

Committee Name and Date of Committee Meeting

Cabinet – 22 November 2021

Report Title

September 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

Report Author(s)

Rob Mahon, Head of Corporate Finance
01709 254518 or rob.mahon@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

The report sets out the financial position as at the end of September 2021 and is based on actual costs and income for the first six 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 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 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 £9.8m 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, public health measures 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 updated position of the Governments Test and Trace Support Payments and Councils Local Scheme for Self-Isolation Support Payments, as per section 2.46 to 2.47 be noted.

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

May 2021/22 Financial Monitoring Report to Cabinet on 19th July 2021

July 2021/22 Financial Monitoring Report to Cabinet on 20th September 2021

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 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 third 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 six 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 September 2021

Directorate	Budget 2020/21 £m	Forecast Outturn 2020/21 £m	Forecast Variance over/und er (-) £m
Children and Young People's Services	63.4	70.6	7.2
Adult Care, Housing & Public Health	87.1	85.3	-1.8
Regeneration and Environment Services	45.0	49.1	4.1
Finance and Customer Services	19.3	19.1	-0.2
Assistant Chief Executive	7.2	7.0	-0.2
Central Services	13.7	14.4	0.7
Directorate Forecast Outturn	235.7	245.5	9.8
Covid-19 support grant			-9.8
Sales, Fees and Charges Income Compensation Claims			0.0
Net Forecast Outturn			0.0
Dedicated Schools Grant			0.8
Housing Revenue Account (HRA)			0.1

2.2 The Council's overspend position (excluding government's COVID-19 support grants) at this point is largely due to three 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.
- Placement pressures within Children and Young People's Services

As at September 2021, the Directorate forecast overspend of £9.8m is mitigated by the Government's provision of emergency funding to support the COVID-19 response. Whilst elements of the current forecast overspend aren't directly linked to Covid-19 pressures (CYPS placements), there are Covid-19 pressures/costs within budgeted services, that the Council can use Covid emergency funding to support.

2.3 Government has provided the Council with £8.3m emergency funding for the financial impacts during 2021/22. At this point it is too early to fully and accurately estimate the financial impacts of Covid-19 on 2021/22, nor estimate the longer-term financial impact on the Council. 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. This allows £13.6m to be used to support financial pressures in relation to Covid 19 during 2021/22. As such the Council is forecasting the use of £9.8m at present, to support the Council's forecast outturn position, leaving £3.8m to mitigate any further pressures that occur during the year.

2.4 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. The Council has now submitted the claim for SFC quarter 1, 2021/22 in line with Governments deadline of the 22nd October 2021 (a claim of £428k).

2.5 Within previous financial monitoring reports the Council has provided an update on the Covid-19 grants available for 2021/22. 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 continuing Covid impact.

- 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. These values are based on agreed savings, no new savings plans have to be developed to meet these targets.

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

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

Directorate:

To date £1.45m of savings have been delivered against the budgeted delivery in 2021/22 of £5.65m, with a forecast delivery of £2.1m for 2021/22. The non-delivery of savings is built into the overall Directorate forecasts and is due in the main to pressures on CYPS placements as detailed later within this report.

The following sections provide further information regarding the Councils forecast outturn of £9.8m, 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 (£7.2m forecast overspend)**
- 2.9 Children & Young People Services continue to implement the budget recovery plan with budget savings on track for staffing and therapeutic savings, but placement pressures mean only £1.5m of the £3.6m savings are currently forecast to be realised in 2021/22 and an updated action plan is being developed to enable the delivery of these savings and the £5.2m savings planned for 2022/23 as these savings are in the main linked to a reduction in placement costs.
- 2.10 The budget pressure at the end of September is a £7.2m projected overspend. In the main the pressures relate to demands on residential & emergency placement spend that is also impacting the delivery of planned savings for 2021/22. The budget position includes additional cost pressures due to the

COVID pandemic which are estimated at £1.5m (£1.2m placements and £300k reduced income) and Stovewood costs linked to CYPS, that are expected to be around £6m for 2021/22.

