

Committee Name and Date of Committee Meeting

Cabinet – 23 November 2020

Report Title

September Financial Monitoring 2020/21

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

Yes

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

The report sets out the financial position as at the end of September 2020 and is based on actual costs and income for the first six months of 2020/21 and forecast for the remainder of the financial year. Financial performance is a key element within the assessment of the Council's overall performance framework and is essential to achievement of the objectives within the Council's Policy Agenda. To that end, this is the 3rd financial monitoring report of a series of monitoring reports for the current financial year which will continue to be brought forward to Cabinet on a regular basis.

As at September 2020, the Council has a forecast year-end overspend of £23.7m on the General Fund, this is mitigated in part by the governments provision of COVID-19 emergency support grant and Sales, Fees and Charges Income Compensation, providing a net forecast outturn of £2.3m overspend.

Recommendations

1. That the current General Fund Revenue Budget forecast of £2.3m overspend be noted.
2. That it be noted that actions will continue to be taken to mitigate the forecast overspend and that a balanced financial outturn is envisaged.
3. That the Capital Programme update be noted.

4. That the proposed use of the Round 2 allocation of Infection Control Grant as set out in Paragraphs 2.47 to 2.52 is approved.
5. The schemes to be presented to the Mayoral Combined Authority for grant approval and implementation are supported, as set out in paragraphs 2.57.

List of Appendices Included

Appendix 1 – Initial Equality Screening Assessment

Background Papers

Budget and Council Tax Setting Report 2020/21 to Council on 27th February 2020

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No

Exempt from the Press and Public

No.

September Financial Monitoring 2020/21

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 the third in a series of financial monitoring reports to Cabinet for 2020/21, setting out the projected year-end revenue budget financial position in light of actual costs and income for the first six months of the financial year.																																				
2.	Key Issues																																				
2.1	<p>Table 1 below shows, by Directorate, the summary forecast revenue outturn position.</p> <p>Table 1: Forecast Revenue Outturn 2020/21 as at September 2020</p> <table border="1"> <thead> <tr> <th>Directorate</th> <th>Budget 2020/21 £m</th> <th>Forecast Outturn 2020/21 £m</th> <th>Forecast Variance over/under (-) £m</th> </tr> </thead> <tbody> <tr> <td>Children and Young People's Services</td> <td>59.2</td> <td>65.9</td> <td>6.7</td> </tr> <tr> <td>Adult Care, Housing & Public Health</td> <td>78.5</td> <td>84.5</td> <td>6.0</td> </tr> <tr> <td>Regeneration and Environment Services</td> <td>42.3</td> <td>51.6</td> <td>9.3</td> </tr> <tr> <td>Finance and Customer Services</td> <td>18.3</td> <td>18.3</td> <td>0.0</td> </tr> <tr> <td>Assistant Chief Executive</td> <td>6.2</td> <td>6.2</td> <td>0.0</td> </tr> <tr> <td>Central Services</td> <td>28.8</td> <td>30.5</td> <td>1.7</td> </tr> <tr> <td>Directorate Forecast Outturn</td> <td>233.3</td> <td>257.0</td> <td>23.7</td> </tr> <tr> <td>COVID-19 support grant</td> <td></td> <td></td> <td>(18.9)</td> </tr> </tbody> </table>	Directorate	Budget 2020/21 £m	Forecast Outturn 2020/21 £m	Forecast Variance over/under (-) £m	Children and Young People's Services	59.2	65.9	6.7	Adult Care, Housing & Public Health	78.5	84.5	6.0	Regeneration and Environment Services	42.3	51.6	9.3	Finance and Customer Services	18.3	18.3	0.0	Assistant Chief Executive	6.2	6.2	0.0	Central Services	28.8	30.5	1.7	Directorate Forecast Outturn	233.3	257.0	23.7	COVID-19 support grant			(18.9)
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	Sales, Fees and Charges Income Compensation Claims			(2.5)
	Covid winter support grant			(5.3)
	Covid winter support provision			5.3
	Net Forecast Outturn			2.3
	Dedicated Schools Grant			0.4
	Housing Revenue Account (HRA)			0.0
2.2	<p>The Council's overspend position at this point is largely due to two overall issues;</p> <ul style="list-style-type: none"> • Financial implications as a result of COVID-19 and the Councils response to the pandemic. • Delayed delivery of savings plans as a result of COVID-19. <p>As at September 2020, The forecast overspend of £23.7m is mitigated in part by the Government's provision of £18.9m of emergency funding to support the COVID-19 response. In addition to the emergency funding support, Government have announced a co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income. In effect this scheme will provide the Council with additional grant to support irrecoverable income losses on sales, fees and charges income. The Council has now submitted its first claim under the scheme that will generate a further £2.5m of grant funding to support the Councils in year position. When this is factored into the Council's overall position it leaves a net forecast overspend of £2.3m.</p>			
2.3	<p>On 22nd October 2020, the Government also released individual council allocations of the £1bn COVID-19 "winter support" funding which had been announced on 12th October. The Council's allocation is £5.3m and at this early stage it is assumed that this grant funding will be required for the purposes for which it has been provided – to prioritise the running of vital services and protecting the most vulnerable and public health across the winter period.</p>			
2.4	<p>There are two further periods of grant claim for COVID-19 income loss compensation later in the financial year. Taking this into account but also recognising that the claims are subject to review and validation by Government, it is anticipated that these further payments of grant will cover the remaining £2.3m forecast overspend and that by the financial year-end the position will be broadly a balanced budget outturn.</p>			
2.5	<p>If this position can be achieved, then it enables the Council to reserve some budget provision into 2021/22 to support the delivery of next year's budget. This arises from the £4m budget contingency included within the 2020/21 budget,</p>			

