Rotherham Metropolitan Borough Council

Public Report
Cabinet

Committee Name and Date of Committee Meeting
Cabinet – 24 January 2022

Report Title
November 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 November 2021 and is based on actual costs and income for the first eight 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 fourth 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 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 £8.5m 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. This is further exacerbated by current uncertainties brought about by the Omicron variant that may lead to further financial implications for the Council.

Recommendations

That Cabinet:

1. Note the current General Fund Revenue Budget forecast of a balanced budget.

2. Note that actions will continue to be taken to ensure that a balanced financial outturn is delivered.

3. Note the Capital Programme update.

4. Note the officer delegated decisions taken by the Strategic Director of Adult Care, Housing and Public Health, as detailed in sections 2.45 to 2.58 of the report.

5. Note Governments base criteria for the new business support scheme, Omicron Hospitality and Leisure Grant, as detailed in sections 2.59 to 2.65 and that the Council will administer the scheme in line with Government guidance.

6. Note Governments announcement of a further top up to the Additional Restrictions Grant (ARG), a discretionary grant to provide support packages to businesses impacted by the continuing pandemic, and that schemes will be approved via the South Yorkshire Mayoral Combined Authority (SYMCA), as detailed in sections 2.66 to 2.68.

7. Note Governments base criteria for the Covid Additional Relief Fund (CARF), a discretionary fund to provide business rates relief to businesses impacted by the continuing pandemic, as detailed in sections 2.69 to 2.72 and that proposals for the scheme will be developed and recommended to Cabinet in February.

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
September 2021/22 Financial Monitoring Report to Cabinet on 22nd November 2021

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 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 fourth 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 eight 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 November 2021

Directorate	**Budget 2020/21** **£m**	**Forecast Outturn 2020/21** **£m**	**Forecast Variance over/ under (-)** **£m**
Children and Young People's Services	63.4	70.6	7.2
Adult Care, Housing & Public Health	87.1	84.2	-2.9
Regeneration and Environment Services	45.3	49.4	4.1
Finance and Customer Services	18.8	18.5	-0.3
Assistant Chief Executive	7.2	6.8	-0.4
Central Services	13.9	14.7	0.8
Directorate Forecast Outturn	**235.7**	**244.2**	**8.5**
Covid-19 support grant			-8.1
Sales, Fees and Charges Income Compensation Claims			-0.4
Net Forecast Outturn			**0.0**
Dedicated Schools Grant			0.8
Housing Revenue Account (HRA)			-0.6

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 November 2021, the Directorate forecast overspend of £8.5m is mitigated by the Government's provision of emergency funding to support the COVID-19 response. Whilst some 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. 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 £8.1m at present, to support the Council's forecast outturn position, leaving £5.5m to mitigate any further pressures that occur during the year. At this point the longer-term financial impact on the Council of Covid-19 remains uncertain. In addition, the new Omicron variant could present the Council with further financial challenges.

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, a claim of £428k. This funding will be added to the use of £8.1m of emergency funding to enable the Council to deliver a balanced budget position as at the financial outturn 2021/22.

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, the ongoing longer term financial implications of Covid-19 remain uncertain, 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 The Budget and Council Tax Report 2021/22 noted that £18.1m of agreed budget savings and cost reductions were required to be delivered across the medium term. As per the Medium Term Financial Strategy (MTFS) update to Cabinet on 20th December 2021 the Council remains confident that the remaining savings will be achieved, but over a longer timeframe, most of them by the end of 2024/25. A further £2m savings is being delivered in 2021/22 and £11.5m is profiled for delivery from 2022/23 in the updated MTFS. The shortfall is mostly mitigated by additional Corporate savings from Treasury Management.

The following sections provide further information regarding the Councils forecast outturn of £8.5m, 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 achieved in 2021/22. CYPS are developing an updated action plan to enable the delivery of the remaining CYPS agreed savings over the period of the Medium Term Financial Strategy (MTFS), as reflected within the Councils updated MTFS report to Cabinet in December 2021.