- 2.11 The Looked After Children number of 570 is ahead of the budget profile of 583 for this period, a reduction of 13 placements. However, the placement mix is showing higher than projected placements in high costs settings for residential (16), emergency (4), Independent Fostering Agencies (12), Parent & Baby (1), offset by in-house fostering (31) and no cost placements (15).
- 2.12 The direct employee budget is £36.2m and is a combination of general fund, traded and grant funded services. The projected overspend at the end of September is £272k, of which £105k relates to general fund.
- 2.13 The staffing general fund forecast pressure of £105k relates to staffing pressures in Children's Social Care due to use of agency staff in Locality Teams, pressures in Commissioning, Performance and Safeguarding offset by savings in the Early Help services. At the end of September there were 17.4 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 budget relates to placements which has a net budget of £32.7m with a current projected spend of £39.0m, a projected overspend of £6.3m.
- 2.16 The £6.3m adverse projection relates in the main to £4.6m on residential placements and £1.9m on emergency placements, offset by savings on allowances £100k and supported accommodation £100k. In fostering there are £700k pressures on IFA placements due to numbers above the budget profile, offset by £700k savings in-house fostering due to numbers being lower than budget projections.
- 2.17 The other major budget pressures across the service relate to Transport pressures (£400k), a projected overspend on Section 17 budgets (£200k) and reduced income due to Covid for Crowden, Rockingham & fees which equates to £300k.

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.
- 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 latest budget position is a £755k projected overspend, with no movement since the last report. The pressures reflect growth for special school and Independent Sector

placements for the new academic year and pressures on Inclusion Services.

2.20 Both the Early Years and the Schools' Block are also expected to be broadly in line with allocations in 2021/22.

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 (£1.8m forecast underspend)

2.22 The overall Directorate forecast is an underspend of £1.8m on general fund services: Adult Care (£1.1m); Housing (£463k) and Public Health (£290k).

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 £2.2m during 2021/22. This includes: £400k for personal protective equipment; £1.3m due to delays in achieving planned cost reduction and costs of transformation; £1m of placement costs due to the extension of the NHS discharge scheme (additional demand) and £500k of staffing and other costs. Forecast additional NHS income for people discharged from hospital £1m, to support the hospital discharge process during the pandemic, reduces the net Covid-19 cost.

2.24 Excluding the cost of COVID-19, the cost of care packages is forecast to be a net £2.4m underspend. This is due to savings on transforming care £620k and reductions in the number of older people placements of £3m although 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 £1.2m due to an increase in demand and complexity of cases.

2.25 The overall forecast for Adult Care includes anticipated support from the Better Care Fund subject to final agreement with partners.

2.26 Neighbourhood Services' (Housing) is forecast to underspend by £463k. This is due to anticipated additional income from furnished homes and aids and adaptation fees.

2.27 Public Health is forecast to underspend by £290k in the main as the NHS Health Check programme (£250k) has been paused through the pandemic to reduce the risk from face-to-face contact and support the capacity issues in primary care.

Regeneration and Environment Directorate (£4.1m forecast overspend)

- 2.28 The latest outturn projection for the Directorate indicates a forecast pressure of £4.1m for this financial year, an improvement of £0.5m since the last financial monitoring report to Cabinet. This reflects a further transition between lockdown restrictions and a return to some aspects of normalised operational conditions. The improvement has mostly been in income however, it is not clear how much further progress will be made to reach the levels of the past. As the full consequence of Covid passes through it remains to be seen if underlying structural pressures remain e.g. waste services, parking. The forecast outturn projection includes the following specific budget issues:
- 2.29 Community Safety and Street Scene (CSS) is reporting an overall pressure of £2.6m. The most significant pressure continues to be in respect of Transport (£1.5m). Pressures continue in Home to School Transport (£1m), where at first, social distancing requirements have limited the ability to make savings but also the start of school in September brought a new cohort of passengers eligible for transport. Also, fewer contractors in the market have meant that prices have increased. Engagement continues with CYPS to maximise savings opportunities using improved cost data analysis to support plans to implement lower cost routes. Cost pressure amounting to £473k remain forecast in Fleet Management and Vehicle Maintenance. Plans are in place to improve the efficiency of the service but it will take time for arrangements to be reset then embed in.
- 2.30 Waste Management is forecasting an overspend of £700k. Household waste tonnages are above trend. A pressure of £382k is being reported in Parking Services, a slightly better forecast than earlier in the year, lockdown restrictions brought income down, however, the continuing impact on town centre footfall also plays a part in collecting less parking charges.
- 2.31 Culture Sport and Tourism (CST) has been significantly impacted by Covid restrictions earlier in the year, income earning services saw reduced takings and there has been slow recovery following those restrictions being lifted. As a result CST is reporting an overall pressure of £815k. Leisure sites, green spaces and country parks are key income earners for R&E but the rate of recovery in income is slow. The income shortfalls at Rother Valley Country Park, Waleswood Caravan Park and other green spaces are forecast to be £871k this year. The Theatre has a forecast net £86k loss, following the Council decision to close the facility until the Autumn, it is uncertain if sales can improve on this following the Theatre's September re-opening. Libraries costs are forecast to be less than planned (£142k) which is due to difficulty in recruiting to vacant posts.
- 2.32 Planning Regeneration and Transport (PRT) is forecasting an overall pressure of £684k, an improvement of £299k. The pressure in Transportation is £125k, there are a high number of vacancies due to difficulties recruiting, particularly to high skilled engineering roles, so fewer fee earning staff are in post consequently less than planned income is recovered.

