

**Committee Name and Date of Committee Meeting**

Cabinet – 10 June 2024

**Report Title**

Finance Update

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

Yes

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report provides an update to Cabinet on a number of financial matters. The report is provided as an interim update for Cabinet, following on from the approval of the Budget and Council Tax 2024/25 report at Council on 28 February 2024 and in advance of the Financial Outturn 2023/24 report and May Financial Monitoring 2024/25 report to be submitted to Cabinet in July 2024.

This report also provides an update on the Council's administration of the Local Council Tax Support Top Up payments, Household Support Fund 2023/24 and proposals for 2024/25 along with several Capital Programme variations.

**Recommendations**

1. That the update on the revenue budget financial outturn 2023/24 be noted.
2. That the Councils progress on the delivery of the Local Council Tax Support Top Up payment 2024/25 be noted.
3. That the Councils delivery of the Household Support Fund 2023/24 be noted.

4. That provisional allocations of the Household Support Fund Grant 2024/25 of £2.489m be agreed as detailed in Section 2.5 of this report.
5. That Cabinet delegate authority to the Assistant Chief Executive in consultation with the Cabinet Member for Social Inclusion, to determine revised and final allocations for the Household Support Grant to include provision for other eligible actions within the use of Household Support Fund should it not be possible to achieve full spend of the grant through the approved provisional allocations.
6. That Cabinet approve the capital budget variations as detailed in Section 2.6 of the report.

#### **List of Appendices Included**

Appendix 1: Equality Screening

Appendix 2: Carbon Impact Assessment

#### **Background Papers**

Budget and Council Tax Report 2023/24 to Council on 2 March 2023

December Financial Monitoring Report to Cabinet 12 February 2024

Budget and Council Tax Report 2023/24 to Council on 28 February 2024

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

No

#### **Council Approval Required**

No

#### **Exempt from the Press and Public**

No

## Finance Update

### 1. Background

- 1.1 This report is provided to update Cabinet on a number of financial and budget matters following on from the approval of the Budget and Council Tax 2024/25 report at Cabinet on 12 February 2024 and at Council on 28 February 2024.
- 1.2 The report is an interim update to Cabinet in advance of the more detailed Financial Outturn 2023/24 and Financial Monitoring 2024/25 reports which will be submitted to Cabinet on 8 July 2024.

### 2. Key Issues

#### 2.1 Revenue Budget Financial Outturn 2023/24

- 2.1.1 The Financial Outturn 2023/24 report to Cabinet in July 2024 will set out the full details of expenditure against budget for 2023/24, revenue and capital, along with an updated analysis of revenue reserves and an updated position of the Capital Programme.
- 2.1.2 The Financial Monitoring Report 2023/24 submitted to Cabinet on 12 February 2024 was based on the financial monitoring position as at December 2023, which outlined that the Council anticipated an overspend of £1.2m. This forecast position was also outlined in the Budget and Council Tax 2024/25 report which was submitted to the same Cabinet meeting and also to Council on 28 February 2024. The overspend was to be funded from Reserves as approved at Council as part of the Budget and Council Tax 2024/25 report though the report noted the Council's intention was to further improve that outturn position, if possible, which would see a lower value call on Reserves.
- 2.1.3 The financial monitoring final outturn position reflects an overspend of £0.1m for the financial year 2023/24. The core directorates services had a final overspend of £8.8m. The directorate overspend was partially offset by the £5m corporate budget risk contingency held within Central Services approved within the Council's Budget and Council Tax Report 2023/24. Taken with savings delivered from the Council's Treasury Management Strategy, the final underspend in Central Services was £8.7m, which reduced the Council's overall outturn to a £0.1m overspend. This was an improvement of £1.1m from the December Financial Monitoring reported to February Cabinet as service areas delivered savings ahead of year-end, improvements in income were recognised and the Council generated further savings in Treasury Management.

2.1.4 The main reasons for the improvement in the Directorate outturn position are as follows, though more detailed narratives will follow in the Financial Outturn report to Cabinet in July 2024:

- Children & Young People Services' overspend for the year of £4.6m is consistent with the position reported at December 2023. The main pressures are LAC placement costs and home to school transport. Work to reduce placement pressures is ongoing. The reported position is inclusive of recovery plan savings implemented since Autumn 2023 totalling £1.7m and achieved without adverse impact on services.
- Adult Care, Housing & Public Health overspend has reduced by £0.1m, as additional grant income was received in respect of homelessness prevention.
- Regeneration and Environment Services final outturn overspend has decreased, with a final outturn of £4m, £0.5m lower than December's forecast. The main improvement was delivery of additional income within the asset management service through capital recharges on significant capital schemes ahead of forecast. There were also directorate wide improvements across staffing budgets through vacancies and additional PFI income.
- Assistant Chief Executive underspend increased by £0.2m due to vacancy control and maximisation of grant usage to support the overall Council position without adversely impacting service delivery.

