

Committee Name and Date of Committee Meeting

Cabinet – 20 July 2020

Report Title

Financial Outturn 2019/20

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

The report outlines the final revenue and capital outturn position for 2019/20.

The Revenue Budget 2019/20 was approved by Council on 27 February 2019. A budget of £221.1m 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 £2.0m less use of corporate reserves than planned for. The original budget was supported by budget contingency reserves of £3.2m. Additional funding received in year, use of earmarked reserves and flexible use of capital receipts has resulted in a reduced call on the reserves of £1.2m leaving a balance of £2.0m 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. This coupled with the significant financial challenges the Councils response to Covid-19 will bring, as reported in detail to Cabinet in June 2020, means the outlook is very challenging.

The Council's General Fund minimum balance has been increased to £20.700m as planned and set out within the Council's Reserves Strategy reported in the Budget and Council Tax Report 2020/21. The reserve is held to protect the Council against unforeseen events and realisation of contingent liabilities.

The Housing Revenue Account had an underspend of £2.9m, however, the revenue contribution to capital outlay was increased by £0.2m. Therefore, the net budgeted use of HRA reserves reduced by £2.7m.

The schools outturn position which is funded by the ring-fenced Dedicated Schools Grant had an underspend of £1.968m.

The capital outturn shows slippage and underspend of £6.3m against the estimated spend for 2019/20 included within the Capital Programme.

Recommendations

1. That the revenue outturn position be noted.
2. That it be noted that the budgeted transfer from HRA reserves was reduced by £2.7m following the HRA outturn position.
3. That the carry forward of the combined schools balance of £1.740m in accordance with the Department for Education regulations be noted.
4. That the reserves position set out in section 2.32 be noted.
5. That the capital outturn and funding position as set out in sections 2.40 to 2.57 be noted.
6. That the report be referred to Council for information and for approval of the updated Capital Programme as set out in paragraphs 2.58 to 2.66 and Appendices 1 to 4 of this report.

List of Appendices Included

Appendices 1 to 4 Capital Programme 2020/21 to 2023/24.
Appendix 5 Equalities Screening

Background Papers

Revenue Budget and Council Tax Setting Report for 2019/20 to Council on 27th February 2019.

May Financial Monitoring Report to Cabinet 8th July 2019

July Financial Monitoring Report to Cabinet 16th September 2019

October Financial Monitoring Report to Cabinet 23rd December 2019

December Financial Monitoring Report to Cabinet 17th February 2020

January Financial Monitoring Report to Cabinet 23rd March 2020

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board – 15 July 2020

Council Approval Required

Yes

Exempt from the Press and Public

No.

Financial Outturn 2019/20

1. Background

- 1.1 This report sets out the Council revenue, capital, HRA and schools outturn position in 2019/20. 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 of £221.1m and a capital programme of £99.689m.
- 1.2 The report illustrates the Council's financial position on a management accounts basis which is used to monitor performance throughout the financial years. The Audit Committee will consider the Council's draft unaudited Statement of Accounts 2019/20 on 18th August 2020 and will consider the final Statement of Accounts on 24th November 2020 following the audit of the accounts by the Council's external auditors Grant Thornton. These required timetables for publication of local authority accounts have been pushed back nationally in response to the additional pressures placed on public sector finance teams due to Covid-19. The Statement of Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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 set a two-year budget for 2019/20 and 2020/21 at the Council Budget meeting in February 2019. The two-year budget included savings to address a funding gap of £30m over those two years, those savings included £7.8m of Service Directorate savings to be delivered in 2019/20 and a further £15.8m to be delivered in 2020/21. There were no additions in the 2020/21 budget to those savings, though £8.6m of one-off additional budget support was provided in recognition that more time was required to deliver key savings in Adults and CYPS. The existing agreed savings will continue to be monitored to ensure delivery.
- 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. These increased demands continued to place additional pressures on the Council's financial position, which has been closely monitored and appropriate mitigations have been implemented by management to ensure that total expenditure remained within the overall budget for 2019/20 set by Council in February 2019.
- 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 helps the Council to address the financial challenges.

1.8 The Council's Medium Term Financial Strategy was revised and updated as part of 2020/21 budget setting 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 2019/20. This is followed by a summary of the position by Directorate which includes an explanation of the key variances.