	<p>which is not required to be used under this anticipated position. In addition, savings accruing in central services budgets, arising mostly from Treasury Management activity are expected to reach £3.5m by the year-end and if not required to be set against any residual overspend, can also be reserved to support the 2021/22 budget. The report on the update to the Council's Medium Term Financial Strategy which is included on the same Cabinet agenda as this Financial Monitoring report sets out this impact on the 2021/22 budget in more detail.</p>
2.6	<p>In September 2020 the Council had to provide Government with the latest view on the estimated financial impact of the COVID-19 response. The September COVID-19 return was submitted to Ministry for Housing, Communities and Local Government (MHCLG) on Friday 2nd October within the MHCLG deadline and it projected an overall financial impact for the general fund in 2020/21 of £26.7m. The full impact is made up of;</p> <ul style="list-style-type: none"> • £11.7m of additional costs (£10.6m in the June return) • £6.8m non-delivery of savings (£7.1m in the June return) • £8.2m of income loss (£8.4 in the June return) <p>Total Impact £26.7m (£26.1m in the June return)</p> <p>Therefore, the overall estimated impact of COVID-19 on the 2020/21 revenue budget as per the September return is £26.7m, less COVID-19 support grant received to date of £18.9m, and SFC Income Compensation of £2.5m, leaving a net pressure of £5.3m. This net pressure differs from the Councils financial monitoring position as the September MHCLG return focuses solely on COVID-19 requirements and impacts, a net difference of £3m. There are financial pressures and savings factored into monitoring that are not related to COVID-19.</p>
2.7	<p>The Council is also allocated £2.733m, split into two instalments, for the Adult Social Care Infection Control Fund (round 2). This is a new grant, with revised conditions from the initial Infection Control Fund. The purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of COVID-19 transmission within and between care settings.</p> <p>The Council is required to pass on 80% of the grant on a 'per bed'/'per user' basis to care homes and CQC-regulated community care providers (domiciliary care, extra care and supported living) in their geographical area. The Council received the first instalment on 1st October and is required to pass on the 80% within 20 working days, subject to providers meeting the conditions as stated in the guidance.</p> <p>The other 20% of the funding must be used to support care providers to take additional steps to tackle the risk of COVID-19 infections but can be allocated at the local authority's discretion. A proposal to allocate the 20% is set out in paragraphs 2.47 to 2.52.</p>
2.8	<p>The forecast net overspend of £2.3m will continue to be monitored closely and mitigations identified where possible to reduce the overall impact. As indicated, it</p>

is anticipated at present that the Council will be able to bring this budget back into line before the year end. However, within this overall position is the impact of the non-delivery of savings of £6.8m arising from COVID-19. This non-delivery will need to be carried forward into 2021/22 and when added to the £8.6m of savings plans that were reprofiled into 2021/22 as part of the Councils budget report to Cabinet in February 2020, this represents a significant financial challenge for the authority.

Table 2 sets out the position by Directorate and the future years/MTFS impact is also described in more detail within the MTFS update report to this Cabinet meeting.

Table 2 – Agreed Profile of Budget Savings and Cost Reductions by Directorate:

Directorate	2020/21 Savings Non-delivery £m	2021/22 Savings £m	Total Savings to be delivered in 2021/22 & future years £m
ACHPH	1.8	4.6	6.4
CYPS	2.3	4.0	6.3
R&E	1.0	0	1.0
Customer Services (R&E)	1.7	0	1.7
Total	6.8	8.6	15.4

The following sections provide further information regarding the Councils forecast outturn of £23.7m, before taking account of the COVID grant, the key reasons for forecast under or overspends within Directorates, and the progress of savings delivery.

Children and Young People Services Directorate (£6.7m forecast overspend)

2.9 Children and Young People Services continue to implement the budget recovery plan with budget savings of £10.2m phased £6.2m in 2020/21 and £4.0m in 2021/22 following the one-off additional budget of £4m provided for the 2020/21 financial year.

2.10 The budget pressure at the end of September is £6.7m with an adverse movement of £800k this period. This position includes additional cost pressures due to the COVID pandemic, non-achievement of budget savings and Stovewood net costs to CYPS. These pressures are mitigated in part by the one-off additional budget.

