

**Committee Name and Date of Committee Meeting**

Cabinet – 25 January 2021

**Report Title**

November 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 November 2020 and is based on actual costs and income for the first eight 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 4<sup>th</sup> 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 November 2020, the Council has a forecast year-end overspend of £23.6m 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 £0.9m overspend.

**Recommendations**

1. That the current General Fund Revenue Budget forecast of £0.9m 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.

**List of Appendices Included**

Appendix 1 – Initial Equality Screening Assessment

**Background Papers**

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

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No.

**Council Approval Required**

No

**Exempt from the Press and Public**

No.

## November Financial Monitoring 2020/21

<b>1.</b>	<b>Background</b>																																								
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 fourth 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 eight months of the financial year.																																								
<b>2.</b>	<b>Key Issues</b>																																								
2.1	<p>Table 1 below shows, by Directorate, the summary forecast revenue outturn position.</p> <p><b>Table 1: Forecast Revenue Outturn 2020/21 as at November 2020</b></p> <table border="1"> <thead> <tr> <th>Directorate</th> <th>Budget 2020/21</th> <th>Forecast Outturn 2020/21</th> <th>Forecast Variance over/under (-)</th> </tr> <tr> <td></td> <td>£m</td> <td>£m</td> <td>£m</td> </tr> </thead> <tbody> <tr> <td>Children and Young People's Services</td> <td>61.0</td> <td>68.7</td> <td>7.7</td> </tr> <tr> <td>Adult Care, Housing &amp; Public Health</td> <td>79.1</td> <td>84.2</td> <td>5.1</td> </tr> <tr> <td>Regeneration and Environment Services</td> <td>43.5</td> <td>52.6</td> <td>9.1</td> </tr> <tr> <td>Finance and Customer Services</td> <td>18.7</td> <td>18.7</td> <td>0.0</td> </tr> <tr> <td>Assistant Chief Executive</td> <td>6.6</td> <td>6.6</td> <td>0.0</td> </tr> <tr> <td>Central Services</td> <td>24.4</td> <td>26.1</td> <td>1.7</td> </tr> <tr> <td><b>Directorate Forecast Outturn</b></td> <td><b>233.3</b></td> <td><b>256.9</b></td> <td><b>23.6</b></td> </tr> <tr> <td>COVID-19 support grant</td> <td></td> <td></td> <td>(18.9)</td> </tr> </tbody> </table>	Directorate	Budget 2020/21	Forecast Outturn 2020/21	Forecast Variance over/under (-)		£m	£m	£m	Children and Young People's Services	61.0	68.7	7.7	Adult Care, Housing & Public Health	79.1	84.2	5.1	Regeneration and Environment Services	43.5	52.6	9.1	Finance and Customer Services	18.7	18.7	0.0	Assistant Chief Executive	6.6	6.6	0.0	Central Services	24.4	26.1	1.7	<b>Directorate Forecast Outturn</b>	<b>233.3</b>	<b>256.9</b>	<b>23.6</b>	COVID-19 support grant			(18.9)
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	Sales, Fees and Charges Income Compensation Claims			(3.8)
	Covid winter support grant			(5.3)
	Covid winter support provision			5.3
	<b>Net Forecast Outturn</b>			<b>0.9</b>
	Dedicated Schools Grant			1.9
	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"> <li>• Financial implications as a result of COVID-19 and the Councils response to the pandemic.</li> <li>• Delayed delivery of savings plans as a result of COVID-19.</li> </ul> <p>As at November 2020, the forecast overspend of £23.6m 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 has 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 two claims under the scheme that will generate a further £3.8m 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 £0.9m.</p>			
2.3	<p>On 22<sup>nd</sup> October 2020, the Government also released individual council allocations of the £1bn COVID-19 "winter support" funding which had been announced on 12<sup>th</sup> October. The Council's allocation is £5.3m and 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 is one further period for a grant claim in relation to 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 £0.9m 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</p>			