Directorate	Budget 2019/20	Outturn 2019/20	Variance (over (+)/under (-))
	£'m	£'m	£'m
Children and Young People's Services	65.9	70.3	4.4
Adult Care, Housing and Public Health	77.0	77.7	0.7
Regeneration and Environment	42.2	44.7	2.5
Finance and Customer Services	18.2	17.6	-0.6
Assistant Chief Executive	6.6	6.4	-0.2
Central Services	11.2	5.6	-5.6
SUB TOTAL			
Budget Contingency	0.0	0.0	0.0
TOTAL	221.1	222.3	1.2
Actions to address budget overspend			
Use of Reserves – Budget Contingency		-1.2	-1.2
Total Actions to Address Budget Overspend	0.0	-1.2	-1.2
Net Financial Outturn			
	221.1	221.1	0.0

2.2 Children and Young People's Services

2.3 Children & Young People Services are implementing a two-year budget recovery plan to reduce the budget pressures from previous years (£15.7m in 2018/19) and deliver budget savings

2.4 The outturn position at the end of March is £4.4m with a £1.5m favourable movement since January's monitoring report to March cabinet, in the main due to £1.3m received from the DfE linked to Stovewood costs. The Looked After Children number of 595 is 5 under the budget target of 600, but the placement mix of having too many young people in residential care is the main reason for the budget overspend.

2.5 The direct employee budget was £39.03m and is a combination of general fund, traded and grant funded services. The staffing underspend at the end of financial year was £1.43m, of which £1.33m is a general fund underspend, with a £60k underspend on Traded Services and a £34k underspend on DSG staffing.

- 2.6 A significant element of the CYPS non-pay budgets relates to placements which has a net budget of £31.2m, the spend in 2019/20 was £37.6m, creating a financial pressure of £6.4m. The main financial pressures were Residential placements (£4.5m), Special Guardianship Payments (£1.0m), Emergency placements (£0.6m), Direct Payments (£0.4m) offset by Parent and Baby assessment savings of (£0.4m), plus a reduction in the estimated income from the Clinical Commissioning Group (£1.0m).
- 2.7 The other major budget pressures have also been incurred linked to the current number of Looked After Children this financial year. Transport overspent by £490k and section 17 & 23 payments by £543k.
- 2.8 High Needs Block
- 2.9 The High Needs Block (HNB) is £34.5m (including the £2.8m transfer from the schools block) and remains 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 three-year period from a £1m reserve deficit at the end of 2015/16 to £15.1m deficit at the end of the 2018/19 financial year (£5.1m overspend in 2018/19).
- 2.10 The outturn was an overspend of £4.6m. The main pressures are due to growth in alternative provision and top up payments, plus the number of high cost external residential and independent sector placements.
- 2.10 **Adult Care, Public Health and Housing**
- 2.11 The final outturn position for the Directorate was an overspend of £0.7m. This was an improvement on the position which had been previously reported. This is based on full delivery of savings identified by implementing the new target operating model and part year savings from the reassessment programme and review of Learning Disability services.
- 2.12 Adult Care Services are overspending largely as a result of demand for services. The net reduction in people requiring the service is less than anticipated, people are presenting with increasingly complex needs and the average number of hours for a domiciliary care package is increasing.
- 2.13 The budget includes savings of £5.7m, of which £2.4m was delivered giving a shortfall of £3.3m in 2019/20.
- 2.14 Some of the forecast savings are lower than originally planned and will take longer to deliver. The reassessment savings have been re-profiled based on the reassessments delivered in 2018/19, and the forecast activity across 2019/20 to 2021/22. The outturn position includes the impact of the reassessments completed during 2019/20 which show a deficit of £0.5m against plan.
- 2.15 My Front Door has been re-profiled for the amended inhouse services timeline. Other savings are on track to be delivered as planned.
- 2.16 Neighbourhood Services' (Housing) has an underspend position due to additional fee income from the Furnished Homes scheme (-£0.4m) and additional contributions from the HRA for advocacy and appeals.

2.17 A number of mitigating actions have been identified, including maximising the use of one-off resources, which have bridged the savings shortfall this financial year and also covers some of the costs of additional demand for services, resulting in a net overall forecast of £0.7m overspend for the Directorate.