2.11 The Looked After Children number at the time of this budget forecast was 622 which is in excess of the budget profile of 569 for this period. The variance of 53 includes a number of LAC placements that are delayed in the court processes

	and inability to discharge children from care. The placement profile has now been increased to 586 at the end of this financial year from the original budget plan to reduce LAC numbers to 541 by 31 March 2021.
2.12	The direct employee budget is £34.2m and is a combination of general fund, traded and grant funded services. The projected overspend at the end of September is £1.78m, of which £1.49m relates to general fund. The £1.49m budget pressure is after applying budget savings of £3.97m in 2020/21 financial year. The staffing pressures are linked to delays in delivering budget savings across CYPS and the increased requirement for agency social workers to manage caseloads due to overall caseload numbers and staff turnover.
2.13	The staffing budget forecast overspend has increased by £160k this period due to additional agency costs in Children's Social Care of £260k, offset by savings in Commissioning, Performance and Inclusion. At the end of September there were 19 agency workers in children's social care, with the agency projections increasing significantly in this period.
2.14	The staffing budget reflects the work undertaken to date on delivery of the Early Help and Social Care Pathways savings proposals and other staff savings across the CYPS directorate.
2.15	<p>A significant element of the CYPS non-pay budgets relates to placements which has a net budget of £26.4m with a current projected spend of £35.0m, an adverse movement of £500k in this period.</p> <p>The £500k adverse main movement relates to an increase in parent and baby (2), emergency placements (3) and continued increase in IFA placements (4) against a planned reduction in LAC placement costs this period. The variance to the placement projections in period is also increasing the number of expected LAC placements by the end of the financial year, which has increased from 577 to 586 this period. The increase in expected LAC numbers at year end will impact on next year's placement costs.</p> <p>The financial pressure of £5m relates to Residential placements (£2.0m), Emergency placements (£1.6m) and Fostering placements (£1.4m)</p>
2.16	<p>The placement forecast assumes that from October 2020 to March 2021, the revised placement budget assumptions (placement reductions and transitions to lower cost placement types) will be achieved for the rest of the financial year. There are several risks linked to achievement of this placement budget profile which are:</p> <ul style="list-style-type: none"> • External residential placement admissions continue to reduce in line with the budget profile. • Use of block contract and in-house residential and in-house emergency provisions are maximised.

	<ul style="list-style-type: none"> • Estimated admissions and discharges from care being in line with expectations. • The increase in in-house fostering enquires and net growth in in-house foster carers placements are in line with the estimated projections for the rest of the financial year. • Costs of placements increasing above inflationary expectations.
2.17	The other major budget pressure linked to the current number of Looked After Children this financial year is transport with a forecast overspend of £370k.
	Dedicated Schools Grant
2.18	The High Needs Block (HNB) is £40.1m (including the £3.0m transfer from the schools block) and demand remains high 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 four-year period from a £1m reserve deficit at the end of 2015/16 to £19.8m deficit at the end of the 2019/20 financial year (£4.6m overspend in 2019/20). An in-year deficit of £420k is forecast for 2020/21.
2.19	The High Needs Budget is based on the DSG recovery plan and includes anticipated growth on EHCs numbers and the implementation of new developments linked to the SEND Sufficiency Strategy the HNB has a £463k overspend at the end of September, with no change to the forecast to previous months. The pressure relates to DSG contributions towards social care residential placements and an increase in high cost Independent Sector Placements
2.20	Both the Early Years and the Schools' Block are expected to be broadly in line with allocations in 2020/21.
2.21	<p>The key areas of focus to reduce High Needs Block spend are:</p> <ul style="list-style-type: none"> • A review of high cost, external education provision to reduce spend and move children back into Rotherham educational provision. • Increase SEN provision in Rotherham linked to mainstream schools and academies, with further capacity becoming operational from September 2020. • Work with schools and academies to maintain pupils in mainstream settings wherever possible. • A review of inclusion services provided by the Council
	Adult Care, Housing and Public Health (£6.0m forecast overspend)
2.22	The overall Directorate forecast is an overspend of £6.0m on general fund services after taking account of the additional one-off budget support of £4.65m for 2020/21.

