

Committee Name and Date of Committee Meeting

Cabinet – 19 July 2021

Report Title

May Financial Monitoring 2021/22

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

Yes

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

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Ward(s) Affected

Borough-Wide

Report Summary

The report sets out the financial position as at the end of May 2021 and is based on actual costs and income for the first two months of 2021/22 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 1st 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 May 2021, the Council currently expects to deliver the overall outturn within budget for the financial year 2021/22. Whilst the Directorates have a forecast year-end overspend of £5.9m on the General Fund, this is mitigated by the government's provision of COVID-19 emergency support grant and Sales, Fees and Charges Income Compensation. However, it should be noted that the longer term impacts of Covid-19, extended restrictions and the pace at which services can return to normal is unknown.

Recommendations

1. That the current General Fund Revenue Budget forecast of a balanced budget be noted.
2. That it be noted that actions will continue to be taken to ensure that a balanced financial outturn is delivered.

3. That the Capital Programme update be noted.
4. That the use of the additional Local Support Grant, as detailed in section 2.45, and the use of unringfenced Covid grants to cover the estimated overspend of £50k, be noted.
5. That authority for the management and delivery of the extended Infection Control and Testing Fund is delegated to the Strategic Director of Adult Care, Housing and Public Health.

List of Appendices Included

Appendix 1 Equalities Impact Assessment

Appendix 2 Carbon Impact Assessment

Background Papers

Budget and Council Tax 2021/22 Report to Council on 3rd March 2021

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No

Exempt from the Press and Public

No.

May Financial Monitoring 2021/22

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 first in a series of financial monitoring reports to Cabinet for 2021/22, setting out the projected year-end revenue budget financial position in light of actual costs and income for the first two months of the financial year.

2. Key Issues

- 2.1 Table 1 below shows, by Directorate, the summary forecast revenue outturn position.

Table 1: Forecast Revenue Outturn 2021/22 as at May 2021

Directorate	Budget 2021/22	Forecast Outturn 2021/22	Forecast Variance over/under (-)
	£m	£m	£m
Children and Young People's Services	62.4	63.2	0.8
Adult Care, Housing & Public Health	87.1	86.8	-0.3
Regeneration and Environment Services	44.9	49.5	4.6
Finance and Customer Services	19.2	19.2	0.0
Assistant Chief Executive	7.3	7.3	0.0
Central Services	14.8	15.6	0.8
Directorate Forecast Outturn	235.7	241.6	5.9
Covid-19 support grant			-5.9
Sales, Fees and Charges Income Compensation Claims			0.0
Net Forecast Outturn			0.0
Dedicated Schools Grant			1.7
Housing Revenue Account (HRA)			0.0

2.2 The Council's overspend position (excluding government's COVID-19 support grants) at this point is largely due to two overall issues;

- Financial implications as a result of COVID-19 and the Council's response to the pandemic.
- Delayed delivery of savings plans as a result of COVID-19.

As at May 2021, the Directorate forecast overspend of £5.9m is mitigated by the Government's provision of emergency funding to support the COVID-19 response. Government have provided the Council with £8.3m emergency funding for the financial impacts during 2021/22. At this point it is far too early to fully and accurately estimate the financial impacts of Covid-19 on 2021/22, nor estimate the speed of the longer-term recovery of the Councils finances. As such the Council is forecasting the use of £5.9m at present, to support the Councils forecast outturn position, leaving £2.4m to mitigate any further pressures that occur during the year. The Council also carried forward within the Covid grants reserve, £5.3m of emergency support funding from 2020/21, to be used to support the longer-term financial impacts of Covid-19. If needed, this will be used in 2021/22 or held in reserve for financial pressures over the longer term.

2.3 In addition to the emergency funding support, Government has confirmed that the co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income, will continue for quarter 1, 2021/22. This scheme will provide the Council with additional grant to support irrecoverable income losses on sales, fees and charges income. As a result, the Council expects to deliver a balanced budget position as at the financial outturn 2021/22, however, it should be noted that the impacts of the latest national lockdown are still to be fully defined.