2.18 The Public Health grant has been fully utilised. A Budget saving agreed as part of the budget setting process totalling £0.1m in respect Sexual Health contract was fully achieved in year.

2.19 **Regeneration and Environment**

2.20 The Directorate has an overspend of £2.5m. This is in excess of the £2m reported to Cabinet in March 2020 but is reflective of the significant budgetary challenges that faced the Directorate during the financial year. A summary of the main budget variances are identified below.

- **Community Safety and Street Scene (CSS) - £1.1m overspend**

Street Scene services were £1.4m overspent. This included an overspend of £1.4m in the Corporate Transport Unit, which was principally made up of a £1.1m overspend in respect of Home to School transport. This is a result of demand pressures on the Service, which is affecting all local authorities. As part of the 2020/21 budget setting the Council has recognised these pressures by providing a revenue budget investment of £1.1m into this service. The Council is also working towards bringing the fleet maintenance service back inhouse from September 2020.

Network Management reported an overspend of £0.219m. Overspends of £0.197m were reported in Highway Maintenance and £0.162m in Winter Maintenance, where the budget was insufficient even for a mild winter. The Council has recognised this, with a base budget realignment of £0.181m in 2020/21. An underspend of £0.219m in Streetworks and Enforcement, largely from income over recovery, has helped to mitigate the pressures in the Network Management Service.

The overall overspend position in CSS was significantly mitigated by underspends of £0.421m in Regulation and Enforcement and £0.118m in Community Safety Resilience and Emergency Planning. This is principally as a result of staff vacancies, with some additional income.

- **Culture Sport and Tourism (CST) - £0.475m overspend**

Majority of the overspend relates to an underachievement of income (£0.8m) in Green Spaces, both at Rother Valley Country Park and Thrybergh Country Park. The shortfall is across several revenue streams, including leisure activities, café, accommodation and car-parking. The under recovery was the result of a number of factors; blue green algae in the Rother Valley lake impacted on trading at Rother Valley Country Park. Poor weather during the peak summer and autumn seasons contributed. Less than planned income led to a review of commercial traded opportunities and led to £0.400m revenue budget adjustment being applied for 2020/21 onwards. A delay to the opening of Gulliver's Valley Resort had a further knock on effect on trading conditions. It had been anticipated one off pressures would be resolved through 2020-21 until the onset of Coronavirus

Despite running a varied programme of activity, the Civic Theatre was unable to balance against planned income, recording a £0.097m overspend. The overspend position in CST was significantly mitigated by savings in Libraries of £0.287m, a combination of staff savings, reduced spend on stock and additional grant income. In addition, there was a £0.183m saving on Customer Services, largely as a result of additional income generation in Registrars. Cost restraint on non-pay budgets helped to achieve a better financial outcome

- **Planning Regeneration and Transport (PRT) - £0.952m overspend**

The principal reason for the overspend in this Service was an overspend in Facilities Management (FM) of £0.883m. Overspends were recorded in a number of FM areas, however, the largest ongoing pressure is in respect of delays to the achievement of the Council's £1m property savings, which resulted in a pressure of £0.513m. Progress has been made, but decisions to vacate buildings are subject to the completion of service reviews. Other pressures in this Service included a mixture of unbudgeted building repair and maintenance costs, building security costs, lease costs and unachievable savings from leasing out part of Riverside House (£0.16m). A number of these pressures were one-offs or have been resolved through budget realignments. Underspends in utilities partly mitigated the overall pressure in FM.

Overall the Asset Management service, of which FM is a part, overspent by £0.851m. Building Consultancy over-recovered against its surplus target by £0.171m. However, Estates overspent by £0.232m, as a result of a delay to the completion of the business units at Beighton Link. This is a one-off pressure, as the units are now covered by a rent guarantee scheme, up to the point that they are successfully let.

Elsewhere within PRT, RIDO recorded an overspend of £0.255m. The principal pressure in this Service, is the on-going under-recovery of income within the Markets Service, as a result of the difficult retail trading conditions. This has been recognised with a base revenue budget increase of £0.250m from 2020/21.

Facilities Services reported an overspend of £0.101m, as a result of lost income to the School Meals service as schools closed in late March, following Government Covid 19 lockdown restrictions. Income over recovery in the Planning and Transportation service, which reported an overall underspend of £0.196m, partly mitigated the other overspends in PRT.