- 2.33 A pressure of £128k is being reported in respect of Facilities Services, still due to Covid response related costs, agency costs, PPE and lost income. In Asset Management a pressure of £450k reflects a reduction in project fee turnover, a small recovery has been measured but this has been in utility savings and isn't expect to recur. A pressure of £141k continues to be forecast on Markets arising from the number of void stalls and the ongoing difficult trading conditions. However, grant income and lower than expected costs in the wider service (-£132k) has helped mitigate the Markets service pressure as has improved income in planning and building control (£28k).
- 2.34 Progress on delivering outstanding revenue budget savings within the Directorate continues into 2021/22. Revenue budget pressures currently reflect that the time taken to deliver Transport savings and demand pressures make delivering savings a challenge. However £500k has been delivered within Property Services and work continues to progress delivery across the remaining savings.

Finance and Customer Services (£0.2m forecast underspend)

- 2.35 The overall Directorate is reporting a £0.2m forecast underspend. Whilst there are financial pressures, as detailed below, the service will make savings on ICT Contracts and Legal disbursements to mitigate these financial pressures and deliver a £0.2m underspend. The current service forecast suggests potentially a greater underspend than this but there are risks within that forecast position hence a moderate forecast underspend 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.
- 2.36 Within Customer, Information and Digital Services, following a review of the service provision and the loss-making position it was in, the Schools Connect Trading service was ceased. Therefore, the service holds a budget pressure of £126k reflecting the income that would have been generated when this traded service was viable. It should be noted that this is still an improved position from that prior to ceasing the service. 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. Following the changes to ways of working as a result of the pandemic, the service has seen a significant reduction in print costs that is mitigating this income shortfall. 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.
- 2.37 Legal Services faces continued demand for legal support with child protection hearings and court case costs relating to Looked After Children. However, reduced costs of legal disbursements and difficulties in recruiting to key posts, in particular within Adult Social Care legal support, are currently resulting in a forecast £474k underspend. However, the number of cases during the year remains volatile and will continue to be monitored closely.

Assistant Chief Executive (£0.2m forecast underspend)

- 2.38 The service is currently able to forecast a £193k underspend, in the main due to carrying a number of vacant posts within the HR service, whilst a review of service requirements is finalised and wider vacancies within the directorate as a result of staff turnover. The Directorate are looking to draw up a process for services to bring forward plans as part of a transformation programme, via a business case process to run projects, to review and improve service provision and efficiency.

Central Services (£757k forecast overspend)

- 2.39 There are agreed savings to be delivered from Central Services as the £800k 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 full this year, with a forecast delivery of £100k, however to date £43k of the saving has been delivered in the current year, with a total with a further £24k secured for 2022/23.
- 2.40 A number of general efficiencies on centrally managed budgets are anticipated to mitigate the current forecast overspend by the end of the financial year, this position will be kept under review and updated in future Financial Monitoring reports. The Council has £13.6m of emergency support funding available to support the 2021/22 financial outturn. Whilst in the table in section 2.1, an element of this grant is shown below the Directorate position, to net off the overall overspend, at the year end this grant will be applied to Central Services, as was the approach in 2020/21.
- 2.41 The Central Services budgets are made up of a number of corporate budgets for levies and charges such as the Integrated Transport Levy (ITA), PFI Financing, and Treasury Management. A list of the main budget areas within Central Services was provided as part of the Council's Budget and Council Tax Report 2021/22, approved at Council 3rd March 2021. The costs within this area are largely fixed costs, set out prior to the start of a financial year, not specific to a particular Directorate and are therefore not controllable by the Directorates and thus held centrally. For example, the cost of levies for 2021/22 was set at £11.8m at the outset of 2021/22.