2.4 It is not anticipated that the Council will see the same level of financial support, through grants, during 2021/22 that it has during 2020/21. However, there have been a number of significant grant funding streams confirmed for 2021/22, a list of the most significant are shown below;

- Tranche 5 of Emergency Funding support provided to local authorities, un-ringfenced grant, £8.3m.
- The extension of the Sales, Fees & Charges Scheme, into the first three months of 2021-22, is expected to generate £1.2m (claim not due yet).
- Local Council Tax Support (LCTS) grant will be provided to help Councils manage the financial impact on their budgets from continued increased levels of LCTS claimants during 2021/22, £2.8m.
- Control Outbreak Management Fund (COMF), final allocation of £2.1m.
- Government will provide Section 31 grants to cover the financial impact of the expanded retail discount 2021 to 2022. The reliefs will see businesses in the Retail, Hospitality and Leisure sectors continue to benefit from 100% rates relief from April 2021 to June 2021, reducing to 66% relief for the remainder of the financial year.

- 2.5 These grants taken together with the specific Covid-19 Grants Reserve carried forward from 2020/21, of £27.4m, place the Council in a constructive position to manage the ongoing financial impacts of Covid-19. However, it should be noted that some of these grants are specific and targeted towards specific costs, such as the Section 31 grant to cover the impact of business rates relief. In addition, it is still too early for the Council to reliably forecast the ongoing financial implications of Covid-19, as government restrictions continue, this uncertainty will remain.
- 2.6 The forecast position will continue to be monitored closely and mitigations identified to ensure a balanced outturn position can be delivered. As indicated, it is anticipated at present that the Council will be able to deliver a balanced outturn position, despite the risk of additional cost pressures that may arise as a result of the latest national lockdown.
- 2.7 As detailed within the Budget and Council Tax Report 2021/22 the Council has to deliver £18.1m of agreed savings, of which £5.6m are budgeted to be delivered in 2021/22. The table below presents the agreed savings by Directorate and indicates the budgeted profile for delivery.

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

Directorate	Budget Savings and Cost Reductions £m	Budgeted delivery in 2021/22 £m	Budgeted delivery in 2022/23 £m	Remaining shortfall after 2022/23 £m
ACHPH	5.8	0.0	1.4	4.4
CYPS	8.9	3.65	5.25	0.0
R&E	1.8	1.2	0.5	0.1
Customer Services (R&E)	1.65	0.8	0.85	0.0
Total	18.15	5.65	8.0	4.5

The following sections provide further information regarding the Councils forecast outturn of £5.9m, before taking account of the COVID grant, the key reasons for forecast under or overspends within Directorates, and the progress of savings delivery.

- 2.8 **Children and Young People Services Directorate (£0.8m forecast overspend)**
- 2.9 Children & Young People Services continue to implement the budget recovery plan with budget savings on track for delivery in 2021/22 of £3.6m and £5.2m during 2022/23.
- 2.10 The forecast overspend at the end of May is £859k and in the main relates to placement pressures and assumes achievement of 2021/22 budget savings.

- 2.11 The Looked After Children number of 564 is ahead of the budget profile (599) for this period, a reduction of 35 placements. However, the placement mix is showing higher than projected placements in high costs settings for residential (2), emergency (4), IFA (14), M&B (1), supported accommodation (3), offset by a reduction of in-house fostering (32) and LAC in no cost placements (27).
- 2.12 The direct employee budget is £35.6m and is a combination of general fund, traded and grant funded services. The projected underspend at the end of May is £146k, which includes £212k relating to general fund and overspends across non-general fund services.
- 2.13 The staffing general fund forecast of £212k relates to staff savings in Children's Social Care and early Help offset by pressures in other areas. At the end of May there were 25 agency workers across children's social care to support service requirements.
- 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 A significant element of the CYPS non-pay budgets relates to placements which has a net budget of £31.6m with a current projected spend of £32.4m, an adverse projection of £767k in this period.
- 2.16 The £767k main adverse projection relates to £415k on residential placements, £487k in emergency, £737k pressure on IFA placements offset by £633k in-house fostering underspend and £239k underspend on Special Guardianship and Child Arrangement Allowances, including other minor savings.
- 2.17 The other major budget pressures across the service relate to reduced income due to Covid for Crowden and Rockingham which equates to £304k.