	<p>arises from the £4m budget contingency included within the 2020/21 budget, 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.</p>
2.6	<p>In December 2020 the Council had to provide Government with the latest view on the estimated financial impact of the COVID-19 response. The December COVID-19 return was submitted to Ministry for Housing, Communities and Local Government (MHCLG) on Friday 11<sup>th</sup> December within the MHCLG deadline and it projected an overall financial impact for the general fund in 2020/21 of £30.1m. The full impact is made up of;</p> <ul style="list-style-type: none"> <li>• £14.6m of additional costs (£11.7m in the October return)</li> <li>• £6.7m non-delivery of savings (£6.8m in the October return)</li> <li>• £8.8m of income loss (£8.2m in the October return)</li> </ul> <p><b>Total Impact £30.1m (£26.7m in the October return)</b></p> <p>Therefore, the overall estimated impact of COVID-19 on the 2020/21 revenue budget as per the December return is £30.1m, less COVID-19 support grant received to date of £18.9m, and SFC Income Compensation claims of £3.8m, leaving a net pressure of £7.4m. This net pressure differs from the Councils financial monitoring position as the December MHCLG return focuses solely on COVID-19 requirements and impacts, a net difference of £6.5m.</p>
2.7	<p>There are financial pressures and savings factored into monitoring that are not related to COVID-19, as such they are not required to be reported within the MHCLG returns. Crucially, planned savings the Council has been able to generate despite the pandemic and savings made as a result of the pandemic are not included within the MHCLG return but are factored into financial monitoring. In addition, the MHCLG return requires the Council to show the gross cost of Covid related service impacts, even though in several areas Government have provided grant funding to offset that expenditure. This has the impact of the MHCLG return showing a higher expenditure position when compared with the net position reported in financial monitoring. By way of example the Adults Care and Housing position in the MHCLG return was an impact of £11m, compared with £5.1m for financial monitoring. The differences relate to £4m of general placement underspends, shown in monitoring not in MHCLG return and £2m of Covid Health income where the income and costs linked to it are shown in monitoring but only the costs are required to be shown in the MHCLG return.</p>
2.8	<p>The forecast net overspend of £0.9m will continue to be monitored closely and mitigations identified where possible to reduce the overall impact. As indicated, it 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 £6.7m 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</p>

budget report to Cabinet in February 2020, this represents a significant financial challenge for the authority.

Table 2 sets out the position by Directorate.

**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	1.7	4.6	6.3
CYPS	2.3	4.0	6.3
R&E	1.0	0	1.0
Customer Services (R&E)	1.7	0	1.7
<b>Total</b>	<b>6.7</b>	<b>8.6</b>	<b>15.3</b>

The following sections provide further information regarding the Councils forecast outturn of £23.6m, 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 (£7.7m 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 November is £7.7m with an adverse movement of £1m from the position reported at November Cabinet. 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 615 which is in excess of the budget profile of 560 for this period. The variance of 55 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 591 at the end of this financial year from the original budget plan to reduce LAC numbers to 541 by 31 March 2021.

2.12	<p>The direct employee budget is £34.9m and is a combination of general fund, traded and grant funded services. The projected overspend at the end of November is £1.75m, of which £1.54m relates to general fund. The £1.54m 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.</p>
2.13	<p>The staffing budget forecast overspend has increased by £180k this period mainly due to additional costs in Children's Social Care. At the end of November there are 18 agency workers in children's social care, with approvals in place to increase to 28 agency workers based on social workers leaving in January.</p>
2.14	<p>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.</p>
2.15	<p>A significant element of the CYPS non-pay budgets relates to placements which has a net budget of £31.0m with a current projected spend of £37.3m, an adverse movement of £1.3m since the last financial report.</p> <p>A significant element of the movement over this period relates to planned reductions of residential care placements.</p> <p>Other placement pressures are due to an increase in Parent &amp; Baby assessments and additional emergency placements.</p> <p>The financial pressure of £6.3m in the main relates to Residential placements (£3.0m), Emergency placements (£1.9m) and Fostering placements (£1.4m).</p>
2.16	<p>The placement forecast assumes that from December 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"> <li>• External residential placement admissions continue to reduce in line with the budget profile.</li> <li>• Use of block contract and in-house residential and in-house emergency provisions are maximised.</li> <li>• Estimated admissions and discharges from care being in line with expectations.</li> <li>• 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.</li> </ul>