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 £119k before transfer from reserves.
- 2.43 There is a forecast underachievement of income (£261k) which mainly relates to: the closure of Communal Facilities due to COVID-19, reduced garage rents and lower income from interest on balances. This is offset by increased fees for Aids and Adaptations (£55k) due to additional works including work delayed due to the pandemic and increased cost of sales income from RTB (£124k). There is a forecast overspend within Supervision and Management (£388k) mainly due to increased ICT costs and RTB transaction costs. Interest on loans

is forecast to be £324k underspent and the provision for bad debt is expected to reduce saving £83k. Other small variances total £56k. 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 £2.3m to reflect the forecast overspend which will bring the HRA back to a balanced position.

Governments Test and Trace Support Payments & Local Self-Isolation Support scheme update

- 2.45 On 20 September 2020 Government announced that from 28 September 2020 there would be a legal duty on all those who tested positive for COVID-19 or were identified by NHS Test and Trace as a close contact, to self-isolate. In order to support those people required to self-isolate, Government introduce the Test and Trace Support Payments scheme, that from 28 September 2020, individuals would be entitled to a Test and Trace Support Payment of £500, providing that they met the scheme criteria. The Council have been administering the scheme since this point, with the scheme expected to end September 2021. However, Government have now announced that the scheme will run until the 31st March 2022, albeit with some amended criteria. For example, those who are double vaccinated, are not required to self-isolate if they are only identified as a contact of a person with a positive test.
- 2.46 The Council's Local Self-Isolation Support scheme, approved at Cabinet on 25th January 2021, was established to provide financial support to those people needing to self-isolate, that couldn't access Governments Test and Trace Self Isolation Support schemes. This scheme provides payments of £250 per successful applicant providing that they meet the scheme criteria.
- 2.47 As part of the June Finance Update report to Cabinet, 21st June 2021, a recommendation was approved to continue the Council's local scheme for as long as the Government's schemes continue. Therefore, when the Government scheme ends, the Council's Local Self-Isolation Support Scheme will also end. Additional funding for the local scheme to continue to the end of September was approved as part of the Financial Monitoring report to Cabinet, 20th September 2021, to be funded via the Control Outbreak Management Fund (COMF).
- 2.48 Following Government's extension of the Test and Trace Support Payment scheme to the end of March 2022, the Local Self-Isolation Support Scheme will also be extended to March 2022. In order to continue to fund the scheme until March 2022, the additional funding will again be provided through the COMF contingency. An officer decision has been taken by the Assistant Director of Public Health, in line with delegated authority approved within the 16th August 2021 Cabinet report on COMF.

2.49 Capital Programme Update

2.50 The Capital Programme 2021/22 now totals £192,578m split between the General Fund £123.578m and HRA £69.000m. This is a decrease of £1.111m to the position as at the end of July reported to Cabinet on 20th September 2021, the majority of which relates to the reprofiling of schemes due to delays caused mainly from COVID-19 and the high volume of capital activity taking place nationally that is straining resources from an internal and external delivery point. The movement is based on the latest profiles of expenditure against schemes, both new and revised grant allocations £200k, new borrowing, £144k and slippage and re-profiles of (£1.455m).

The overall Capital Programme 2021/22 to 2023/24 has increased by £3.229m, predominantly as a result of changes to grant funding available, as detailed in the following sections.

	Total Increase £m	2021/22 Impact £m	Post 2021/22 Impact £m
Revised Grant and Funding Estimates	3.085	0.200	2.885
New borrowing	0.144	0.144	0.000
Slippage / reprofiling	0.000	(1.455)	1.455
Total	3.229	(1.111)	4.340

2.51 The main re-profiles are:

- **Basingthorpe Farm**, £0.445m slippage, consultancy work has been undertaken as part of determining the way forward with the site. The work undertaken will require review and consultation prior to any revised plans being put forward, therefore it is estimated that this will slip into 2022/23.
- **Century Park Phase II**, £1.069m slippage - Business Case with SYMCA for use of GBBF and Gainshare. A project assessment of costs and project viability, building specification and funding options was undertaken, with a revised delivery plan agreed. However, due to the delays in the early part of the year whilst the deliverability of the scheme was reviewed and challenges around planning approval, the project is unlikely to complete by March 2022. This may impact the funding, which Government have indicated must be spent by March 2022 (GBBF funding for this project is £2m) The Council are also in the progress of gaining agreement from SYMCA for approval of Gainshare funding of £1m to support this new delivery model. The gainshare will support the increased costs of the re-designed scheme, covering costs to complete the scheme in the early part of 2022/23.
- **Network Equipment Refresh Programme** – £0.931m budget brought