Dedicated Schools Grant

- 2.18 The High Needs Block (HNB) is £45.2m (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. The central DSG Deficit Reserve increased to £21.8m at the end of the 2019/20 financial year. The increase related to a £2.1m HNB pressure offset by savings on other DSG blocks and a reduction in the PRU deficits.
- 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.

At the end of May the HNB is projected to outturn to budget.

- 2.20 Both the Early Years and the Schools' Block are also 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:

- 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 by the end of 2021/22.
- 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 (£0.3m forecast underspend)

2.22 The overall Directorate forecast is an underspend of £300k on general fund services. Adult Care is currently forecasting a balanced budget.

2.23 Included within the forecast is the Covid-19 impact for the service. COVID-19 is estimated to have a net cost impact of £2.8m during 2021/22. This includes: £400k for personal protective equipment; £1.6m due to continued delay to budget savings and costs of transformation from previous years; £500k of placement costs due to additional demand and the increased costs of providing care; and £300k staffing costs.

2.24 Excluding the cost of COVID-19, the cost of care packages is forecast to be a net £2.5m underspend. This is due to savings on transforming care £600k and reductions in the number of older people placements of £2.5m although c.£1m of Covid related placements are likely to be ongoing once temporary funding ceases. In addition, across Mental Health packages, Physical and Sensory disability services and Learning disability placements there is a net pressure of £0.6m due to an increase in demand and complexity of cases.

2.25 Staffing budgets are forecast to overspend by £880k due to low vacancy numbers.

2.26 The forecast assumes that the underspend on the Better Care fund in 2020/21 will be used to meet ongoing budget pressures in 2021/22, subject to agreement with partners, and has resulted in an overall forecast balanced budget.

2.27 Neighbourhood Services' (Housing) is forecast to underspend by £300k. This is due to anticipated additional income from furnished homes and aids and adaptation fees.

2.28 The latest Public Health forecast is a balanced budget.

Regeneration and Environment Directorate (£4.6m forecast overspend)

2.29 The first outturn projection for the Directorate indicates a forecast pressure of £4.6m for this financial year. This reflects the ongoing impact of the lockdown restrictions and the expected slow return to budgeted income levels. In addition, the Directorate continues to face cost pressures arising from the need

to provide Covid safe services, for example, for social distancing, signage and PPE. Further, a significant pressure continues to be faced in Waste Services, arising from the increase in tonnage that has been seen since the first lockdown, due to increased working from home. At this stage it is very difficult to forecast with certainty how quickly income levels will recover, especially given the end to restrictions has not been confirmed. The forecast assumes that lockdown restrictions will be lifted entirely and will not be re-introduced. The forecast outturn projection includes the following specific budget issues:

- 2.30 Community Safety and Street Scene (CSS) is reporting an overall pressure of £3.2m. The most significant pressure in this Service is in respect of Transport. Demographic pressures continue in Home to School Transport (£0.9m), where lockdown restrictions and social distancing requirements have limited the ability to make savings. Engagement continues with CYPS to maximise savings opportunities. An overspend of £467k is being forecast in Fleet Management and Vehicle Maintenance. Contractual arrangements needed a fresh approach and new processes are being put in place to improve the efficiency of the unit. The service is to review the Council's fleet aiming to achieve operational efficiencies to bring the position back favourably where possible.