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 £375k.
	<b>Dedicated Schools Grant</b>
2.18	The High Needs Block (HNB) is £40.0m (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).
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 2020/21 HNB has a £1.89m overspend at the end of November. The pressure relates to DSG contributions towards social care residential placements not reducing as planned, an increase in high cost Independent Sector Placements due to extension of placements due to COVID and an increase in demand above estimated increases in special schools.
2.20	Both the Early Years and the Schools' Block are expected to be broadly in line with allocations in 2020/21.
2.21	The key areas of focus to reduce High Needs Block spend are: <ul style="list-style-type: none"> <li>• A review of high cost, external education provision to reduce spend and move children back into Rotherham educational provision.</li> <li>• Increase SEN provision in Rotherham linked to mainstream schools and academies, with further capacity becoming operational from September 2020.</li> <li>• Work with schools and academies to maintain pupils in mainstream settings wherever possible.</li> <li>• A review of inclusion services provided by the Council.</li> </ul>
	<b>Adult Care, Housing and Public Health (£5.1m forecast overspend)</b>
2.22	The overall Directorate forecast is an overspend of £5.1m on general fund services after taking account of the additional one-off budget support of £4.65m for 2020/21.
2.23	Included within the £5.1m forecast overspend is the Covid-19 impact for the service. COVID-19 is estimated to have a net cost impact of £7.1m after factoring in government grants provided to support Covid-19 related expenditure. This includes: £1m for personal protective equipment; £1.7m due to delayed budget savings (reduced from £1.8m in September due to £100k of additional income in Neighbourhood Services - Housing); and £4.4m of placement costs due to additional demand and the increased costs of providing care (reduced from £4.8m in September).

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 (£4.4m). 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 a further £100k, it is still below the level anticipated.</p>
2.25	<p>Excluding the cost of COVID-19, the cost of care packages is forecast to be £2.7m underspent. This is due to savings on transforming care (£1.1m) and reductions in the number of older people placements of £2.1m (£1.6m in September) some of which will be captured under the COVID-19 discharge packages. Mental health packages are forecast to overspend (£500k) due to additional residential packages and reductions in fees and charges.</p>
2.26	<p>Staffing budgets are forecast to overspend by £400k due to low vacancy numbers.</p>
2.27	<p>Neighbourhood Services' (Housing) is forecast to underspend by £64k. This is due to additional income of £192k offset by additional homelessness costs due to COVID-19.</p>
2.28	<p>The latest Public Health forecast is an overspend of £46k as a result of additional staffing costs required to support the Council's response to COVID-19.</p>
<b>Regeneration and Environment Directorate (£9.1m forecast overspend)</b>	
2.29	<p>The latest outturn projection for the Directorate indicates a forecast pressure of £9.1m for this financial year, mostly due to the impact of COVID-19 on services. This represents a small reduction of £0.2m in the overspend position from that reported to Cabinet in November. Improvements within the Planning, Regeneration and Transportation (PRT) and Culture, Sport and Tourism services have more than offset a worsening of the position in the Community Safety and Street Scene (CSS) service. The worsening position in CSS is being driven by increased costs in the Waste Service and a further reduction in income in Parking Services, both of which are due to the ongoing impact of COVID-19.</p>
2.30	<p>Within PRT improvements have been seen in all services, with the exception of RIDO. In particular, Asset Management is showing a £163k improvement, partly a result of a review of utility costs, as several Council buildings remain closed. Facilities Services has also shown an improvement of £125k as a result</p>

	of improvements to the school meals income forecast. Within CST small improvements have been seen in all areas, in particular, Libraries of £90k, as a result of further staff savings resulting from library closures.
2.31	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.
2.32	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.  The forecast outturn projection includes the following specific budget issues:
2.33	Community Safety and Street Scene (CSS) is reporting an overall pressure of £2.1m. The most significant pressure in this Service is in respect of Waste, £1.3m. Waste disposal costs are £952k over budget, resulting from extra tonnages being collected from the kerbside, as people spend more time at home, as a result monthly tonnage increases in excess of 20% are expected to continue for the rest of the year, the green waste disposal contract has also increased by £290k following retendering. Waste Collection costs are £314k overspent, through use of agency costs to cover staff absence and increased staff numbers required, to meet social distancing requirements. A £605k income shortfall is being reported in Parking Services as a result of COVID-19 and Transport is reporting a £432k overspend as a result of the difficulty in delivering savings in 2020/21. Offsetting savings of £201k are being reported in the Community Safety and Regulation service due to staff vacancies.
2.34	Culture Sport and Tourism (CST), has been severely impacted by the temporary closure of facilities and the slow recovery, and is now reporting an overall pressure of £3.4m. There is a forecast pressure of £1.3m 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.  The Green Spaces Service, which includes the Borough's Country Parks and Facilities, is forecasting a pressure of up to £1m. 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 £453k pressure in respect of Theatres is being reported after the Council took the difficult decision to close the facility for the entire financial year. This represents an improvement of £47k as a result of the receipt of an Arts Council England grant for Covid recovery. Losses are partly mitigated by expenditure savings £100k, as a result of the prolonged closure but this is included in the forecast.