2.23	COVID-19 is estimated to have a cost impact of £7.8m. This includes: £1m for personal protective equipment; £1.8m due to delayed budget savings (reduced from £2.1m in July), £200k of additional income in Neighbourhood Services' (Housing); and £4.8m of placement costs due to additional demand and the increased costs of providing care (reduced from £4.9m in July).
2.24	<p>The NHS is currently funding people who are discharged from hospital. Ordinarily the cost of some of these packages would be funded by the Council. It is now anticipated that the cost of these will transfer to the Council over the next few months. These are included in the cost of additional placements (£4.8m). Each person needs to have an assessment which will determine their eligibility for LA or Health funding the outcome of which is not yet known.</p> <p>Delivery of savings have been delayed as COVID-19 has diverted staff resource to support work related to the pandemic and away from planned transformational activity. Anticipated additional income has reduced as social distancing has prevented some of the tasks required from taking place, although the forecast has improved by £100k, it is still below the level anticipated.</p>
2.25	Excluding the cost of COVID-19, the cost of care packages is forecast to be £2.2m underspent. This is due to savings on transforming care (£1.1m) and reductions in the number of older people placements (£1.6m) some of which will be captured under the COVID-19 discharge packages. There have been several additional high cost mental health packages (£400k and other small variances (£100k).
2.26	Staffing budgets are forecast to overspend by £400k due to low vacancy numbers.
2.27	Neighbourhood Services' (Housing) is forecast to underspend by £100k. This is due to additional income of £200k offset by additional homelessness costs due to COVID-19.
2.28	The latest Public Health forecast is an overspend of £100k as a result of additional staffing costs required to support the Council's response to COVID-19.
Regeneration and Environment Directorate (£9.3m forecast overspend)	
2.29	The latest outturn projection for the Directorate indicates a forecast pressure of £9.3m for this financial year, mostly due to COVID-19 impact. This represents a £1.3m increase in the overspend position from that reported to Cabinet in September. The majority of this £1.3m increase is a result of a £1.0m worsening in the forecast for the Education Catering Service. The expectation of income at the time of the last Cabinet report was based on all children returning to school, however, it is now clear that social distancing requirements have led to; schools encouraging pupils to bring in packed lunches, significant pupil absences, school closures and additional costs from disposable packaging. This loss of income will qualify for some support within the Government's COVID-19 income compensation scheme.

2.30	<p>There has also been a £300k change in the forecast for Streetscene Service. This is due to a significant increase in the cost of the green waste disposal following retendering of the service earlier in the year. Offsetting these pressures there has been a £100k improvement in the forecast for Culture, Sport and Tourism after seeing initial signs of recovery in Green Spaces locations (£60k) and expenditure savings (£40k).</p>
2.31	<p>The previously reported sustained fall in the Directorate's income from fees and charges will be felt throughout the 2020/21 financial year, particularly in lost income from Theatres, Green Spaces, Markets and Parking. Depending upon the severity and length of further lockdown restrictions losses could increase yet further. Even so, the Directorate prioritises continued delivery of normal everyday services.</p>
2.32	<p>Further, the pandemic has meant that progress to achieve previously agreed revenue budget savings has been delayed. The lockdown has generated savings in some areas, for example by temporarily closing Council buildings, but any savings are far outweighed by the additional costs and lost income arising from the lockdown.</p> <p>The forecast outturn projection includes the following specific budget issues:</p>
2.33	<p>Community Safety and Street Scene (CSS) is reporting an overall pressure of £1.6m. The most significant pressure in this Service is in respect of Waste, £810k. This has arisen as a result of a significant increase in waste disposal costs, resulting from extra tonnages being collected from the kerbside, as people spend more time at home. There has been a sustained monthly tonnage increase in excess of 20% to date that is expected to continue through the rest of the financial year. In addition, there has been a £290k increase in the cost of the green waste disposal contract, following its retendering as the previous contractor was unable to continue to meet their contractual obligations. A £460k income shortfall is being reported in Parking Services as a result of COVID-19 and pressures continue in Transport, which is reporting a £450k overspend as a result of the difficulty in delivering savings in 2020/21.</p>
2.34	<p>Culture Sport and Tourism (CST), severely impacted by the temporary closure of facilities and the slow recovery, is reporting an overall pressure of £3.7m. There is a forecast pressure of £1.4m in respect of the Council's Leisure Centre facilities. These are operated by Places Leisure under a PFI arrangement, the pressure represents an estimate of the revised management fee liabilities payable to allow for the facilities to remain open.</p> <p>The Green Spaces Service, which includes the Borough's Country Parks and Facilities, is forecasting a pressure of up to £1.7m. The temporary closure of parks and all other leisure sites for all of spring and into the summer prevented any trading activities taking place over that period, but there has been a small improvement in the forecast since the facilities reopened. A £500k pressure in respect of Theatres is being reported after the Council took the difficult decision to close the facility for the entire financial year. Losses are partly mitigated by expenditure savings £100k, as a result of the prolonged closure but this is</p>