Waste Management is forecasting an overspend of £1.1m. This is a continuation of the pressure in 2020/21 resulting from extra tonnages being collected from the kerbside, as people spend more time at home.

A pressure of £485k is being reported in Parking Services as a result of lockdown restrictions and the continuing impact on town centre foot fall. Other pressures within CSS, totalling approximately £0.2m are largely the result of additional costs or forecast income loss as a result of Covid restrictions.

- 2.31 Culture Sport and Tourism (CST), continues to be impacted by lockdown restrictions and the slow recovery, and is reporting an overall pressure of £972k. Although this is a much-improved position from 2020/21 the speed of the recovery remains uncertain and many of the services in this Directorate are weather dependent. The staycation trend, due to the restrictions on foreign travel will help mitigate income pressures, but, the inability to book in events due to social distancing requirements will see Rother Valley Country Park and Waleswood Caravan Park with income shortfalls, £645k. The Theatre is forecast to as a £171k loss, following the Council decision to close the facility until the Autumn, due to social distancing requirements making the facility unviable.

A forecast pressure of £76k in respect of the Council's Leisure Centre facilities, represents the net pressure after grant funding has been provided through the National Leisure Recovery Fund managed by Sport England on Central Government's behalf.

Other pressures in CST, totalling approximately £80k are largely a result of Covid related income pressures.

- 2.32 Planning Regeneration and Transport (PRT) is forecasting an overall pressure of £431k. The largest pressure in this Service is in Transportation, £280k.

There is a high number of vacancies, so, fewer fee earning staff are in post consequently less than planned income is recovered. In addition 2 higher cost agency posts are in place to support the service and cover staff vacancies.

A pressure of £122k is being reported in respect of Facilities Management, mainly due to Covid response related costs, security, signage, PPE and lost income. In addition, there are some unplanned building related costs arising.

A pressure of £126k is being forecast on Markets income, arising from the number of void stalls and the ongoing difficult trading conditions.

- 2.33 Progress on delivering outstanding revenue budget savings within the Directorate continues into 2021/22. The key areas of focus will be property and transport as lockdown restrictions ease and new ways of working arising from the pandemic are introduced. Revenue budgets currently reflect that the time taken to deliver savings in these areas has taken longer than planned, however, as outlined above, Transport, including Home to School continues to be the greater challenge

Finance and Customer Services (balanced forecast position)

- 2.34 The overall Directorate is reporting a balanced budget position. Whilst there are financial pressures, as detailed below, the service will use vacancy management, ICT Contracts and Legal disbursements savings to control these financial pressures and deliver, at least, a balanced budget position. The current service forecast is a £331k underspend but there are risks within that forecast position hence a balanced position currently being reported. These risks relate in the main to technical adjustments for bad debt provision on Housing Benefits, an area that can fluctuate significantly.
- 2.35 Within Customer, Information and Digital Services, there are financial pressures from ceasing the Schools Connect Trading service, reflecting the loss the service was making, £126k 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 are better placed to control print usage and implement a strategy to minimise print whilst promoting digitalised service provision.
- 2.36 Whilst Legal Services faces continued demand for legal support with child protection hearings and court case costs relating to Looked After Children, legal disbursements and vacancies are currently forecast at a £505k underspend. However, the number of cases during the year remains volatile and will continue to be monitored closely.

Assistant Chief Executive (balanced forecast position)

- 2.37 The Assistant Chief Executive's Directorate are forecasting a balanced budget position. The service needs to deliver savings of £115k 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.

- 2.38 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 (£0.8m forecast overspend)

- 2.39 There are agreed savings to be delivered from Central Services as the £0.8m 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.
- 2.40 Savings are expected to be 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 mitigate the current forecast overspend by the end of the financial year.
- 2.41 Government have confirmed that the Council will receive its fifth tranche of Emergency Covid support funding of £8.3m. Taken together with the £5.3m fourth tranche of funding that was not required during 2020/21 and carried forward to meet longer-term Covid-19 pressures, the Council have £13.6m of remaining emergency support funding. This resource can therefore, be used to mitigate the financial impact of Covid 19 on the 2021/22 budgets and over the longer term where there is great uncertainty at present. Whilst in the table in section 2.1, this grant is shown below the Directorate position, at the year end this grant will be applied to Central Services, as was the approach in 2020/21.