As the PRT Service is heavily dependent on income to support over services, the budgetary impact of Covid 19 in 2020/21 will be significant.

2.21 Finance and Customer Services

2.22 There was an underspend of £0.6m in the Directorate, details of which are set out below.

- **Legal Services - £0.4m underspend**– Reduced challenges during the year from the demand for legal support with child protection hearings and court cases relating to Looked After Children. In addition to this staff savings generated through vacancy control have enabled a significant in year saving to be generated.

- **Customer Information and Digital Services - £0.5m underspend** – Within Customer, Information and Digital Services, there were financial pressures on Schools Connect Trading to reflect the continued loss of schools/academies subscribing to services, which is resulted in a loss of £0.1m. The service mitigated the cost pressures this year through vacancy control with plans to cease provision of the service from the new financial year.
- **Financial Services - £0.3m underspend** - within finance, the financial pressure remains from staff absence claims from the Schools Traded Service, however the pressure in-year was offset by vacancy control across the wider finance function and savings on the Council's insurance budgets.
- **Customer and Digital Programme - £0.5m overspend** – The Customer and Digital Programme aims to deliver more streamlined customer services through the use of digital ways of working for Council's services. These improved ways of working are expected to generate savings of £0.5m year on year with the FCS directorate. During 2019/20 financial year new proposals were being developed and finalised in order that they would generate full year savings from 2020/21. Some savings were achieved during 2019/20 with other work ongoing to deliver in 2020/21. The shortfall within the current year was mitigated via vacancy control across the directorate.

2.23 Assistant Chief Executive

2.24 There was an underspend of £0.2m, in the main due to vacancy control and savings from the HR restructure. Further details are:

- **Human Resources - £0.2m 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 - £0.1m underspend** – the service has been undertaking a restructure and due to this a number of posts within the service remained vacant for significant periods. In additional income was generated via a contribution from the Better Care Fund to the Performance and Quality Team.
- **Customer and Digital Programme - £0.2m overspend** – The Customer and Digital Programme aims to deliver more streamlined customer service through the use of digital ways of working for Councils services. These improved ways of working are expected to generate savings of £0.2m from the ACX directorate year on year. During 2019/20 financial year new proposals were being developed in order that they would generate full year savings from 2020/21, with the current year mitigated via vacancy control across the directorate.

2.25 **Central Services**

2.26 There was an underspend of £5.6m, 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.

2.27 **HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2019/20**

2.28 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 £14.7m and a contribution of £12.1m from reserves to provide an overall balanced budget.

2.29 The overall HRA position is an underspend of £2.9m, in addition the final revenue contribution to capital was £14.9m, £0.2m more than anticipated. Overall this reduced the transfer from the HRA reserve from a budgeted £12.1m to £9.4m, a reduction in use of HRA reserves of £2.7m.

2.30 The forecast underspend relates to:

- additional income from rents due to a quicker turnaround of void properties and a reduction in forecast rent allowances - £0.5m;
- additional fees and charges -£0.5m
- £1.3m underspend on Repairs and Maintenance due to increased recovery of tenants repairs income, savings on void costs and a reduction in some cyclical repairs;
- staff vacancies and savings on other employee costs - £0.3m;
- -£0.2m additional interest

2.31 **SCHOOLS OUTTURN 2019/20**

School balances at the end of 2019/20 for the Council's maintained schools and pupil referral units was £1.740m. This is a £1.629m decrease compared to the previous year and takes account of schools that have converted to academies during 2019/20.

2.32 **RESERVES**

2.33 The Councils budget for 2019/20 included a reserves strategy that made available use of £3.2m budget contingency to support the Councils projected financial position for 2019/20.

2.34 However, due to the identification of additional savings from Central Services budgets, additional government funding and use of capital receipts flexibility, only £1.2m was required, leaving a balance of £2m for use in later years.

2.35 The total General Fund revenue reserves balances as at 31 March 2020 was £49.4m compared to £39.1m in the previous year. The most significant adjustment relating to the Councils receipt of Covid-19 response grants of £8.9m specifically for additional costs as a result of Covid-19 and £6.3m section 31 grants paid early to assist local authority cash flows.