	<p>The forecast also includes a loss of £430k in respect of Waleswood Caravan and Camping Park, as a result of the enforced closure over the Spring, 2<sup>nd</sup> national lockdown and the new Tier 3 restrictions. The forecast includes a pressure of £212k in Registrars, as a result of weddings being rearranged into 2021 and the School Music Service, £126k, as a result of income losses.</p>
2.35	<p>Planning Regeneration and Transport (PRT) is forecasting an overall pressure of £3.7m. The largest pressure in this Service is in the School Meals service of £2.2m. Lost income of £3.1m is now being assumed, only partly offset by reduced expenditure on food of £900k.</p> <p>A pressure of £428k is being forecast on Markets income, arising from the closure of the Markets and the ongoing difficult trading conditions. Similarly, a pressure of £283k is being reported in Estates in respect of income from commercial rents.</p> <p>A reduction in planned income of up to £250k 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 £384k is being reported in respect of Facilities Management, mainly as a result of delays in the timing of property savings to be achieved from 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>
	<b>Finance and Customer Services (balanced forecast position)</b>
2.36	<p>The overall Directorate is reporting 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 current service forecast is an £187k underspend, however there are still risks within that forecast position that need to be fully understood prior to adjusting the reported position further. These relate in the main to technical adjustments for bad debt provision on Housing Benefits, an area that can fluctuate significantly. The £600k savings from the Customer and Digital Programme have now all been delivered.</p>
2.37	<p>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.</p>

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.
	<b>Assistant Chief Executive (balanced forecast position)</b>
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.
	<b>Central Services (£1.7m forecast overspend)</b>
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. 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 Councils reserves strategy detailed within the Councils 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. Central Services 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.
	<b>Housing Revenue Account (HRA)</b>
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 £670k 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 £150k; reduced interest on balances £240k; reduction in income from Aids and Adaptations £150k as only emergency works were carried out for a period of time due to the pandemic and other income variances of £180k. 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 (£730k) and lower debt costs (£130k). There are increased costs to maintain new build housing until these are sold or let (£170k). 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.																
<b>Capital Programme Update</b>																	
2.47	<p>The Capital Programme 2020/21 totals £139.1m split between the General Fund £81.465m and HRA £57.634m. This is a reduction of £26.1m to the position reported to Cabinet on 23 November 2020, the majority of which relates to the reprofiling of grant funding in relation to the Parkway widening scheme. The overall movement is based on the latest profiles of expenditure against schemes, factoring in both new and revised grant allocations following a reduction of (£267k), slippage and re-profiles of (£26.4m).</p> <p>The overall decrease to the Capital Programme 2020/21 to 2023/24 is minimal at £0.274k, following confirmation of a reduced grant allocation, the majority of the changes are slippage / reprofiling as shown below:</p> <table border="1" data-bbox="395 1444 1268 1787"> <thead> <tr> <th></th> <th>Total Decrease £m</th> <th>2020/21 Impact £m</th> <th>Post 2020/21 Impact £m</th> </tr> </thead> <tbody> <tr> <td>Revised Grant and Funding Estimates</td> <td><b>(0.274)</b></td> <td>0.267</td> <td>(0.541)</td> </tr> <tr> <td>Slippage / reprofiling</td> <td>0</td> <td>(26.364)</td> <td>26.364</td> </tr> <tr> <td><b>Total</b></td> <td><b>(0.274)</b></td> <td><b>(26.097)</b></td> <td><b>25.824</b></td> </tr> </tbody> </table>		Total Decrease £m	2020/21 Impact £m	Post 2020/21 Impact £m	Revised Grant and Funding Estimates	<b>(0.274)</b>	0.267	(0.541)	Slippage / reprofiling	0	(26.364)	26.364	<b>Total</b>	<b>(0.274)</b>	<b>(26.097)</b>	<b>25.824</b>
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2.48	<p>The slippage and re-profile requirements are within the Regeneration and Environment &amp; Children and Young Peoples Services, they include</p> <ul style="list-style-type: none"> <li>The most significant change to the capital programme is the re-profiling to the A630 parkway widening scheme of £21.7m. The grant was</li> </ul>																