Housing Revenue Account (HRA)

- 2.42 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 currently forecast to overspend by £239k before transfer from reserves.
- 2.43 There is a forecast underachievement of income which relates to: the closure of Communal Facilities due to COVID-19 (£40k) and reduced garage rents (£70k) due to increase in voids, this is reduced by forecast additional income from Aids and Adaptations (-£55k) due to additional works including work delayed due to the pandemic. There is a forecast overspend within Supervision and Management (£184k) mainly due to lower vacant posts. R&M is forecast to budget at this stage although there are potential pressures in respect of the backlog of works due to the impact of Covid 19.
- 2.44 The HRA budget includes a revenue contribution to capital expenditure of £6.5m (which is forecast to budget at this stage) plus a contribution from the HRA reserve of £2.2m to balance the overall budget. The transfer from reserve is forecast at £2.4m to reflect the forecast overspend which will bring the HRA

back to a balanced position.

2.45 Local Support Grant – Extension to 30 September 2021

2.46 Government have extended COVID Local Support Grant (CLSG) for vulnerable families to continue until 30 September 2021, with a further £160 million of support. Confirming that this will be the final extension of this scheme. The objective of the COVID Local Support Grant extension is to provide support to vulnerable households and families with children particularly affected by the pandemic where alternative sources of assistance may be unavailable.

2.47 The grant is a continuation of the Winter Grant Scheme that was announced in November 2020 and used to provide:

- Holiday Programme and Food – food vouchers for children in receipt of free school meals
- Struggling with utility costs/debt
- Grants to VCS organisations for Christmas food hampers
- Help with school uniforms

Since the Winter Scheme, the fund has been extended to provide continued support up until the 20 June 2021, in the main the funding across the period has been used to provide the Holiday Programme and Food, providing food vouchers to children in receipt of free school meals

2.48 The latest extension sees the scheme extended from the 20 June 2021 to the 30 September 2021, with the Councils allocation confirmed as £948,136.62. On review of the grant guidance it was deemed the most appropriate use of the grant was to provide vouchers for children in receipt of free school meals, over the summer holidays. However, the vouchers would need to be issued prior to the schools breaking up for the summer holidays, a process that would need to commence prior to Cabinet, 19 July 2021, in order to ensure families received the vouchers in time. Therefore, an officer delegated decision was taken by the Assistant Chief Executive, in consultation with the Chief Executive and the Leader of the Council to use the grant to provide free school meals and commence delivery of the scheme. Based on the last volume of vouchers provided through this scheme for the May/June half term, it is possible that the cost of vouchers for the summer holidays could exceed the grant available by £50k. However, final numbers would need to be defined as the voucher scheme is progressed. Should the cost exceed the funding available it would require the Council to cover the additional cost pressure from other unringfenced Covid grant support available.

Infection Control and Testing Fund

2.49 Government have announced an extension to the Infection Control and Testing Fund. The scheme will now run until the end of September, it had been due to close at the end of June, £142.5m has been made available nationally. Infection Control Funding is used by care homes and home care providers to keep their staff and residents safe. It can be used to:

- ensure staff who are isolating receive their normal wages while doing so

- ensure that members of staff work in only one care home where possible
- limit or cohort staff to individual groups of residents or floors/wings, for example paying for extra staff cover to provide the necessary level of care and support to residents
- support recruitment of additional staff (and volunteers) if they're needed to enable staff to work in only one care home

2.50 At the time of writing this report Government had not released the guidance on how the additional funding should be managed or any grant allocations. However, the grant will need to be spent by the end of September 2021 and decisions on how the grant is utilised will be required prior to the next Cabinet meeting. As such, this report seeks to delegate the authority to manage the delivery of the grant allocation to the Strategic Director of Adult Care, Housing and Public Health. The July Financial Monitoring Report, to Cabinet in September 2021, will provide a progress update on the use of the Infection Control and Testing Fund.