2.10 The budget pressure at the end of November 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 £1.8m (£1.5m 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 571 is ahead of the budget profile of 576 for this period, a reduction of 5 placements. However, the placement mix is showing higher than projected placements in high costs settings for residential (23), emergency (3), Independent Fostering Agencies (20), offset by in-house fostering (44) Parent & Baby (1), in-house residential (2) and no cost placements (4).

2.12 The direct employee budget is £36.3m and is a combination of general fund, traded and grant funded services. The projected overspend at the end of November is £244k, which includes a general fund projected underspend of £80k and additional spend of £324k against DSG and new grant funding.

2.13 The staffing general fund projected underspend of £80k relates to staffing savings in Early Help offset by pressures in Children's Social Care (due to agency workers), District Wide (mainly Safeguarding) and Commissioning, Performance.

Education staffing pressures relate to DSG and traded services. At the end of November there were 16.4 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 £39.2m, a projected overspend of £6.5m.

2.16 The £6.5m adverse projection relates in the main to £4.9m on residential placements, £1.7m in emergency and £0.1m on Mother and Baby placements. In fostering there are £0.6m pressures on IFA placements due to numbers above the budget profile, offset by £0.8m 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 £200k.

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 Council is working with the DfE as part of the Safety Valve Intervention Programme which is provided to support local authorities which have large DSG deficits. The work with DfE on the Programme aims to achieve a mutually agreeable solution to eliminating the Council's DSG deficit and to secure a sustainable DSG position going forward.

2.20 The High Needs Budget is based on the DSG recovery plan and includes anticipated growth on EHC 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 in the overall projection since July. The pressures reflect growth for special school and Independent Sector placements for the new academic year and pressures on Inclusion Services. 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 (£2.9m forecast underspend)

2.22 The overall Directorate forecast is an underspend of £2.9m on general fund services: Adult Care (£2.4m); Housing (£91k) and Public Health (£460k).

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 £2.3m during 2021/22. This includes: £400k for personal protective equipment; £1.3m due to delays in achieving planned cost reduction and costs of transformation; £0.8m of placement costs due to the extension of the NHS discharge scheme (additional demand) and £600k of staffing and other costs. Forecast additional NHS income for people discharged from hospital £0.8m, 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 £3.8m 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. Across Mental Health packages, Physical and Sensory disability services and Learning disability placements there is a net saving of £205k. Care packages have therefore, seen a reduction of just under £1.4m since the last report due to increased Health income for clients being agreed and backdated, as well as lower than anticipated take up of some services restarting following partial closure due to the pandemic (0.9m). In addition, forecast price pressures of £525k are no longer expected this financial year.

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 £91k. Additional income from furnished homes is offset by £509k of pressures due to the increased cost of temporary accommodation.

2.27 Public Health is forecast to underspend by £460k. 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. The remainder is due to underspends on several demand-led services.

Regeneration and Environment Directorate (£4.1m forecast overspend)

2.28 The latest outturn projection for the Directorate remains unchanged from the November Cabinet report forecast pressure of £4.1m for this financial year. However, within this stable position there are variances from the last reported position within individual Services. Income improvements have continued, particularly in Culture Sport and Tourism, following the relaxation of lockdown restrictions in July, however, it is not clear how much further progress will be made to reach the income levels of the past. In addition, it remains to be seen if the underlying structural pressures will remain after the end of the pandemic e.g. in Waste Services and 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 £2.5m, a small improvement of £100k from the last reported position. The most significant pressure continues to be in respect of Transport (£1.8m). Pressures continue in Home to School Transport (£1.3m), where at first, social distancing requirements have limited the ability to make savings but also the start of school in September brought increased demand as the number of new eligible passengers, exceeded those no longer requiring support with transport. In addition, 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 pressures amounting to £346k remain forecast in Corporate Transport (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 £492k, an improvement of £0.2m from November's reported position. Household waste tonnages continue to be above trend, however, the Service is seeing an improvement in recycling income, as the market begins to stabilise. Network Management is reporting a pressure of £285k, due to an ongoing pressure in Parking Services. Lockdown restrictions led to a reduction in income, however, the continuing impact on town centre footfall also plays a part in collecting less parking charges. Temporary savings in the Community Safety and Regulation budget have been generated due to staff turnover and the use of COMF funding to support service delivery, this is partly mitigating the pressures within CSS.