- 2.36 Total reserves including, HRA, Schools and DSG as at 31 March 2020 was £29.5m (note DSG Reserve (£19.892m)). A summary of the balances and the movements in reserves in 2019/20 is shown in the Table 2 below.
- 2.37 The Budget and Council Tax Report 2019/20 set out the proposed Reserves Strategy, which includes a planned increase in the Council's General Fund Minimum Balance to £21m by 31st March 2020 and a move to three Corporate Reserves. The outturn position reflects the projected balances for these Corporate Reserves, as well as the General Fund minimum balance as set out in the Reserves Strategy. The Corporate Reserve balances are shown in the table below and make up the Council's total earmarked reserves.
- 2.38 The Council's General Fund minimum balance has been increased to £20.700m as planned and set out within the Council's reserves strategy reported in the Budget and Council Tax Report 2019/20.

Table 3 Total Earmarked Reserves as at 31 March 2020

	Balance as at 1 April 2019 £m	Transfer to/(from) in the year £m	Balance as at 31 March 2020 £m
General Fund Reserves			
Transformation	2.7	1.3	4.1
Insurance Fund	0.4	-0.4	0.0
Business Rates	4.0	0.0	4.0
Pensions	4.9	-4.9	0.0
PFI – Education (Schools)	3.1	-1.7	1.4
Looked After Children	0.0	0.0	0.0
Corporate Revenue Grants Reserve	2.2	-1.1	1.2
Budget Contingency	3.2	-1.2	2.0
Housing Transformation Fund	0.7	0.0	0.7
Total	21.3	-7.9	13.4
Total HRA (within grant reserve)	0.0	0.0	0.0
Total General Fund Reserves	21.2	-7.9	13.3
General Fund Minimum Balance	16.8	3.9	20.7
Total General Fund	38.0	-4.0	34.0
Covid-19 Grants Reserve	0.0	15.3	15.3
DSG Grant Reserve	-15.1	-4.8	-19.9

2.39 Capital Reserves

The total earmarked and un-earmarked capital reserve balances at the end of 2019/20 are shown in Table 4 below.

Table 4 Capital Reserves as at 31 March 2020

	Balance as at 31 March 2020 £m	Committed Resources £m	Un- earmarked as at 31 March 2020 £m
Capital Receipts			
General Fund	4.5	4.5	0.0
HRA	12.4	1.9	10.5
Sub-Total	16.9	6.4	10.5
Capital Grants – Unapplied			
General Fund (not service specific)	0.0	0.0	0.0
General Fund (service specific)	15.5	15.5	0.0
HRA	0.9	0.9	0.0
Sub-Total	16.4	16.4	0.0
Major Repairs Reserve – HRA	16.0	16.0	0.0
Total	49.2	38.7	10.5

2.40 CAPITAL OUTTURN 2019/20

2.41 The Capital Programme for 2019/20 was £99.854m split between the general fund £55.887m and HRA £43.967m. As at the financial year end 31 March 2020, the capital programme had expenditure of £96.985m, with underspend and slippage of (£2.869m). 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	2020/21 Budget £m	2020/21 Outturn £m	2020/21 Variance £m
General Fund Capital			
Children and Young Peoples Services	9.155	8.831	-0.324
Assistant Chief Executive	0.884	0.808	-0.076
Adult Care & Housing	4.529	4.278	-0.250
Finance & Customer Services	5.210	4.928	-0.282
Regeneration & Environment	34.110	33.163	-0.947
Capitalisation Direction	2.000	0.712	-1.288
Total General Fund Capital	55.887	52.720	-3.167
Total HRA Capital	43.967	44.266	0.299
Total RMBC Capital Programme	99.854	96.985	-2.869

2.42 Children and Young People's Services

2.43 The CYPS capital programme outturn had £0.324m of underspend and slippage against the approved budget of £9.155m. The main variances contributing to this position are:

- **Primary Schools: Waverley New Primary School - (£0.896m)** Building under construction, with internal and external walls underway, roof partially constructed and drainage complete. Contract. The contract has been delayed slightly by the COVID19 pandemic, with the building now expected to be handed over to the school in September 20 and the remainder of the site by November 20.
- This underspend is offset by an accelerated spend on the Schools PFI planned maintenance programme. The budgets are based on a life cycle maintenance programme, and whilst in 2019/20 the programme overspent, overall expenditure is still within the programme budget across the 30 year lifecycle.