	included in the forecast. The forecast includes a pressure of £200k being reported in Registrars as a result of weddings being transferred into 2021.
2.35	<p>Planning Regeneration and Transport (PRT) is forecasting an overall pressure of £4.1m. The largest pressure in this Service is in the School Meals service of £2.3m. Lost income of £3.2m is now being assumed, only partly offset by reduced expenditure on food of £900k.</p> <p>A pressure of £400k is being forecast on Markets income, arising from the closure of the Markets and the ongoing difficult trading conditions. Similarly, a pressure of £200k is being reported in Estates in respect of income from commercial rents. Less than planned income of up to £300k is being reported in respect of Planning and Building Control income as a result of the economic downturn impacting significantly on the number of planning applications and building control inspections.</p> <p>A pressure of £600k is being reported in respect of Facilities Management, mainly as a result of delays in the timing of property savings, i.e. closure of buildings. Whilst this impacts on the overall position new savings of £300k are planned for in 2020-21 and are in progress to be implemented.</p>
	Finance and Customer Services (balanced forecast position)
2.36	The overall Directorate is forecasting a balanced budget position. Whilst there are financial pressures, as detailed below, the service will use vacancy management to control these financial pressures and deliver, at least, a balanced budget position. The £600k savings from the Customer and Digital Programme have now all been delivered.
2.37	Within Customer, Information and Digital Services, there are financial pressures from ceasing the Schools Connect Trading service, reflecting the loss the service was making, £100k overspend due to the continued loss of schools/academies subscribing to services. The service also has a pressure within the corporate mail and print service following a centralisation of print services, the print service had an income shortfall of £100k. Now the budgets have been centralised the service will be better placed to control print usage and implement a strategy to minimise print whilst promoting digitalised service provision. The service will mitigate the cost pressures this year through vacancy control.
2.38	Whilst Legal Services faces continued demand for legal support with child protection hearings and court case costs relating to Looked After Children, legal disbursements are currently forecasting a £400k underspend. However, the number of cases during the year remains volatile and will continue to be monitored closely.
	Assistant Chief Executive (balanced forecast position)
2.39	The Assistant Chief Executive's Directorate are forecasting a balanced budget position. The service needs to deliver savings of £200k in relation to the Customer and Digital Programme and work continues with the programme to

	identify further areas where the Council can operate more efficiently and effectively, making use of the improved digital technologies available to services. As with all directorates COVID-19 has impacted the forecast position, for Assistant Chief Executive's Directorate the main impacts are the costs of implementation and management of the Community Hub £400k.
2.40	Though the work to deliver the savings will continue, the service is currently able to forecast a balanced budget position due to use of vacancy control. It is anticipated that the savings will be fully achieved during the current year.
	Central Services (£1.7m forecast overspend)
2.41	There are agreed savings to be delivered from Central Services as the £1.7m customer services saving to be delivered from Regeneration and Environment Services has been budgeted for here. At present it is unlikely this saving will be delivered in year and as such has been forecast as an overspend.
2.42	Central Services budget holds the planned transfer of £4.3m to reserves as per the Council's reserves strategy detailed within the Council's budget report to Cabinet in February 2020. Within the anticipated financial outturn described in this report, this £4.3m transfer to reserves will take place. The budget also holds the budget contingency of £4m and as indicated earlier in the report, based on the current anticipation of a balanced financial outturn, this contingency is not expected to be used in 2020/21 and is planned to be carried forward into 2021/22 to support the delivery of next year's budget.
2.43	Savings are being delivered from a range of activities within the treasury management strategy, including effective cash flow planning and monitoring, along with management of the loans portfolio to take advantage of the continuing low cost of short-term funds. These activities, together with a number of general efficiencies on centrally managed budgets are anticipated to deliver savings of £3.5m by the end of the financial year. Again as indicated earlier in this report, it is also planned to carry forward these savings to support the 2021/22 budget
	Housing Revenue Account (HRA)
2.44	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 HRA is forecast to underspend by £700k before the transfer from reserves.
2.45	There is a forecast underachievement of income which relates to: the closure of Communal Facilities due to COVID-19 £100k; reduced interest on balances £250k; reduction in income from Aids and Adaptations £100k as only emergency works were carried out for a period of time due to the pandemic and other income variances of £100k. This is being offset by a forecast underspend within Supervision and Management due to lower superannuation contributions and vacant posts as well as savings on supplies and services e.g. court costs (£550k) and lower debt costs (£150k). There are increased costs to maintain new build housing until these are sold or let (£150k). R&M is forecast to underspend by