2.1.5 Central Services delivered an underspend of £8.7m consisting of the £5m corporate budget risk contingency approved within the Council's Budget and Council Tax Report 2023/24, along with savings made in year from the Treasury Management function. These savings have arisen as a result of continuing high interest levels and the Council's Treasury Management Strategy, which has been to reduce cash balances across 2023/24 to prevent any need to borrow whilst rates are high and investing surplus cash in the current high interest market.

2.1.6 The improvement in the treasury outturn position is linked to:

- Slippage on the Capital Programme that has reduced the need to borrow during 2023/24.
- The PWLB borrowing of £227m in 2021/22 meant that the Council did not need to borrow until December 2023 and up to this point had more liquid cash available for investments.
- The Council carrying cash balances due to above, has been able to invest them in a higher interest return market, increasing interest on investments.

2.1.7 The improvements in the Directorate forecast outturns represent a positive direction of travel for the Council's finances and a significant improvement

from the £1.2m forecast overspend reported in the December Financial Monitoring to Cabinet in February. This prudent financial management will be important in managing future budget pressures given the known volatility in external factors and key financial challenges that were highlighted in the Council's Budget and Council Tax Report 2024/25. This improved position means the Council's Reserve balances also remain stronger than had been projected when setting the 2023/24 and 2024/25 revenue budgets, this helps to ensure the Council has a robust financial position.

- 2.1.8 In addition, the Council is able to report secured delivery of planned savings for 2023/24. The table below provides an update on the total amount of savings that were delivered during 2023/24. As can be seen the overall delivery is £54k more than planned due to over delivery in F&CS.

Table 1: Delivery of Savings agreed as part of the 2023/24 Budget and MTFs

Directorate	2023/24 Plan (Total Permanent and Temporary)	2024/25 & Total delivered	Variance
	£000	£000	£000
ACHPH	1,224	1,224	-
CYPS	1,348	1,348	-
R&E	1,161	1,161	-
FCS & ACX	611	665	54
<b>Total Savings</b>	<b>4,344</b>	<b>4,398</b>	<b>54</b>

- 2.1.9 The table below shows the ongoing delivery of savings that were approved in previous updates to the Council's Medium Term Financial Strategy but have been re-profiled for delivery in 2023/24 onwards. These have also been RAG rated to reflect their deliverability and the achievability of generated required value of saving.

Saving	Plan		Delivered		Variance	
	2023/24	2024/25 & FYE	2023/24	2024/25 & FYE	2023/24	2024/25 & FYE
	£'000	£'000	£'000	£'000	£'000	£'000
Customer & Digital Efficiencies	300	300	300	300	0	0
Restructure of CYPS Management	94	94	94	94	0	0
CYPS Placements savings/cost reductions	3,619	6,291	1,500	1,500	-2,119	-4,791
Waleswood - increased income and efficiencies	59	81	-	-	-59	-81
<b>Property Services:</b>						
Review of shared occupation with partners	30	30	-	-	-30	-30
Post Covid Operational Property Review - savings from disposal options	221	221	24	-	-197	-221
Balance to be identified	78	78	-	-	-78	-78
<b>Total Savings</b>	<b>4,401</b>	<b>7,095</b>	<b>1,918</b>	<b>1,894</b>	<b>-2,483</b>	<b>-5,201</b>

2.1.10 Customer and Digital savings have now been secured and allocated to services. The CYPS management restructure savings proposal of £94k has been delivered.

LAC placement savings within CYPS have not been delivered due to the following factors:

- Increase in external residential care placements, with planned step downs not being achieved and 12 additional residential placement admissions over the budget profile;
- In-house residential programme is 9 months behind planned schedule due to issues with the purchase and adaptation of appropriate properties;
- Reductions in IFA placements above planned level due to insufficient IFA carers available in the marketplace and consequently, children are being placed in costly residential placements.

LAC placement projections for 2024/25 are currently being reviewed with operational leads which would give a clearer position on the timeframe for delivering this saving in full.