	<p>confirmed by the Department of Transport in mid-October which was later than originally envisaged and as a result the spend profile has been revised with a substantial part of the work now taking place next year. The grant funding can also be carried forward into the next financial year.</p> <ul style="list-style-type: none"> <li>• A £2m slippage on the replacement of classrooms at Aston academy. This is now at the tendering stage with works anticipated to start in February and carrying on into the new financial year.</li> <li>• A £1.5m slippage on the Greasbrough Village Centre Traffic Signals. The scheme was due to progress from September, however, there have been delays at the tendering stage that will impact the projected spend profile.</li> </ul>																											
2.49	<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" data-bbox="264 943 1374 1563"> <thead> <tr> <th data-bbox="264 943 1058 1055">Directorate/Scheme</th> <th data-bbox="1058 943 1222 1055">2020/21 £M</th> <th data-bbox="1222 943 1374 1055">Post 2020/21 £m</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="264 1055 1374 1093"><b>Regeneration &amp; Environment</b></td> </tr> <tr> <td data-bbox="264 1093 1058 1182">Heritage England contribution towards Keppel's Column</td> <td data-bbox="1058 1093 1222 1182">0.000</td> <td data-bbox="1222 1093 1374 1182">0.209</td> </tr> <tr> <td data-bbox="264 1182 1058 1272">Football Foundation funding and Veolia Environment contribution towards Greasbrough MUGA.</td> <td data-bbox="1058 1182 1222 1272">0.106</td> <td data-bbox="1222 1182 1374 1272">0.000</td> </tr> <tr> <td colspan="3" data-bbox="264 1272 1374 1310"><b>HRA</b></td> </tr> <tr> <td data-bbox="264 1310 1058 1400">Public Adaptations funding reduction following updated grant allocations.</td> <td data-bbox="1058 1310 1222 1400">0.000</td> <td data-bbox="1222 1310 1374 1400">(0.750)</td> </tr> <tr> <td colspan="3" data-bbox="264 1400 1374 1438"><b>Children and Young Peoples Services</b></td> </tr> <tr> <td data-bbox="264 1438 1058 1527">Housing transformation fund and school contribution towards Badsley Moor community classroom</td> <td data-bbox="1058 1438 1222 1527">0.161</td> <td data-bbox="1222 1438 1374 1527">0.000</td> </tr> <tr> <td data-bbox="264 1527 1058 1563"><b>Total Revisions</b></td> <td data-bbox="1058 1527 1222 1563"><b>0.267</b></td> <td data-bbox="1222 1527 1374 1563"><b>(0.541)</b></td> </tr> </tbody> </table>	Directorate/Scheme	2020/21 £M	Post 2020/21 £m	<b>Regeneration &amp; Environment</b>			Heritage England contribution towards Keppel's Column	0.000	0.209	Football Foundation funding and Veolia Environment contribution towards Greasbrough MUGA.	0.106	0.000	<b>HRA</b>			Public Adaptations funding reduction following updated grant allocations.	0.000	(0.750)	<b>Children and Young Peoples Services</b>			Housing transformation fund and school contribution towards Badsley Moor community classroom	0.161	0.000	<b>Total Revisions</b>	<b>0.267</b>	<b>(0.541)</b>
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2.50	<p><b>The proposed updated Capital Programme to 2023/24 is shown by Directorate in Table 3 below.</b></p> <p><b>Table 3: Proposed Updated Capital Programme 2020/21 to 2023/24</b></p> <table border="1" data-bbox="264 1809 1401 1962"> <thead> <tr> <th data-bbox="264 1809 620 1921">Directorate</th> <th data-bbox="620 1809 807 1921">2020/21 Budget £m</th> <th data-bbox="807 1809 959 1921">2021/22 Budget £m</th> <th data-bbox="959 1809 1098 1921">2022/23 Budget £m</th> <th data-bbox="1098 1809 1236 1921">2023/24 Budget £m</th> <th data-bbox="1236 1809 1401 1921">Total Budget £m</th> </tr> </thead> <tbody> <tr> <td colspan="6" data-bbox="264 1921 1401 1962"><b>General Fund Capital</b></td> </tr> </tbody> </table>	Directorate	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m	Total Budget £m	<b>General Fund Capital</b>																				
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	Children and Young People's Services	12.900	13.218	4.508	6.573	37.198
	Assistant Chief Executive	0.424	0.210	0.210	0.210	1.054
	Adult Care & Housing	4.461	6.611	12.653	6.130	29.855
	Finance and Customer Services	9.712	2.877	3.124	10.523	26.236
	Regeneration and Environment	51.969	57.698	45.048	20.797	175.512
	Capitalisation Direction	2.000	2.000	-	-	4.000
	<b>Total General Fund Capital</b>	<b>81.465</b>	<b>82.615</b>	<b>65.543</b>	<b>44.232</b>	<b>273.855</b>
	<b>Total HRA Capital</b>	<b>57.634</b>	<b>56.121</b>	<b>43.928</b>	<b>42.948</b>	<b>200.631</b>
	<b>Total RMBC Capital Programme</b>	<b>139.100</b>	<b>138.735</b>	<b>109.470</b>	<b>87.180</b>	<b>474.485</b>
	It should be noted that current spend against this revised profile is still low for this point in the year. The capital programme for 2020/2021 was an ambitious target and the unprecedented times faced for the majority of this year has inevitably caused delays to projects. It is anticipated that the programme will reduce further due to slippage as the year progresses.					
	<b>Funding position of Capital Programme 2020/21</b>					
2.51	The £139.100m of capital expenditure is funded as shown in the Table 4 below.					