	£700k largely due to lower numbers of planned and responsive repairs due to COVID-19.												
2.46	The HRA budget includes a revenue contribution to capital expenditure of £13.4m (which is forecast to budget at this stage) plus a contribution from the HRA reserve of £9.3m to balance the overall budget. The transfer from reserve is forecast at £8.6m to reflect the forecast underspend which will bring the HRA back to a balanced position.												
	Infection Control Fund (Round 2): 20% Discretionary Funding elements												
2.47	The Adult Social Care Infection Control Fund (IPC) was first introduced in May 2020. The purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of COVID-19 transmission within and between care settings, in particular by helping to reduce the need for staff movements between sites.												
2.48	The Government announced on 1st October that the Adult Social Care Infection Control Fund has been extended until March 2021, with an extra £546 million of national funding. This is a new grant, with revised conditions from the original Infection Control Fund. Rotherham has been allocated a total of £2,733,864 in the second round of funding, 80% of which is to be allocated to care homes and community care providers on a per bed and per service user basis respectively within a prescribed national grant allocation formula. Breakdown of the ICF: <table border="1" data-bbox="279 1079 1380 1377"> <thead> <tr> <th></th> <th colspan="2">80% Mandatory Elements</th> <th>20% Discretionary Element</th> </tr> <tr> <th>Total allocation amount</th> <th>Allocation to care homes</th> <th>Allocation to community care providers</th> <th>Allocation for other care settings and IPC measures</th> </tr> </thead> <tbody> <tr> <td>£2,733,864</td> <td>£1,552,669</td> <td>£634,422</td> <td>£546,773</td> </tr> </tbody> </table>		80% Mandatory Elements		20% Discretionary Element	Total allocation amount	Allocation to care homes	Allocation to community care providers	Allocation for other care settings and IPC measures	£2,733,864	£1,552,669	£634,422	£546,773
	80% Mandatory Elements		20% Discretionary Element										
Total allocation amount	Allocation to care homes	Allocation to community care providers	Allocation for other care settings and IPC measures										
£2,733,864	£1,552,669	£634,422	£546,773										
2.49	The Council has facilitated the distribution of the specified 80% of the Infection Control Fund as per guidance. This is recorded via the Record of Officer Executive Decision from the Strategic Director of Adult Social Care.												
2.50	Local authorities must use 20% of the funding to support the sector to put in place other COVID-19 infection control measures, but this can be allocated at their discretion. Where providers have been unable to utilise all their ICF monies this may be added to the discretionary element in accordance with grant conditions.												
2.51	The guidance for funding specifies that this can include providing support on the infection prevention and control measures to a broader range of care settings (for instance, community and day support services) and other measures that the local authority could put in place to boost the resilience and supply of the adult social care workforce in their area to support effective infection control.												

2.52	<p>It is proposed to utilise the 20% discretionary element and any underspends of the ICF, for the following:</p> <ol style="list-style-type: none"> 1. Support care and support providers who have not received any allocations of funding in the mandatory 80% element of the Infection Control Fund grant. This will primarily, but not exclusively focus on services that support people with a Learning Disability, Autism and Mental Ill-health Day Opportunities and informal Carers. Payments will be used at the discretion of the providers, though this must be to support infection control in accordance with the grant conditions. £300k and will include: <ul style="list-style-type: none"> • Support for Shared Lives carers • Support for Day Opportunities Providers • Support for Micro-Enterprises 2. Establish a small team of professionals to provide practical support for COVID-19 testing in any care and support setting. This would include facilitating Pillar 1 testing, offering swabbing services, couriering of test results and training on carrying out tests for frontline care staff. £100k 3. Additional contingency funding for people employing Personal Assistants through Direct Payments in case of Personal Assistants testing positive for COVID-19 or having to self-isolate. This will cover payments to the Personal Assistants and enable alternative provision to be purchased for the period of the Personal Assistants illness or period of self-isolation. £100k 4. Additional funding for the Carers Emergency Scheme provision to support with specialist emergency home care and support services for the cared person if an informal carer tests positive for COVID-19 or must self-isolate and is unable to carry out their caring role. £50k <p>The total allocated and amount for each scheme may vary as expenditure will be driven by demand from both individuals and the independent sector providers. Permission is sought to be able to vary the amounts as required to meet market demand and support the aims and conditions of the grant.</p>
	Capital Programme Update
2.53	<p>The Capital Programme 2020/21 totals £165.197m split between the General Fund £107.563m and HRA £57.634m. This is a reduction of £8.572m to the position reported to Cabinet on 20 July 2020, the majority of this relates to the changes on the Town Centre Investment Fund (TCIF) and Future High Street Funding detailed below. The overall movement is based on the latest profiles of expenditure against schemes, factoring in both new and revised grant allocations of (£4.592m), slippage and re-profiles of (£3.980m).</p>

The overall decrease to the Capital Programme 2020/21 to 2023/24 is £47.768m and can be broken down as follows:

	Total Decrease £m	2020/21 Impact £m	Post 2020/21 Impact £m
Revised Grant and Funding Estimates	(47.768)	(4.592)	(43.176)
Slippage / reprofiling	0	(-3.980)	3.980
Total	(47.768)	(8.572)	(39.196)

2.54 The most significant change to the capital programme is the revised Future High Streets Fund (FHSF) profile. When the proposal was included into the capital programme it was based on the initial business case submitted to MHCLG for approval at the time, however, since then it has been revisited to remove all the private sector match funding predominantly for Forge Island and focuses on the redevelopment of the Markets and the Public Realm, in line with the requirements of the MHCLG. This is purely a technical adjustment to reflect the current position for the scheme, in that the private sector investment which will take place at Forge Island is funded directly by the private sector and technically therefore is not a part of the Council's Capital Programme.

Based on the Council's revised submission for FHSF, the total grant and contributions added to the scheme as shown in the Capital Programme have reduced by £48.988m to reflect the private sector funding that will be provided directly. This revised business case has also seen a reduced contribution to the FHSF from the Town Centre Investment Fund (TCIF), releasing £3.3m back into the TCIF. From the funds that have been released within the TCIF programme, a further specific scheme has been identified within this programme;

Riverside Precinct and Footbridge preparatory works £696k – these preparatory works are necessary for the preparation for the Forge Island development being undertaken by Muse Developments Ltd. It is more cost effective under the agreement with the developer for the Council to carry out these works and will ensure works can be progressed.