2.1.11 The Waleswood additional income savings were not delivered following assessment of the income forecasts once the main summer season had concluded. The operational buildings savings programme is progressing well with a number of opportunities identified. However, full delivery of these savings was not achieved in 2023/24 but should be secured in 2024/25 and the programme of reviews will continue so it is expected the saving will be overachieved.

2.1.12 The economic climate during 2023/24 has been turbulent. Inflation has reduced significantly since March 2023, falling from 10.1% in March 2023 to 3.2% in March 2024. The sharp fall in headline inflation was driven in part by

a reduction in energy regulator Ofgem's price cap, reflecting lower wholesale gas prices. Slowing food price inflation also helped bring the headline number lower. However, this doesn't mean that prices are falling, just that the rate of increase is slowing as higher prices become embedded in the Council's base costs. The overall reduction has helped support the Council's Budget for 2024/25 but the position will continue to be closely monitored. These financial challenges are being regularly reviewed as part of the Council's ongoing Medium Term Financial Planning.

## 2.2 CYPS Fostering Allowances and Skills Payments 2024/25

2.2.1 Fostering Allowances are statutorily uplifted annually each year by Government and for 2024/25 the confirmed uplift rate (at December 2023) is 6.88%. This uplift will result in an increase in the following payments: Foster Care Allowances, Special Guardianship Orders, Child Arrangements Orders and Adoption Allowances. The total uplift cost is estimated at £660k. Overall, this compares favourably to the inflation cost £881k agreed for 2023/24, which was based on a 12.43% NMA uplift. It should be noted that the impact of the uplift cost in 2023/24 should have been higher as the 12.43% uplift was not applied to the 11-15 and 16+ age bands (as RMBC rates were already above the NMA rates).

2.2.2 In addition, it was agreed at Cabinet in October 2022 that the skills payments annual uplift would also be uplifted at the same rate as the Fostering Allowances. As a result, skills payments would be uplifted in 2024/2025 by 6.88% at a cost of £118k. An officer decision was recorded for this uplift in May 2024.

2.2.3 In addition to the above, budget provision was made for inflation on CYPS LAC placement costs. However, actual uplifts including Independent Fostering Agencies and external residential care homes are still to be confirmed. Early indication is that inflation uplift cost would be higher than the budget provision therefore likely to create a budget pressure for 2024/25. At present the wider impact is therefore unknown but will be closely monitored through the Council's management of the Medium Term Financial Strategy.

## 2.3 Local Council Tax Support Top Up Scheme 2024/25

2.3.1 Council approved as part of the Council's Budget and Council Tax Report on the 28 February 2024, continuation of Local Council Tax Support Top Up Scheme to run during 2024/25. The scheme will provide an additional award during 2024/25 of up to £121.96 additional support to low income households most vulnerable to rising household costs, through reduced Council Tax bills. The application of the scheme includes all those becoming eligible up to and including 31 March 2025. At the time of writing a total of £1.486m has been awarded across 14,632 accounts, with 12,681 of these accounts being reduced to nil. Those bill payers in receipt of this award have been provided

with a Council Tax bill that shows the top up support from the Council along with a letter explaining the reason for the award.

2.3.2 The estimated scheme costs are between £1.7m and £1.9m. As agreed in the Budget Report to Council 28 February 2024, this will be funded by use of two reserves, £1.2m Local Council Tax Support Grant Reserve and £0.7m Collection Fund Income Guarantee Grant. The actual cost won't be known until the end of the 2024/25 financial year. A further extension to the Household Support Fund has since been announced, for the first six months of the year. The HSF could potentially be used to part fund the financial impact of the LCTS Top Up scheme.

## 2.4 Household Support Fund 2023/24

2.4.1 The Council was awarded a full year HSF grant for 2023/24 of just under £5m. This was to support vulnerable households with energy, food and other cost of living pressures.

2.4.2 As of 31 March 2024, the Council had fully spent this grant allocation, delivering nearly 165,000 Free School Meals vouchers across the school holidays up to and including Easter 2024. HSF contributed over £0.5m to the delivery of the Council's Energy Crisis Support Scheme supporting 2,000 households with £250 towards their fuel bills. Care leavers were supported with nearly £90k of HSF covering energy and food costs. Over 15,000 households received extra support towards their Council Tax bills and over 900 were supported with housing costs. In addition, VCS provision supported vulnerable households over Christmas and the New Year, and contributed to the range of food available in crisis food parcels. This provided support to 585 families over Christmas / New Year and the delivery of 15,669 crisis food parcels over the full year.