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 £537k, an improvement of £278k from the November reported figure. 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 £649k this year. The Theatre has a forecast net £69k loss, following the Council decision to keep the facility closed 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, (£212k), which is due to the difficulty in recruiting to vacant posts. In addition, income pressures in the Music Service and Heritage Services, as a result of the restrictions, make up the balance of the pressure in CST.

2.32 Planning Regeneration and Transport (PRT) is forecasting an overall pressure of £1.1m, a worsening of £0.4m. The major pressure is in Asset Management, with a forecast overspend of £744k. The pressures include income under recovery in Building Consultancy and Estates. Pressures in Facilities Management include additional repairs and maintenance expenditure, fixtures and fittings and covid related costs. These pressures are being partly mitigated by utility savings, as the result of the reduced use of buildings.

2.33 A pressure of £214k is being reported in respect of Facilities Services, due to Covid response related costs, agency costs, PPE and lost income and inflationary pressures on food prices. A pressure of £114k 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 (-£53k) has helped mitigate the Markets service pressure. The pressure in Transportation is £65k, 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.

2.34 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 (£0.345k forecast underspend)

2.35 The overall Directorate is reporting a £0.345k forecast underspend. Whilst there are some financial pressures within the directorate, as detailed below, the service will make savings on ICT Contracts and Legal disbursements to mitigate these financial pressures and deliver a £0.345k 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 (CIDS), following a review of the service provision and the loss-making position it was in, the Schools Connect Trading service was ceased. This improved the financial position through the reduction in staffing. However, the service still holds a budget pressure of £126k reflecting the income that would have been generated when this traded service was viable. CIDS will need to identify savings within the wider service provision, in order to free up budget to remove the Schools Connect budget pressure completely and this consideration is underway in order to ensure an achievable budget is set in 2022/23. 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. The service has incurred difficulties with recruitment which has further increased the Directorates forecast underspend.

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 £472k underspend. However, the number of cases during the year remains volatile and will continue to be monitored closely.

Assistant Chief Executive (£0.404k forecast underspend)

2.38 The service is currently able to forecast a £404k underspend, in the main due to carrying a number of vacant posts within the HR service, whilst a review of service requirements was finalised and wider vacancies within the directorate as a result of staff turnover and challenges with recruitment.

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. This saving will not 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 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 underspend by £592k before transfer from reserves.

2.43 There is a forecast underachievement of income (£204k) which mainly relates to: the closure of Communal Facilities due to COVID-19, reduced garage rents and lower income from interest on balances. There is a forecast overspend within

Supervision and Management (£318k) due to increased ICT and central services costs. Interest on loans is forecast to be £324k underspent and the provision for bad debt is expected to reduce saving £233k. Other small variances total £63k. R&M is forecast to underspend by £620k due to delays to works which will be completed in the new financial year.

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 £1.6m to reflect the forecast underspend which will bring the HRA back to a balanced position.

Infection Control, Rapid Testing and Vaccination Fund(s)

2.45 On the 21 October 2021, the Department of Health and Social Care (DHSC) announced what they are calling Infection Control and Testing Fund, round 3. This includes round 4 of the Rapid Test Fund element and a new Vaccination Fund element. The Fund covers the period 1 October 2021 to 31 March 2022 and will provide an additional £388 million to support Adult Social Care. The Council has been allocated £117,469 from the Vaccination Fund element and £1,142,976 from the Infection Control Fund.

2.46 The two grants do have some distinctions in how the monies are to be distributed. Both parts of the Fund are time limited, and need to be spent by 31 March 2022, and have clear eligibility criteria.

