
- 18 live environmental schemes completed within the year.
- 4,290 properties received investment during the financial year.

## 2.57 Funding of the Capital Programme 2018/19

2.58 The £91.643m of capital expenditure was funded as shown in the table below:

**Table 5 Funding of the Capital Programme 2018/19**

<b>Funding Stream</b>	<b>Outturn £m</b>
Grants and Contributions	20.407
Unsupported Borrowing	20.701
Capital Receipts	5.574
Capital Receipts - Flexible Use	1.686
Revenue Contributions	0.016
<b>Total Funding - General Fund</b>	<b>48.384</b>
Grants and Contributions	2.886
Housing Major Repairs Allowance	19.665
Useable Capital Receipts	2.902
Revenue Contributions	17.805
<b>Total Funding - HRA</b>	<b>43.258</b>
<b>Total</b>	<b>91.643</b>

## 2.59 Capital Receipts

2.60 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 which are earmarked to support the revenue budget, using the capital receipts

flexibilities in place until 2021/22 to fund expenditure relating to transforming Council services to generate future revenue efficiency savings.

2.61 In 2018/19 General Fund Capital receipts of £2.315m were generated as shown in the table below. Although, £0.629m of this was for loan repayments, these cannot be used to support the revenue budget as only those receipts by the disposal of property, plant and equipment can be used under the capital receipts flexibilities available until 2021/22.

**Table 6 – General Fund Capital Receipts Received in 2018/19**

<b>Description</b>	<b>Total as at 31st March 2019 £m</b>
Land at White Hill Lane, Brinsworth	0.025
Plot 2 Beighton Link Road	0.100
Land at Dalton Lane	0.156
Simmonite Road (International Centre, Kimberworth)	0.018
Doncaster Gate	0.151
20 Percy Street	0.051
2 Goodwin Crescent	0.081
92 Creswick Road	0.116
36 Nelson Street	0.117
Wood View Former Children's Home	0.160
21 Scholes Lane	0.181
Land at William Street	0.200
Greasborough Road	0.325
Other De-minimus	0.006
<b>Sub total - Useable In-Year Capital Receipts</b>	<b>1.686</b>
Repayment of Loans	0.629
<b>Total Capital Receipts</b>	<b>2.315</b>

2.62 The useable capital receipts available to support the capital programme outturn of £1.686m, were fully utilised to support transformational projects within the Council.

2.63 The Flexible Use of Capital Receipts Strategy for 2019/20, approved at Council in February 2019, sets out the proposed use of capital receipts which are generated in 2019/20. In line with the Council's overall budget and financial strategies, the priority use of capital receipts was agreed as funding the costs associated with staff leaving the Council through service reconfiguration and funding the one-off revenue costs being incurred to support the Council's service development and delivery of efficiencies and savings.

2.64 The Strategy further outlines this one-off support as the costs of remodelling the workforce particularly within Children’s Services, Adult Social Care and Regeneration & Environment.

**2.65 Updated Capital Programme 2019/20 to 2022/23**

2.66 The Capital Programme 2019/20 totals £130.484m split between the general fund £79.762m and HRA £50.722m, this has increased overall by £15.653m from the position reported to Cabinet on 15 April 2019. The movement is based on the latest profiles of expenditure against schemes, following the 2018/19 outturn position, factoring in slippage from 2018/19 of £7.073m, and the addition of new inclusions to the capital programme, through grant approvals or as part of specific cabinet reports, totalling £8.580m.

2.67 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 additional HRA funding, have been added to the capital programme, following approval of project specific cabinet reports. Grant and HRA schemes added since the report to Cabinet in April are listed below.

2.68 The updated Capital Programme attached as Appendices A to D reflects the 2018/19 Outturn, these additions and current capital scheme expenditure profiles.

**Table 7: New Grant and HRA Funded Schemes**

Directorate/Scheme	2019/20 £M	Post 2019/20 £m
<b>Children and Young Peoples Services</b>		
Waverley New Primary School – This new primary school is to be funded by a significant S106 contribution from the new housing development at Waverley, supported by Basic Need Grant. Designs and site surveys have been undertaken for the new school but actual start on site is not expected to commence until June 2019. The current forecast scheme costs are £9.420m, in support of these costs, the S106 contribution has increased, as part of the development agreement, the S106 agreement is index linked to the All In Tender price. The S106 contribution has therefore increased by £2.544m.  The S106 contributions to the scheme have been profiled to 2019/20, with the supporting contributions from the Councils existing Basic Need Grant used to fund the latter stages of the project.	3.309	(0.764)
LA Maintained Schools Grant has been increased following confirmation of the grant available for 2019/20.	0.331	0