2.51 Capital Programme Update

2.52 The Capital Programme 2021/22 now totals £205.192m split between the General Fund £131.422m and HRA £73.770m. This is an increase of £42.487m to the position as at the end of December reported to Cabinet on 15th February 2021, the majority of which relates to the reprofiling of schemes due to delays caused mainly from COVID-19. The movement is based on the latest profiles of expenditure against schemes, both new and revised grant allocations (£3.8m) and slippage and re-profiles of (£38.625m).

The overall increase to the Capital Programme 2021/22 to 2023/24 is £43.824m, predominantly as a result of slippage and re-profiles from the 2020/21 capital programme due to Covid-19 and other delivery pressures. Increase budget provision for Town Centre New Housing project, £1.217m

	Total Increase £m	2021/22 Impact £m	Post 2021/22 Impact £m
Revised Grant and Funding Estimates	3.862	3.862	0.000
New borrowing	0.000	0.000	0.000
Slippage / reprofiling	39.962	38.625	1.337
Total	43.824	42.487	1.337

2.53 The slippage and re-profile requirements have been included within the detailed Financial Outturn Report on the same Cabinet agenda and cut across all directorates, however the main re-profiles are:

- **Holmes Tail GOIT**, £3.137m slippage, due to delayed start date, therefore, project timeline slipped by approximately 3 months. Most of

the costs will be incurred in 21/22, the project is now onsite.

- **Operational Estates Maintenance Programme**, £1.549m slippage, this funding is for backlog maintenance. A large proportion of the budget has been earmarked for particular schemes, as and when they are ready to be delivered, however, uncertainty about future service requirements, heightened by the pandemic have impacted progress.
- **Town Centre Investment**, £3.309m slippage. Match funding for Town Centre projects. This funding is now fully committed against projects to commence from 2021/22.
- **Refurbishments underspend**, £5.510m underspend. The main reasons for variance to budget are Covid-19 related. These resulted from operatives being unable to enter properties, the work force being reduced due to the need for isolation or illness, and a shortage of materials. Internal works on properties were heavily impacted, where only the urgent jobs were given priority, with the back log of work due to be cleared from 2021/22 onwards.
- **New Housing Provision, Strategic Acquisitions** slippage of £1.842m. The budgets within this programme line are a mixture of approved schemes and Growth Budgets where schemes are in the development stages. Delays on private sector developments impacted by Covid-19 have contributed to the delayed spend on the acquisitions programme.

2.54 New 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 November Cabinet report are listed below:

Directorate/Scheme	2021/22 £M	Post 2021/22 £m
Regeneration & Environment		
Network Rail contributions towards the delivery of the Councils Flood Defence programme, to support the Forge Island Flood Defence scheme.	0.400	0.00
New Pothole grant funding allocated to the Council for 2020/21, grant and allocation confirmed at the back end of the financial year, meaning that the allocation couldn't be built into the highways delivery plans for that year. It will therefore be utilised during 2021/22.	2.066	0.000
Childrens and Young People's Services		
Additional grant allocations across the CYPS programme, High Needs (£1.060m), extra LA maintenance block (£0.294m) and further Devolved Formula Capital (£0.042m).	1.396	0.00
Total	3.862	0.000