2.47 An officer decision was taken on the 30th November, by the Strategic Director of Adult Care, Housing and Public Health to allocate 70% (£82k) of the Vaccination Fund and 70% (£800k) of the Infection Control Fund in accordance with the mandatory grant conditions. The remaining 30% (£35k) of the Vaccination Fund and 30% (£184k) of the Infection Control Fund discretionary elements of these grants are to be distributed as set out below.

2.48 The discretionary amounts will be used to offer a range of organisations the opportunity to bid for grant monies to be spent on either IPC or vaccination measures, as allowed by the grant conditions. These organisations are:

- Day opportunity services (including micro-enterprises) and other providers who are not eligible to access the mandatory element of the grant.
- Care homes and supported living services for people who are under 65.
- Any other CQC registered service who are operating in Rotherham.

2.49 This element will be allocated based on the applications which are received, and if the criteria for the grant will be met. The applications from non-CQC registered services will be considered as a higher priority. The CQC registered providers will be expected to have forecast to have spent their allocation of the mandatory grant. The providers will be asked to certify the expenditure at the end of the reporting period and any unspent allocations returned to the Council.

Rapid Testing Fund

2.50 The Council has been allocated £605,975 from this Rapid Testing Fund Round.

An officer decision was taken on the 30th November, by the Strategic Director of Adult Care, Housing and Public Health to allocate 70% (£437k) of the Rapid Testing Fund in accordance with the mandatory grant conditions, and to distribute the 30% (£169k) discretionary element as set out below. Additional guidance has been issued indicating that £62k of the 30% discretionary element should be ringfenced for Community Care providers in respect of the associated costs of PCR testing.

2.51 It is proposed to offer a range of organisations the opportunity to bid for a grant from the discretionary fund.

These organisations are:

- Any CQC registered provider of residential care to adults with a registered location in Rotherham. This includes care homes for older people and under 65 provision, including smaller homes to implement lateral flow testing as they may face relatively higher costs compared to larger homes.
- Supported Living Providers.
- Extra Care Housing Providers.

2.52 The above is in line with the conditions of the 30% discretionary grant. In terms of reviewing the applications, these will be considered in this order of priority:

- Supported Living Providers – providers not able to access the 70% mandatory grant.
- Extra Care Housing Providers – providers not able to access the 70% mandatory grant.
- Smaller care homes – as they may face relatively higher costs compared to larger homes.
- Any CQC registered provider of residential care to adults with a registered location in Rotherham. This includes larger care homes for older people and under 65 provision.

2.53 For care homes, the provider will need to have spent (or forecast to have spent due to the timescales of the reporting) their mandatory allocation (70% element). This element will be allocated based on an assessment of the emerging risks, and in line with the wider testing strategy. The providers will be asked to certify actual expenditure at the end of the reporting period and any unspent allocations returned to the Council.

Workforce Recruitment and Retention Fund

2.54 On the 3 November 2021, the Department of Health and Social Care (DHSC) published details of the Workforce Recruitment and Retention Fund. The Fund covers the period 21 October 2021 to 31 March 2022 and will provide an additional £162.5 million to support Adult Social Care. Rotherham's total allocation is £910,872 and will be received in two tranches. Therefore, any payments made to providers will also be made in two tranches in December 2021 (60%) and Jan/Feb 2022 (40%).

2.55 The Fund has clear eligibility criteria, is time limited, and all spend, and activity, must be completed by 31 March 2022. There are no mandatory elements to the Fund and Councils are required to determine themselves how the monies are distributed. There is however clear guidance on the type of activity that the money can be spent on. The Council has facilitated the distribution of the Workforce Recruitment and Retention Fund October 2021 in accordance with the grant conditions.

2.56 An officer decision was taken on the 3rd December, by the Strategic Director of Adult Care, Housing and Public Health to allocate the Workforce Recruitment and Retention Fund October 2021 in the following three areas:

1. £288,000 to commission a Rapid Response Service Winter Pilot from 3 of the providers. The levels of capacity, capability and interest will be taken into consideration when choosing the providers through the selection process.