2.55 The slippage and re-profile requirements are within the Regeneration and Environment & Children and Young Peoples Services, they include

- A £1m slippage on the allocation available to the adaptations to foster carers properties within the CYPS programme. This is based on the current level of adaptations being carried out and the enhanced governance processes being put in place around this funding.

	<ul style="list-style-type: none"> £1.939m has been earmarked from the unallocated Secondary Schools block allocation to 2021/22 to support the delivery of the projects at Dinnington and Newman. There are several smaller schemes within the Regeneration and Environment programme that have been reprofiled such as the Traffic Signal Renewal Programme and the Reach service relocation. The former is delayed due to both contracting and supply issues, whilst the latter is on hold whilst the service revisits the project requirements. 																					
2.56	<p>Grant funded schemes are added to the Capital Programme on an ongoing basis in accordance with the Financial and Procurement Procedure Rules. Grant schemes added or reduced since the September cabinet report are listed below:</p> <table border="1"> <thead> <tr> <th>Directorate/Scheme</th> <th>2020/21 £M</th> <th>Post 2020/21 £m</th> </tr> </thead> <tbody> <tr> <td colspan="3">Regeneration & Environment</td> </tr> <tr> <td>The Future High Streets Fund (FHSF) and Town Centre Investment Fund programmes have been revised to bring them into line with the latest business case for FHSF to MHCLG and to reflect the direct provision of private sector funding which technically is not a part of the Council's own Capital Programme.</td> <td>-5.672</td> <td>-43.316</td> </tr> <tr> <td>Town Centre Accelerator:</td> <td>1.000</td> <td>0.000</td> </tr> <tr> <td>S106 Allocations to capital: The following S106 contributions have been included into the capital programme. <ul style="list-style-type: none"> Play areas at Manor Farm Rawmarsh - £31k Rother Valley Country Park automated parking system - £9k Tennis Courts at Wales - £40k </td> <td>0.080</td> <td>0.000</td> </tr> <tr> <td>Contributions to school improvement works have been added to the programme. <ul style="list-style-type: none"> Thomas Rotherham college £100k Hilltop (Maltby) £40k </td> <td>0.000</td> <td>0.140</td> </tr> <tr> <td>Total Revisions</td> <td>-4.592</td> <td>-43.176</td> </tr> </tbody> </table>	Directorate/Scheme	2020/21 £M	Post 2020/21 £m	Regeneration & Environment			The Future High Streets Fund (FHSF) and Town Centre Investment Fund programmes have been revised to bring them into line with the latest business case for FHSF to MHCLG and to reflect the direct provision of private sector funding which technically is not a part of the Council's own Capital Programme.	-5.672	-43.316	Town Centre Accelerator:	1.000	0.000	S106 Allocations to capital: The following S106 contributions have been included into the capital programme. <ul style="list-style-type: none"> Play areas at Manor Farm Rawmarsh - £31k Rother Valley Country Park automated parking system - £9k Tennis Courts at Wales - £40k 	0.080	0.000	Contributions to school improvement works have been added to the programme. <ul style="list-style-type: none"> Thomas Rotherham college £100k Hilltop (Maltby) £40k 	0.000	0.140	Total Revisions	-4.592	-43.176
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2.57	The following grant bids will be presented to the Mayoral Combined Authority (MCA) meeting on the 16 November 2020. Should they receive formal approval from the MCA and support from Cabinet the Capital Programme will be updated																					

for the additional grant resources as required and the schemes implemented. The following schemes are being presented:

- Progression of Rotherham Town Centre Masterplan to full approval and award of £2.18m grant to Rotherham Metropolitan Borough Council. The scheme aims to undertake public realm improvements and site clearance in Rotherham Town Centre as part of the delivery of the Masterplan.
- Progression of Century BIC II to full approval and award of £2m grant to Rotherham Metropolitan Borough Council. The project aims to create high quality, publicly owned and operated employment space which will complement the existing space available for growing businesses.
- Project change request from “Greasbrough Road Corridor” to agree an extension to works completion from April 2021 to September 2021 and reprofile of £1.05m from 20/21 to 21/22 and reprofile of outputs and outcomes in accordance with the revised timescales. The scheme comprises of one junction improvement - replacement of the existing mini-roundabout at the junction of B6089 Potter Hill, B6089 Main St and Coach Road, Greasbrough with a signalised priority junction including right turning lanes, left filter lanes and staged pedestrian crossings. The delay is due to longer than anticipated lead in for utility works and programme delivery.
- A630 Parkway Widening Grant Acceptance and Grant Award. The Parkway Widening scheme intends to reduce congestion on the major arterial route between Junction 33 of the M1 and Sheffield city centre through the expansion of the existing dual carriageway to a three-lane route. The MCA have previously approved the submission of the business case to the DfT. In total this scheme is expected to cost c. £46.39m. To-date the DfT have contributed £2.1m to scheme development, with a further award of £40.16m now offered to the MCA for the delivery of the approved scheme. The balance of funding will be contributed by Rotherham MBC as the scheme promoter.
- Pothole and Challenge Fund Allocation from the Department for Transport. This will approve an allocation for Rotherham MBC of £3.409m from the Potholes fund and £399k from the Challenge Fund. The allocations are in line within expectations.