2.52	<b>Table 4: Funding of the approved Capital Programme</b>																												
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2.53	<p>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.</p>																												
2.54	<p>In 2020/21 to date General Fund Capital receipts of £1.2m have been generated as shown in the table below. This is a significant improvement on both the position previously reported and earlier forecasts for this year. 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. From the £1.2m generated £1.1m is available for use to support the Councils revenue position through the current flexibility on the use of capital receipts, as planned for when the 2020/21 budget was set.</p>																												

	Description	Total as at 30th November 2020 £m
	Galaxy Building	-0.015
	Land 36 Nelson Street	-0.018
	6 Dale Road	-0.008
	47 Allendale Road	-0.007
	Wath Town Hall	-0.090
	Hope Street	-0.019
	Land off Simmonite Road	-0.162
	Land at Whnney Hill	-0.141
	Lots A&C Laudsdale Rd E.H/thorpe	-0.020
	Lot 6 Kiveton Youth Centre	-0.102
	Lot 5 17 West Close Kimberworth	-0.166
	Land @ Newsam Rd Kilnhurst	-0.020
	Maltby Library	-0.382
	<b>Total Capital Receipts ( Excludin</b>	<b>-1.150</b>
	Repayment of Loans	-0.028
	<b>Total Capital Receipts</b>	<b>-1.178</b>
2.55	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 £1.2m and £1.5m and includes surplus property disposals which are subject to Cabinet approval.	
3.	<b>Options considered and recommended proposal</b>	
3.1	With regard to the current forecast net revenue budget overspend of £0.9m, further management actions continue to be identified with the clear aim of bringing expenditure into line with budgets.	
4.	<b>Consultation on proposal</b>	
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.	<b>Timetable and Accountability for Implementing this Decision</b>	
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.	<b>Financial and Procurement Advice and Implications</b>	

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	An interim update to the Council's Medium Term Financial Strategy was considered by Cabinet on 23rd November. This indicated that a balanced budget could be maintained for 2021/22 but that there is a forecast funding gap for 2022/23. Following the announcements of the Spending Review 2020 on 25 <sup>th</sup> November and the Provisional Local Government Finance Settlement on 17 <sup>th</sup> December, the MTFS is being updated further as part of finalising budget proposals for 2021/22, with the final position to be reported to Cabinet in February 2021 and Council in March 2021 within the Budget and Council Tax 2021/22 report.
6.3	There are no direct procurement implications arising from the report.
<b>7.</b>	<b>Legal Advice and Implications</b>
7.1	No direct legal implications.
<b>8.</b>	<b>Human Resources Advice and Implications</b>
8.1	No direct implications.
<b>9.</b>	<b>Implications for Children and Young People and Vulnerable Adults</b>
9.1	The report includes reference to the cost pressures on both Children's and Adult Social care budget.
<b>10.</b>	<b>Equalities and Human Rights Advice and Implications</b>
10.1	No direct implications.
<b>11.</b>	<b>Implications for Partners</b>
11.1	No direct implications.
<b>12.</b>	<b>Risks and Mitigation</b>
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
<b>13.</b>	<b>Accountable Officers</b>

	Graham Saxton, Assistant Director – Financial Services
	Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	11/01/21
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	07/01/21
Head of Legal Services (Monitoring Officer)	Bal Nahal	07/01/21

*Report Author: Rob Mahon, Head of Corporate Finance*

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