## 2.5 Household Support Fund 2024/25

2.5.1 The Council has been allocated a total of £2.489m from the Household Support Fund for the period of April to September 2024. Following the experience of previous allocations of this fund, it is proposed that the Council will support a wide range of low-income households and is not limited to those in receipt of benefits. There is flexibility within the fund to identify which vulnerable households are in most need of support and apply discretion when identifying eligibility.

2.5.2 HSF guidance makes specific provisions for use of the fund. These are:

- Energy and water.
- Food, whether in kind or through vouchers or cash.
- Essentials linked to energy and water – household goods.
- Wider essentials not linked to energy and water including meeting bills.



- Advice services supplementary to other provision.
- Housing costs taking account of the risk of homelessness and other local factors.

The fund cannot be used to provide mortgage support, though homeowners could still qualify for the other elements of the fund.

2.5.3 Conditions also set out that:

- There must be a clear rationale or documented policy/framework outlining the approach, including how eligibility is defined and how households access the fund.
- The fund is intended to cover a wide range of low-income households in need, including families with children of all ages, pensioners, unpaid carers, care leavers and disabled people, larger families, single-person households, and those struggling with one-off financial shocks or unforeseen events.
- Support is not restricted only to vulnerable households in receipt of benefits.
- At least part of the scheme must operate on an application basis.

2.5.4 The details for the recommended options have been produced based on existing delivery of HSF 4 (2023/24), with projections made for the six-month period. These take account of year end demand, especially around increased demand for children receiving free school meals. Consideration has also been given to the actual delivery timeframe for some of the provisions given that where delivery cannot be back dated to April, there will only be a three to four month delivery period.

2.5.5 The costs for each of the recommended options are tabled in section 2.5.6 below, with details of each proposal summarised as follows:

1. Vouchers for FSM children in school holidays - £1.585m

HSF support includes the spring half term, summer, and autumn half term holidays. This approach would fund eight weeks of school holidays. The allocation provides for a growing number of children in receipt of FSMs with the numbers having already increased from 12,702 at Christmas / New Year to 12,955 at Easter 2024 and having risen by over 1,000 in 2023/24 alone. To accommodate the potential for further growth in demand, an assumption of 13,200 FSM children has been used to calculate the allocation for April to September 2024. This would amount to £1.585 million and qualify as pro-active support.

Owing to the Spring half term holiday occurring ahead of the report date to Cabinet, a delegated decision by the Assistant Chief Executive, in consultation with the Cabinet Member for Social Inclusion and Environment, authorised provision of vouchers for that school holiday period.

## 2. Council Tax Support - £500k

The Council has already applied a top-up to Council Tax Support for 2024/25. Many households receiving support will already have been awarded this top up for the full year. It is proposed that a contribution from the HSF is made of £0.5m to support the costs of this top up for the six months of 2024/25. It is expected that around 15,000 households are projected to benefit through this scheme. This would qualify as open application-based support.

## 3. Housing Support - £160k

HSF has been used to top-up the budget available to support housing costs through Discretionary Housing Payments (DHP's). It is proposed to use the DHPs process to provide further housing support for the first six months of 2024/25 on the basis of the first two quarters of 2023/24, topping up the budget available. This would amount to £160k, with 450 households projected to benefit. This would qualify as open application-based support.

## 4. Energy Support - £174k

The Council's energy scheme has run into 2024/25 using funding carried over from 2023/24 (Covid Recovery Fund). This can be supplemented again using HSF from the 2024/25 allocation, allocating £174k to energy support. This allocation will support 696 grants at £250 each. This would qualify as open application-based support.

## 5. Wider Essentials - £25k

An option has been progressed to provide parcels of household items (cleaning / personal hygiene etc) to be distributed through VCS community support including food banks and social supermarkets, and as part of the Open Arms programme drop-in sessions. An allocation of £25k is included and on the basis of £25 value for each parcel, this would provide support to 1000 households. This would qualify as third-party organisations spend.

## 6. Support for Care Leavers - £45k

Support for energy and food has been provided to care leavers in previous rounds of HSF. Continuing this provision at the same level as in 2023/24 for six months would amount to £45k. This would qualify as pro-active support. 180 care leavers are projected to benefit from food support at a value of £30,000 with 100 projected to benefit from energy support at a value to £15,000. Care leavers would be assessed for both and awarded as appropriate through pro-active support.