2. £553,372 to CQC registered providers, registered in Rotherham, on a per staff number basis - using data from the NHS Capacity Tracker. To be used to deliver measures that address local workforce capacity pressures through recruitment and retention activity.

3. £69,500 to the Council's accommodation based services (these services will be excluded from receiving an allocation from the funds described at 2).

2.57 Any underspend will be reallocated in accordance with grant conditions.

2.58 The allocation will support with staff retention/ recruitment and address the difficult capacity issues in relation to delivery of critical services, in alignment with the Council's specific Provider Services winter planning.

New Covid Business Grants and Business Rate Relief

Omicron Hospitality and Leisure Grant

2.59 On the 21 December the Chancellor announced £1 billion in support for businesses most impacted by Omicron across the UK. Around 200,000 businesses will be eligible for business grants which will be administered by local authorities and will be available in the coming weeks. The Council's allocation is yet to be confirmed.

2.60 Under the Omicron Hospitality and Leisure Grant scheme, Local Authorities will receive funding to be allocated in one-off grants to businesses. Grants of up to £6,000, are to be paid to hospitality, leisure and accommodation businesses. This scheme is available to businesses registered for business rates only. Changes to the rating list after the 30 December are to be ignored.

Payment levels (based on Rateable Value (RV) on 30 December 2021):

1. RV exactly £15k or under, £2,667.
2. RV over £15k and less than £51k, £4,000.
3. RV exactly £51k or higher, £6,000.

2.61 The primary principle of the Omicron Hospitality and Leisure Grant scheme is to support businesses that offer in-person services, where the main service and activity takes place in a fixed rate-paying premises, in the hospitality, leisure and accommodation sectors. Government guidance provides a list of examples based on rating listing categories, though it should be noted these are not always as specific as may be preferred.

2.62 Local Authorities are instructed that they must run an application process, to ensure the business:

1. Meets the scheme criteria
2. Was trading as at 30 December and can evidence that
3. Does not breach subsidy rules (replacement for state aid)
4. Provides a business unique identifier, company number, HMRC VAT registration number, NI number (one of these).

2.63 The use of Governments Spotlight tool must be used for due diligence checks on a company's existence. The need for the application process and the use of Spotlight will add to the time it takes to assess claims and make payments, as such, payments will not be issued as quickly as in previous schemes. Applications for the grant must close on the 28th February 2022 and final payments must be made by the 31st March 2022.

2.64 To aid understanding of the scheme, Government have issued the following explanations of Hospitality, Leisure and Accommodation businesses, along with a table of the types of businesses each sector would typically include, as shown below:

- **Hospitality definition**: a business whose main function is to provide a venue for the consumption and sale of food and drink
- **Leisure definition**: a business that provides opportunities, experiences and facilities, in particular for culture, recreation, entertainment, celebratory events, days and nights out, betting and gaming
- **Accommodation definition**: a business whose main lodging provision is used for holiday, travel and other purposes.

2.65 This table sets out types of businesses that are eligible under the sector thresholds for this scheme. This list is not exhaustive, but indicative of the types of businesses that can be supported under this scheme.

Support type	Types of businesses	
Hospitality	Food courts Public houses/pub restaurants Restaurants	Roadside restaurants Wine bars Cafés
Leisure	Casinos and gambling clubs Cinemas Museums and art galleries Stately homes & historic houses Theatres Zoos & safari parks Amusement parks Wedding venues Events venues Night clubs & discotheques	Arenas Concert halls Tourist attractions Theme parks Amusement arcades Soft play centres or areas Indoor riding centres Clubs & institutions Village halls & scout huts, cadet huts, etc.
Accommodation	Caravan parks Caravan sites and pitches Chalet parks Coaching inns Country house hotels Guest houses Hostels Hotels Lodge	Holiday apartments, Cottages or bungalows Campsites Boarding houses Canal boats or other vessels B&Bs Catered holiday homes Holiday homes

Additional Restrictions Grant (ARG) – further top up

2.66 Along with the new Omicron Business Grants, more than £100 million discretionary funding will be made available for local authorities to support other businesses through a further top up to the Additional Restrictions Grant. The Council's allocation is managed through the South Yorkshire Mayoral Combined Authority (SYMCA) and it is yet to be confirmed.