forward. The Council ICT solution for this area has been developed and approved, with an order to be placed for £2.7m. Part of this payment will be covered by re-profiling the existing approved budgets, allowing the project to be delivered quicker than expected. The benefits of this will be that the Council can combine a number of agreements together under one cheaper contract, whilst protecting the security of the Council's digital infrastructure.

- 2.52 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		
Land Release Fund – External funding secured to support the demolition of two units on Wellgate as part of the wider Town Centre Development plan.	0.200	0.000
Clean Air Zone funding, Bellows Road, this covers design, development and delivery of the highway improvement at the junction of Rawmarsh High Street and Bellows Road.	0.000	2.280
Clean Air Zone funding, Wortley Road, this covers design, development and delivery of the Wortley Road HGV prohibition.	0.000	0.085
Clean Air Zone funding, this is the balance of Clean Air Zone funding, which will fund remaining Clean Air Zone works. This will be broken down by scheme once costs are confirmed.	0.000	0.520
Total	0.200	2.885

2.53 **MCA Approvals**

There have been no new MCA approvals since the last report submitted to cabinet on 20th September 2021.

2.54 **Proposed amendments to the use of corporate resources**

A number of Council houses, within HRA stock that were funded using Homes England grant when they were originally purchased have been sold via a Right to Buy. As part of the grant conditions, if the properties were ever purchased under the Right to Buy legislation, the Council would need to refund the grant used for the original purchase. As such a budget of £0.144m of RTB capital receipts has been added to the capital programme to fund the repayment of grant due back to Homes England from the sale of these properties.

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	12.868	9.442	5.412	27.722
Assistant Chief Executive	0.387	0.210	0.210	0.807
Adult Care & Housing	6.840	6.540	14.226	27.606
Finance and Customer Services	8.056	2.902	9.893	20.851
Regeneration and Environment	93.427	52.242	28.089	173.758
Capitalisation Direction	2.000	1.000	1.000	4.000
Total General Fund Capital	123.578	72.336	58.830	254.744
Total HRA Capital				
	69.000	49.042	45.834	163.876
Total RMBC Capital Programme				
	192.578	121.378	104.664	418.620

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 ambitious and a review of the deliverability of the capital programme will therefore be undertaken, with the potential 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 £192.578m 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	58.265
Unsupported Borrowing	61.997
Capital Receipts	1.144
Capital Receipts - Flexible Use & HRA Contribution	2.000
HRA Contribution	0.173
Total Funding - General Fund	123.578
Grants and Contributions	5.787
Unsupported Borrowing	4.303
Housing Major Repairs Allowance	41.148
Capital Receipts	11.244
Revenue Contribution	6.519
Total Funding - HRA	69.000
Total	192.578

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 General Fund useable capital receipts of £0.499m 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.

Description	Total as at 30th September 2021 £m
11 Russell House	- 0.077
Copeland Lodge	- 0.401
Miscellaneous	- 0.003
Total Capital Receipts (Excluding loan repayments)	- 0.481
Repayment of Loans	- 0.018
Total Capital Receipts	- 0.499

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 £0.6m 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 £9.8m, further management actions continue to be identified with the clear aim of ensuring a balanced budget position can be achieved taking into account the emergency Covid funding. This is 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 With regards to the updated position for noting at Recommendation 4, the Council could have chosen to cease the Local Scheme when the Government funding ran out, this would have meant some claimants in need of support being rejected and would not support the wider aims of the Council to encourage people to adhere to self-isolation rules. In addition, it would also go against the Council's commitment to continue the scheme for as long as the Government's Test and Trace Support Payment schemes continue as indicated as part of the June Finance Update report to Cabinet, 21st June 2021.

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 was a forecast funding gap for 2022/23. The MTFS position is being reviewed again, informed by the Government Spending Review 2021 released on 27th October 2021 and an updated position will be reported to Cabinet in December.

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	07/11/21
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	03/11/21
Head of Legal Services (Monitoring Officer)	Bal Nahal	03/11/21

Report Author: Rob Mahon, Head of Corporate Finance

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