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

- Primaries: added two new classrooms at Rawmarsh Sandhill Academy and commenced building the new primary school at Waverley.
- Secondary Schools: started the design work and asbestos removal on the building at the Aston Academy site
- Special: completed work on SEND phase I at The Willows (single classroom) Newman School (10 additional places), and started design works to a number of SEND phase II projects at Wales high School, Thrybergh Rainbow academy, Kelford Academy, Maltby & Wath Victoria.

- Investment in twenty-seven schools through the capitalised enhancement programme.
- Work commenced or completed across eight careers properties, via Pathways to Care.

2.44 **Adult Care & Housing**

2.45 The Adult Care & Housing capital programme outturn had £0.250m of underspend and slippage against the approved budget of £4.529m. The main variances contributing to this position are:

- Assistive Technology scheme, underspend by £0.088m against budget, this is a demand led scheme, that provides technology equipment and alarms to assist in allowing vulnerable people to remain within their own home.
- Aids and Adaptations for Private Properties, underspend by £0.053m against budget, this is a demand led scheme, that provides adaptations to properties to allow vulnerable people to remain within their own home.
- Conway Fit Out, underspend by £0.040m against budget, this is to provide total fit out with furniture, fixtures, fittings and technology equipment to 2 new properties to deliver specialist care, slippage due to a delayed start on site.
- Bellows Scheme, underspend against budget by £0.068m on finalisation of all costs.

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

- 239 Major Adaptations completed (Fair Access) to properties, including, but not limited to, hoists, level access showers, extensions, ramps, and stairlifts.
- In excess of 3,500 customers have benefited from assistive technology equipment been 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

2.46 **Assistant Chief Executive**

2.47 The Assistant Chief Executive capital programme outturn had £0.076m of underspend and slippage against the approved budget of £0.884m. Ward budgets have been re-profiled into the new financial year as a number of projects are still either being developed or going through an approval process.

- The Ward budgets were used to deliver in excess of 180 projects across the borough through both community and Council led initiatives, with budgets on commitments carried forward.
- The replacement HR system was completed and became fully operational during the year.

2.48 **Finance & Customer Services**

2.49 The Finance & Customer Services capital programme outturn had £0.282m of underspend and slippage against the approved budget of £5.210m.

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

- Office 365 Implementation and Deployment
- Migration of our on-premise email platform to the cloud including the migration of 4000 individual user mailboxes
- Upgrade to Microsoft Office 365 from Office 2010 for 3500 computers
- The rollout of Skype for Business across the council for instant messaging, internal telephony and presence
- Implementation of enhanced security for mobile device management and data loss prevention within Office 365
- Replacement of the all contact centre and switchboard telephony

- Device deployment
 - 2000 laptops deployed
 - 330 desktop monitors replaced
 - 500 mobile phones deployed
 - Replaced 14 printers

2.50 Regeneration & Environment

2.51 The Regeneration & Environment capital programme outturn had (£0.947m) of underspend and slippage against the approved budget of £34.110m. The main variance contributing to this position was:

- **Corporate Property Unit:** Commercial Property capital investment programme has underspent by (£0.318m), this funding is for backlog maintenance. Quite a large proportion of the budget has been earmarked for particular schemes as and when they are ready to be delivered
- **Transport & Highways:** College Road Roundabout completion was put back to the Easter holidays due to the need to have the roundabout running temporarily with no signals; the Easter holidays would exhibit lower traffic flows and therefore be easier to manage causing an underspend in-year of (£0.831m).
- **Cultural Heritage & Sports:** Waleswood Caravan Park was completed during 2019/20, the project overspent by £0.305m overall, with the additional costs funded by service funded borrowing. The overspend is due to several issues relating to increased professional fees, non-planned highways works, and main contractor overspend due to specification changes. A review process is being carried out to establish some lessons learnt from the project that will enable more effective budget management on future projects.
- **Street Scene Services:** Fleet Management Vehicle Purchase underspent by (£0.544m) due to delay in agreeing specifications from with services on the required vehicle types.