2.67 Local Authorities are encouraged to support businesses from all sectors that may have been severely impacted by restrictions, or by the Omicron variant, including those outside of the business rates system. As the ARG funding is discretionary, decisions on how it will be utilised will need to be made locally, via the SYMCA, working together with each member authority.

2.68 Previously, the first schemes that the SYMCA have supported, have been to provide business grants to non-rate paying businesses, that are not able to access the main scheme. If this approach is supported again any remaining funds can then be focussed on a more targeted scheme.

Omicron Hospitality and Leisure Grant

2.69 On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. The fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates. However, Government only announced the Council's funding allocation of £4,851,486 and the detailed scheme guidance that the Council must adhere to, in December 2021. Therefore, the timeframe that the

Council has to design and deliver this scheme is very tight. The grant is to be used to provide business rates relief for the financial year 2021/22.

2.70 The Council will be responsible for designing its own scheme for discretionary relief. However, in developing and implementing the scheme local authorities must, if they are funding the relief from the section 31 grant:

1. not award relief to ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS),
2. not award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on COVID-19, which should be treated as occupied for the purposes of this relief), and
3. direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

2.71 The Council is able to determine the amount of relief that each business is eligible for and the business sectors it supports. The scheme prevents the Council from providing further business rates relief to businesses that have already received relief from the Extended Retail Discount. This reduces the volume of businesses and sectors that the Council can look to support. In addition, the business headings within the Council's Business Rates system are not informative enough to be able to create business sector lists, that can be used to select the sectors the Council plans to support. The Council will also need to give careful consideration as to how much support is provided for any business and how this compares with other schemes such as the Extended Retail Relief. In addition, the Council will need to consider the approaches to assessing claims, for example how to assess Covid impacts on businesses and how to manage a fixed amount of resource without incurring a financial pressure to the Council.

2.72 The complexities outlined above and the complexities of dealing with changes to business rate bills will mean that this scheme will need to be carefully planned ahead of approval and implementation. Once the Council has considered options on who the relief may be awarded to, it will require Cabinet approval to be implemented. This is planned for consideration by Cabinet in February.

Capital Programme Update

2.73 The Capital Programme 2021/22 now totals £171.960m split between the General Fund £117.021m and HRA £54.939m. This is a decrease of £20.618m to the position as at the end of September reported to Cabinet on 22nd November 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 of £5.077m and slippage and re-profiles of £25.695m.

The overall Capital Programme 2021/22 to 2023/24 has increased by £5.077m, 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	5.077	5.077	0.000
Slippage / reprofiling	0.000	-25.695	25.695
New borrowing	0.000	0.000	0.000
Total	**5.077**	**-20.618**	**25.695**

2.74 The main re-profiles are:

- **Parkway Widening,** £2.119m slippage, whilst the scheme is currently on track for delivery of this £45m scheme, the pace of delivery has been slower than anticipated. The main delay relates to challenges in linking up the proposed works on the Council's scheme with the proposed works as part of the new Motorway Service Area.

- **Fleet Management**, £6.470m slippage – there have been significant difficulties in sourcing the appropriate replacement vehicles during the last 12 months, due in part to the supply chain issues caused by the Covid Pandemic. The budget is being carried forward to the new year whilst a review of the Council approach to vehicle replacements is undertaken. This will also allow for greater consideration of the carbon impact linked to this scheme. For example, this will allow for consideration of space for charging points to support the pursuit of electric vehicles.

- **Phase 2 & 3 acquisitions (HRA)** – £7.378m, the proposed scheme and criteria for the acquisitions programme is still in the early stages of development and as such the budget is being re-profiled into 2022/23. Additionally, the pace of private development has slowed, that has limited the ability of the Council to acquire some new homes as intended.