### 2.5.6 Summary of Household Support Fund Spend Proposals Apr-Sep 2024

<b>Spend Proposal</b>	<b>Value £000's</b>
Free School Meal Vouchers	1,585
Council Tax Support	500
Housing Support	160

Energy Support	174
Wider Essentials	25
Support for Care Leavers	45
<b>TOTAL</b>	<b>2,489</b>

2.5.7 The options for use of HSF have been assessed to meet the criteria of the grant funding streams and aligned with the other actions being taken by the Council to support people in need. The proposed allocations are based on previous experience of impact in distributing these funds. Specific groups of people identified in the guidance as priority households can be targeted through the applications for support options.

## 2.6 Capital Programme Variations

2.6.1 On 18th April 2024 variation forms were presented to the Capital Programme Monitoring and Delivery Board (CPMDB) providing a summary of the latest position on a number of key Highways projects. As these projects have been developed a number of issues have arisen that require a realignment of budgets to address additional cost pressures. The following variations are presented for Cabinet awareness and where required approval.

### 2.6.2 Bellows Road

A Road Safety Audit took place in respect of the Clean Air Zone mandated junction improvement at the junction of Bellows Road and Rawmarsh High Street. This raised a problem that, following removal of the subway as part of the scheme, some pedestrians are crossing at-grade in the vicinity of the former subway. The low wall is sufficiently high to pose a hazard in respect of trips and falls, but insufficiently substantial to deter pedestrian usage. In light of this and given the ongoing maintenance liability posed by the wall and local concerns about its appearance, the agreed action from the Road Safety Audit was to remove the wall.

It is proposed that £160k of underspend from the Clean Air Zone budgets is redirected to the Highways Maintenance budget to fund the removal of the wall.

### 2.6.3 Wath to Manvers Cycleway

This scheme is forecast to overspend by £120k. The scheme included significant carriageway resurfacing, at a value of £165k, excluding additional surfacing identified on-site and already paid for by highways. Therefore, it is proposed that £120k is moved from the Highways Maintenance budget to the budget for the Wath to Manvers Cycleway to fund the overspend.

#### 2.6.4 Sheffield Road Cycleway

It is proposed that £515k is allocated from the Levelling Up Fund to the Sheffield Road Cycleway project. This is to support public realm uplift and increase the quality of the final design surfacing materials on Westgate close to the town centre from the bitumen bound aggregate finish proposed by the cycleway project, to a paved surface in keeping with on-going public realm works in and around the town centre. The works also include associated public realm street furniture.

#### 2.7 Commissioner Support to Nottingham City Council

2.7.1 Nottingham City Council have had commissioners appointed to support their improvement journey and the Council's Chief Executive, Sharon Kemp, has been asked by Government to undertake the role of Commissioner for Transformation, a position which she is now undertaking for two days per week. Payment of £1,100 per day will be received by RMBC as a recompense whilst this work is ongoing.

### **3. Options considered and recommended proposal**

3.1 This report is retrospectively updating on outcomes and outputs from the Councils revenue outturn position and a host of key schemes where the approach has already been approved by Cabinet.

### **4. Consultation on proposal**

4.1 Consultation with residents, business and partners was undertaken as part of the development of the 2023/24 budget setting and then again as part of budget setting for 2024/25.

4.2 Officers in relevant Council services along with VCS partners have been engaged in producing the recommended options for allocation of HSF.

### **5. Timetable and Accountability for Implementing this Decision**

5.1 The report is mainly an update on a range of financial matters.

### **6. Financial and Procurement Advice and Implications**

6.1 The financial implications are contained within the main body of the report.

6.2 There are no direct procurement implications arising from this report.

### **7. Legal Advice and Implications**

7.1 No direct 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 The objectives for the use of Household Support Fund targets towards vulnerable households including families with children and people with disabilities. The fund will contribute to addressing economic and social inequalities. It will have a positive equalities impact. Equalities data will be collected as part of administering the programme of support.

**11. Implications for CO2 Emissions and Climate Change**

11.1 No direct implications.

**12. Implications for Partners**

12.1 The report includes reference to partnership working with the voluntary sector as part of the Household Support Fund.

**13. Risks and Mitigation**

13.1. Budget management and spending controls remain as set out within the Council’s Financial and Procurement Procedure Rules.

**14. Accountable Officers**

Rob Mahon - Assistant Director, Financial Services

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	23/05/2024
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	10/05/2024
Assistant Director, Legal Services (Monitoring Officer)	Phil Horsfield	15/05/2024

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This report is published on the Council's [website](#).