Capitalised Enhancements Grant estimates have been entered into the programme for 2021/22 and 2022/23.	0	2.100
<b>Regeneration and Environment</b>		
Local Safety Scheme adjusted following confirmation of grant award for 2019/20	(0.059)	0
<b>Housing Revenue Account</b>		
Site Clusters New Build Programme has seen its contribution from the HRA increased following a Cabinet report in March 2019, the increase was required due to significant cost increases in materials and in relation to site issues.	2.546	1.119
Town Centre New Housing: the project is developing housing on Council-owned sites in the town centre, in order to stimulate wider private sector investment as well as creating employment and training opportunities and generating income to the Council through New Homes Bonus, council tax, rental income and sales receipts.  To assist in getting the schemes fully designed, planning in place and the sites fully assessed for deliverability, £0.472m has been made available within the HRA Capital Programme.	0.472	0
A report was submitted to cabinet in 9 July 2018 to fund the delivery of 12 bungalows for older people with support needs, as part of a project to trial modern methods of construction. This total budget of £1.981m is to be funded by these new grants and additional HRA contribution.		
Sheffield City Region Housing Fund	0.442	0
Homes England Grant	0.468	0
HRA Contribution	1.071	0
<b>Total Additions</b>	<b>8.580</b>	<b>2.455</b>

**Table 8: Updated Capital Programme 2019/20 to 2022/23**

Directorate	2019/20 Budget £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	Total Budget £m
<b>General Fund Capital</b>					

Children and Young People's Services	17.358	8.464	3.989	4.508	34.319
Assistant Chief Executive	0.625	0.210	0.210	0.210	1.255
Adult Care & Housing	4.764	5.993	11.976	4.005	26.737
Finance and Customer Services	7.042	4.828	1.775	1.775	15.420
Regeneration and Environment	47.973	43.288	21.790	6.355	119.405
Capitalisation Direction	2.000	2.000	2.000	0.000	6.000
<b>Total General Fund Capital</b>	<b>79.762</b>	<b>64.783</b>	<b>41.739</b>	<b>16.853</b>	<b>203.137</b>
<b>Total HRA Capital</b>	<b>50.722</b>	<b>26.113</b>	<b>22.275</b>	<b>22.275</b>	<b>121.385</b>
<b>Total RMBC Capital Programme</b>	<b>130.484</b>	<b>90.896</b>	<b>64.014</b>	<b>39.128</b>	<b>324.522</b>

### Forecast funding position of Capital Programme 2019/20

2.69 The £130.484m of capital expenditure is funded as shown in the table below;

**Table 9: Funding of the approved Capital Programme**

<b>Funding Stream</b>	<b>2019/20 Budget £m</b>
Grants And Contributions	33.321
Unsupported Borrowing	38.217
Capital Receipts	6.224
Capital Receipts - Flexible Use	2.000
<b>Total Funding - General Fund</b>	<b>79.762</b>
Grants And Contributions	2.815
Housing Major Repairs Allowance	18.306
Capital Receipts	13.046
Revenue Contribution	16.555
<b>Total Funding - HRA</b>	<b>50.722</b>
<b>Total</b>	<b>130.484</b>

### 3. Options considered and recommended proposal

3.1 This detail is set out in Section 3 above.

### 4. Consultation on proposal

4.1 None identified

### 5. Timetable and Accountability for Implementing this Decision

5.1 The Strategic Director - 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 2019/20 Revenue Budget and Capital Programme.

## **6. Financial and Procurement Advice and Implications**

6.1 As set out in the sections above.

## **7. Legal Advice and Implications**

7.1 None identified.

## **8. Human Resources Advice and Implications**

8.1 None identified.

## **9. Implications for Children and Young People and Vulnerable Adults**

9.1 None identified.

## **10. Equalities and Human Rights Advice and Implications**

10.1 None identified.

## **11. Implications for Partners**

11.1 None identified.

## **12. Risks and Mitigation**

12.1 There are increasing cost pressures associated with the rising demand for social care services. The Council will invest £17.5m to support these pressures over the next two financial years. The Council will continue to closely monitor its financial position throughout the year and if required management will implement appropriate mitigations.

12.2 There is funding uncertainty for the local government sector beyond 2019/20 pending the outcomes of the Government Spending Review 2019 and the Fair Funding Review, which will implement changes to the way in which local government is currently funded. The Council's Medium Term Financial Strategy will be revised and updated later in the year to reflect the outcomes of these reviews.

## **13. Accountable Officer(s)**

Judith Badger, Strategic Director of Finance and Customer Services  
Graham Saxton, Assistant Director of Financial Services  
Paul Stone, Head of Corporate Finance.

Approvals obtained on behalf of:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	24/06/19
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	21/06/19
Assistant Director of Legal Services (Monitoring Officer)	Bal Nahal	21/06/19
Assistant Director of Human Resources (if appropriate)	Lee Mann	17/06/19
Head of Procurement (if appropriate)	Karen Middlebrook	17/06/19

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