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

- £9.647m invested into improving the borough's Carriageways, unclassified roads.

- Fenton Road shared cycle footway is a £1m project that seeks to promote cycling between Kimberworth Park/Greasbrough and the town centre and builds on works carried out in previous years to improve cycle access to the town centre. This year Frederick Street has been opened for use by cyclists at peak times avoiding the peak shopping times of between 10am and 4pm.
- Beighton Link is a £5.5m development completed in 19/20 comprises two units of 20,000 sq ft and 29,000 sq ft respectively constructed through a design and build contract. The completed units will be let on the open market to end users – inward investors or expanding local companies. Once let, the investment will be retained and managed by the Council although there is flexibility in the Council’s investment strategy and an investment sale is possible, subject to market conditions.

2.52 Transformation Programme (Capitalisation Direction)

2.53 The expenditure that the Council can capitalise under this direction is limited to the level of new-year Capital Receipts. A budget estimate of £2.000m of receipts is included in the Capital Programme 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 2019/20 was £0.712m.

2.54 Housing Revenue Account (HRA)

2.55 The HRA capital programme outturn was a £0.299m overspend against the approved budget of £43.967m. 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. The scheme £1.8m overspent against the 2019/20 budget at the year end and is forecast to overspend overall by a £1.8m.

The project is funded from the Housing Revenue Account (HRA), as such the overspend on Site Clusters will be an additional cost to the approved overall HRA capital programme 2020/21 to 2023/24. However, for 2020/21 the total capital programme will not change as projected underspends/slippage will be utilised to cover the in-year requirement, with those underspends needing to be re-provided for in 2021/22.

- Asbestos – Underspend by £0.269m against budget, due to a planned reduction in spend to ease pressure on remaining projects within the capital programme and secondly due to the change in contractor the survey works for 20/21 were not completed.
- Braithwell Bungalows – Underspend by £0.649m against budget, due to issues with selected sites and further work required for costing of the project. The scheme is due to commence in 2020/21.
- Strategic Acquisitions – Underspend by £0.430m against budget, this was due to a delay in the properties being completed to RMBC specifications delaying handover and purchase.

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

- 35 new units delivered for social housing, comprising of 32 houses from site clusters (Dinnington, East Herringthorpe and Canklow), 3 new purchased units under the strategic acquisitions programme.
- 495 Major Adaptations completed (Fair Access)
- 14 live environmental schemes completed within the year.
- 6,577 properties that received investment during the financial year.

2.56 Funding of the Capital Programme 2019/20

2.57 The £96.985m of capital expenditure was funded as shown in the table below:

Table 5 Funding of the Capital Programme 2019/20

Funding Stream	Outturn £m
Grants and Contributions	24.512
Unsupported Borrowing	21.625
Capital Receipts	5.696
Capital Receipts - Flexible Use	0.712
Revenue Contributions	0.175
Total Funding - General Fund	52.720
Grants and Contributions	1.460
Housing Major Repairs Allowance	15.548
Useable Capital Receipts	12.565
Revenue Contributions	14.692
Total Funding - HRA	44.265
Total	96.985

2.58 Capital Receipts Outturn 2019/20

2.59 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.

2.60 In 2019/20 General Fund Capital receipts of £3.462m were generated as shown in the table below. Although, £2.750m 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 new capital receipts flexibilities introduced from the 1st April 2016.

Table 6 – General Fund Capital Receipts Received in 2019/20

Description	Total as at 31st March 2020 £m
4b Beighton Link	-0.021
Erkine Road	-0.100
Rockliffe Road	-0.058
Treeton Youth Centre. Church Lane	-0.280
St Leonards Youth Centre	-0.091
Fitzwilliam Street, Mexborough	-0.095
40 Lady Oak Way	-0.035
Tractor	-0.026
De-minimus receipts	-0.006
Total Capital Receipts (Excluding loan repayments)	-0.712
Repayment of Loans	-2.750
Total Capital Receipts	-3.462

2.61 The useable capital receipts available to support the capital programme outturn of £0.712m, were fully utilised to support transformational expenditure within the Council.