2.58 **The proposed updated Capital Programme to 2023/24 is shown by Directorate in Table 3 below.**

Table 3: Proposed 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	14.823	11.308	4.508	6.573	37.211
Assistant Chief Executive	0.255	0.210	0.210	0.210	0.885
Adult Care & Housing	4.549	6.523	12.653	6.130	29.855
Finance and Customer Services	9.582	3.008	3.124	10.523	26.236
Regeneration and Environment	76.355	46.152	31.888	20.797	175.192
Capitalisation Direction	2.000	2.000	-	-	4.000
Total General Fund Capital	107.563	69.201	52.383	44.232	273.379
Total HRA Capital	57.634	56.371	44.178	43.198	201.381
Total RMBC Capital Programme	165.197	125.572	96.560	87.430	474.759

Funding position of Capital Programme 2020/21

2.59 The £165.197m of capital expenditure is funded as shown in the Table 4 below.

2.60 **Table 4: Funding of the approved Capital Programme**

Funding Stream	2020/21 Budget £m
Grants and Contributions	55.711
Unsupported Borrowing	44.524
Capital Receipts	5.150
Capital Receipts - Flexible Use & HRA Contribution	2.000
HRA Contribution	0.178
Total Funding - General Fund	107.563
Grants and Contributions	10.214
Unsupported Borrowing	-
Housing Major Repairs Allowance	28.718
Capital Receipts	5.316
Revenue Contribution	13.387
Total Funding - HRA	57.634
Total	165.197

	Capital Receipts																												
2.61	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, in accordance with the Council's approved flexible use of capital receipts strategy.																												
2.62	In 2020/21 to date General Fund Capital receipts of £480k have been generated as shown in the table below. Although loan repayments will be received during the financial year, these cannot be used to support the revenue budget as only those receipts by the disposal of property, plant and equipment can be used in that way.																												
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2.63	The detailed disposal programme is currently being updated and so coupled with the COVID19 situation, it is very difficult to forecast. Therefore, at this stage the forecast for useable capital receipts is between £500k and £1m and includes surplus property disposals which are subject to Cabinet approval. These receipts are made up of a small number of disposals and therefore any changes to these could impact on these forecasts significantly.																												
3.	Options considered and recommended proposal																												
3.1	With regard to the current forecast net revenue budget overspend of £2.3m, further management actions continue to be identified with the clear aim of bringing expenditure into line with budgets. This includes holding back all spend, where possible and safe to do so, for the remainder of the financial year.																												
4.	Consultation on proposal																												

4.1	The Council consulted extensively on budget proposals for 2020/21. Details of the consultation are set out in the Budget and Council Tax 2019/20 report approved by Council on 17th February 2020.
5.	Timetable and Accountability for Implementing this Decision
5.1	Strategic Directors, Managers and Budget Holders will ensure ongoing tight management and close scrutiny of spend this financial year.
5.2	Financial Monitoring reports are taken to Cabinet meetings during the year. The Financial Outturn report for 2020/21 will be taken to Cabinet in July 2021.
6.	Financial and Procurement Advice and Implications
6.1	The Council's net overspend position is detailed within the report along with the estimated impact of COVID-19. This position continues to be monitored closely. Control over spending remains critical to both maintaining the 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 and the identification of alternative options.
6.2	The update to the Council's Medium Term Financial Strategy, within the Budget and Council Tax 2020/21 report approved by Cabinet and Council in February 2020, indicated that a balanced budget could be maintained across the MTFS period to 2022/23. This position is reviewed and updated further within the MTFS update report on this Cabinet agenda, taking into account the COVID-19 impact, the latest profiles of delivery of budget savings and cost reductions and the anticipated financial outturn for 2020/21 as described in this report.
6.3	There are no direct procurement implications arising from the report.
7.	Legal Advice and Implications
7.1	No direct legal implications.
8.	Human Resources Advice and Implications
8.1	No direct implications.
9.	Implications for Children and Young People and Vulnerable Adults
9.1	The report includes reference to the cost pressures on both Children's and Adult Social care budget.
10.	Equalities and Human Rights Advice and Implications
10.1	No direct implications.
11.	Implications for Partners

11.1	No direct implications.
12.	Risks and Mitigation
12.1	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
13.	Accountable Officers
	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	Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	Click here to enter a date.
Head of Legal Services (Monitoring Officer)	Bal Nahal	Click here to enter a date.

Report Author: Rob Mahon, Head of Corporate Finance

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