- **Phase 2 Netherfield Eastwood (HRA)** – £5.088m, the proposed scheme development is now proposed to be combined with a further scheme within Eastwood as part of the Towns Deal, that would generate a greater output, with greater strategic and efficiency benefits. The new proposal will create a larger overall Eastwood housing development scheme, this was an outcome from the Towns Fund funded Town Investment Plan which identified both sites as being an 'early intervention' opportunity for the Council as part of longer term regeneration aims for Eastwood.

2.75 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		
Public Sector Decarbonisation Grant (PSDG) which will be used to install / upgrade building energy management systems at Riverside House, Town Hall, Aston JSC and Rawmarsh JSC. The building energy management systems will provide remote efficient controls to site heating and hot water systems and will reduce energy consumption.	0.047	0.000
The Council has been received a contribution from South Yorkshire Police and Crime Commissioner for the full cost of new portable CCTV systems. The primary benefits will be to upgrade the CCTV system in areas of the Dearne Valley triangle. Once the project is complete in March 2022, the CCTV equipment will then be available for use in other areas of Rotherham and will become part of the Council's CCTV assets.	0.064	0.000
A further European Regional Development Funding (ERDF) grant has been awarded to the Council to support works on the flood schemes RRFAS Phase 2A (Ickles Lock) and Phase 2C (Canal Barrier).	2.500	0.000
As part of the Council's approved funding from the Levelling Up Fund an allocation of £2.466m has been allocated to the flood scheme RRFAS and Phase 2C (Canal Barrier).	2.466	0.000
Total	**5.077**	**0.000**

2.76 **MCA Approvals**
There have been no new MCA approvals since the last report submitted to Cabinet on 22nd November 2021.

2.77 **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	20.852
Regeneration and Environment	86.870	63.876	28.089	178.835
Capitalisation Direction	2.000	1.000	1.000	4.000
Total General Fund Capital	**117.021**	**83.970**	**58.830**	**259.822**
Total HRA Capital	54.939	63.103	45.834	**163.876**
Total RMBC Capital Programme	**171.960**	**147.073**	**104.664**	**423.697**

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

2.78 The £171.960m of capital expenditure is funded as shown in the Table 4 below.

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

Funding Stream	**2021/22 Budget £m**
Grants and Contributions	62.287
Unsupported Borrowing	51.418
Capital Receipts	1.144
Capital Receipts - Flexible Use & HRA Contribution	2.000
HRA Contribution	0.173
Total Funding - General Fund	**117.021**
Grants and Contributions	5.787
Unsupported Borrowing	4.303
Housing Major Repairs Allowance	33.261
Capital Receipts	5.070
Revenue Contribution	6.519
Total Funding - HRA	**54.939**
Total	**171.960**

Capital Receipts

2.80 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.

2.81 To date General Fund useable capital receipts of £0.515m 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	-	0.032
Total Capital Receipts	**-**	**0.515**

2.82 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 £8.5m, 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 that need to be fully understood. However, there are no matters for Members to be concerned about in this regard and a balanced overall outturn is expected. It is nationally recognised best practice to monitor the performance against the agreed revenue budgets and the Capital Programme throughout the year.

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.

6.2 An update on the Council's Medium Term Financial Strategy was provided to Cabinet on the 20th December 2021. This indicated that a balanced budget could be maintained for 2021/22 and made recommendations on reserving funds and savings from 2021/22 in order to support the budget over the medium term. In addition, the MTFS forecasts identified that a balanced budget for 2022/23 can be set, with a small funding gap for the following two years. The position will be reviewed further as part of the process for finalising the Councils Budget and Council Tax Report 2022/23, taking account of the impact of the final Financial Settlement for 2022/23.

6.3 There are no direct procurement implications arising from the recommendations detailed in this report. Project specific implications have been addressed in the Key Issues section.

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	10/01/22
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	06/01/22
Assistant Director, Legal Services (Monitoring Officer)	Phillip Horsfield	06/01/22

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