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

Table 3: Proposed Updated Capital Programme 2021/22 to 2023/24

Directorate	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m	Total Budget £m
General Fund Capital				
Children and Young People's Services	17.825	4.508	5.412	27.745
Assistant Chief Executive	0.391	0.210	0.210	0.811
Adult Care & Housing	6.849	6.540	14.226	27.616
Finance and Customer Services	7.125	3.204	10.523	20.852
Regeneration and Environment	97.232	45.507	28.089	170.828
Capitalisation Direction	2.000	1.000	1.000	4.000
Total General Fund Capital	131.422	60.969	59.460	251.852
Total HRA Capital				
	73.770	45.831	44.062	163.663

Total RMBC Capital Programme	205.192	106.800	103.522	415.514
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It should be noted that current spend against this revised profile is still low for this point in the year. The capital programme for 2021/22 is an ambitious target and a review of the deliverability of the capital programme will therefore be undertaken, with the likely need to delay the delivery of some programmes of work. It is therefore, anticipated that the programme will reduce further due to slippage as the year progresses.

Funding position of Capital Programme 2021/22

2.56 The £205.192m of capital expenditure is funded as shown in the Table 4 below.

2.57 Table 4: Funding of the approved Capital Programme

Funding Stream	2021/22 Budget £m
Grants and Contributions	63.207
Unsupported Borrowing	64.898
Capital Receipts	1.14
Capital Receipts - Flexible Use	2.000
HRA Contribution	0.173
Total Funding - General Fund	131.422
Grants and Contributions	5.787
Unsupported Borrowing	4.303
Housing Major Repairs Allowance	45.402
Capital Receipts	11.76
Revenue Contribution	6.519
Total Funding - HRA	73.770
Total	205.192

Capital Receipts

2.58 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.

2.59 To date no General Fund capital receipts have been generated. 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.

2.60 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 £0.5m 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 £5.9m, further management actions continue to be identified with the clear aim of ensuring a balanced budget position can be achieved, in recognition that there are still financial implications as a result of the third national lockdown that need to be fully understood. It is nationally recognised best practice to monitor the performance against the agreed revenue budgets and the Capital Programme throughout the year.

3.2 In relation to recommendation 4, within this report, the alternative options for use of the Local Support Grant, as detailed in section 2.45, would be to allocate some of the funds to schemes below.

- Struggling with utility costs/debt
- Grants to VCS organisations for Christmas food hampers
- Help with school uniforms

Whilst previous tranches of this fund have been used to run schemes of this nature, providing the vouchers for free school meals over the summer holidays was seen as the priority. As funding available for Local Support Grant, as covered in section 2.45-2.48, needs to be topped up to allow the provision of the vouchers, there is no remaining resource to provide any additional support.

3.3 It is recommended that authority for the management and delivery of the extended Infection Control and Testing Fund is delegated to the Strategic Director of Adult Care, Housing and Public Health. The alternative option would be to wait until the next Cabinet, for a formal cabinet report to be presented on the planned use of the fund, once government release the detailed scheme guidance. However, as the resource will likely need to be spent by the end of September, this approach does not leave sufficient time for any proposed actions to be implemented and would risk significant grant being returned. Therefore, this route to approval was rejected.

4. Consultation on proposal

4.1 The Council consulted on the proposed budget for 2021/22, as part of producing the Budget and Council Tax Report 2021/22. Details of the consultation are set out in the Budget and Council Tax 2021/22 report approved by Council on 3rd March 2021.

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 2021/22 will be taken to Cabinet in July 2022.

6. Financial and Procurement Advice and Implications

6.1 The Council's 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 update on the Council's Medium Term Financial Strategy was provided within the Budget and Council Tax Report 2021/22, approved at Council on the 3 March 2021. This indicated that a balanced budget could be maintained for 2021/22 but that there is a forecast funding gap for 2022/23. The MTFS position will be reviewed again in the Autumn ahead of 2022/23 budget planning.

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 CO2 Emissions and Climate Change

11.1 No direct implications.

12. Implications for Partners

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	01/07/21
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	30/06/21
Head of Legal Services (Monitoring Officer)	Bal Nahal	30/06/21

Report Author: Rob Mahon, Head of Corporate Finance

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