2.62 Updated Capital Programme 2020/21 to 2023/24

2.63 The Capital Programme 2020/21 totals £171.209m split between the general fund £111.129m (higher than normal due to reflecting the Council's Future High Streets Fund bid) and HRA £58.080m, this has increased overall by £5.045m from the position reported to Cabinet on 23 March 2020. The movement is based on the latest profiles of expenditure against schemes, following the 2019/20 outturn position, factoring in slippage from 2019/20 of £4.771m and additional funding of £0.274m. The total slippage from 2019/20 was £6.384m, £4.721m moving into 2020/21 and a further £1.612m re-profiled across 2021/22 to 2023/24.

The slippage into 2020/21 is higher than the reported outturn underspend for 2019/20, as the underspend on the overall programme for that year, also factors in overspends on projects. Therefore, the overall programme underspend would have been greater, had those projects not overspent.

The additional funding of £0.274m relates to the Councils Holmes Tail GOIT pumping station and linked highway bridge. It has been agreed with the partner organisation on this scheme, that they will contribute this sum towards the delivery of the project outcomes, in recognition of the benefit they will also derive from the works.

2.64 The Site Cluster scheme overspent against the 2019/20 budget at the year end and is forecast to overspend overall by £1.8m, the details of the overspend and mitigation were covered in a report to cabinet in June 2020. Therefore, the budget for Site Clusters has

been increased for 2020/21 by £1.8m. However, for 2020/21 the total capital programme will not change as projected underspends/slippage will be utilised to cover the in-year requirement, with those underspends needing to be re-provided for in 2021/22.

On review of the HRA programme for 2021/22 the underspends and slippage identified to cover the Site Clusters overspend will not need to be re-provided in full. Therefore, the 2021/22 HRA capital programme has been increased by £0.867m, for the re-provision of budgets for those schemes used to support Site Clusters in 2020/21.

2.65 **Table 8: Updated Capital Programme 2020/21 to 2023/24**

Directorate	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m	Total Budget £m
General Fund Capital					
Children and Young People's Services	17.817	8.618	4.508	5.573	36.516
Assistant Chief Executive	0.255	0.210	0.210	0.210	0.885
Adult Care & Housing	4.578	6.523	12.624	6.130	29.855
Finance and Customer Services	9.582	3.008	3.124	10.523	26.236
Regeneration and Environment	78.897	56.412	43.821	41.036	220.166
Capitalisation Direction	2.000	2.000	-	-	4.000
Total General Fund Capital	113.129	76.771	64.287	63.471	317.658
Total HRA Capital					
	58.080	55.925	44.178	43.198	201.381
Total RMBC Capital Programme					
	171.209	132.695	108.465	106.669	519.038

In light of the challenges that Covid-19 has brought about the Council will need to carry out a detailed review of the current capital programme, to assess the deliverability of projects to planned budgets and timescales. It is too early at this point to accurately carry out this piece of work as such the review will need to take place in the autumn when a great level of clarity is available about the impact of Covid-19 on the capital programme.

2.66 **Forecast funding position of Capital Programme 2020/21**

The £170.935m of capital expenditure is funded as shown in the table below;

Table 9: Funding of the approved Capital Programme

Funding Stream	2020/21
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	Budget £m
Grants And Contributions	52.532
Unsupported Borrowing	53.386
Capital Receipts	5.032
Capital Receipts - Flexible Use & HRA Contribution	2.000
HRA Contribution	0.178
Total Funding - General Fund	113.129
Grants And Contributions	10.214
Unsupported Borrowing	-
Housing Major Repairs Allowance	29.952
Capital Receipts	3.998
Revenue Contribution	13.917
Total Funding - HRA	58.080
Total	171.209

3. Options considered and recommended proposal

3.1 This detail is set out in Section 2 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 2020/21 Revenue Budget and Capital Programme.

6. Financial and Procurement Advice and Implications

6.1 As set out in the sections above.

6.2 There are no direct procurement implications arising from the report.

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 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 2020/21 pending the outcomes of the Government Spending Review 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. This will of course need to factor in the financial implications of Covid-19 and its wider impact on the short and long term sustainability of Council finances.

13. Accountable Officers

Judith Badger, Strategic Director of Finance and Customer Services

Graham Saxton, Assistant Director – Financial Services

Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp	26/06/20
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	26/06/20
Head of Legal Services (Monitoring Officer)	Stuart Fletcher	26/06/20

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