

Committee Name and Date of Committee Meeting

Cabinet – 20 January 2025

Report Title

November 2024/25 Financial Monitoring Report

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

Yes

Strategic Director Approving Submission of the Report

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Ward(s) Affected

Borough-Wide

Report Summary

The report sets out the financial position as at the end of November 2024 and forecast for the remainder of the financial year, based on actual costs and income for the first eight months of 2024/25. 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 reports for the current financial year which will continue to be brought forward to Cabinet on a regular basis.

As at November 2024, the Council currently estimates an overspend of £4.6m for the financial year 2024/25. This is largely due to demand led pressures on children's residential placements, adults social care packages, home to school transport and the impact of the Local Government Pay Award. In addition, the Council is still impacted by the inflationary pressures in the economy. Even though inflation has now fallen to 2.3% (albeit an increase from 1.7% in October), the Council's base costs have significantly increased across the recent high inflation period by well in excess of 20%. Increased costs across this period are also being felt by the social care market, in particular leading to market prices increasing at above inflation levels and placing further pressures on the Council's Budget.

Whilst the Directorate overspend which stands at £15.5m is concerning, it has reduced from a peak of £17.2m and elements of this overspend were forecast with two key Budget contingencies created as part of setting the Council's Budget and MTFS for 2024/25. The Council set a Social Care Contingency of £3.4m and a Corporate Budget

Provision of £3.5m to support anticipated pressures across Social Care and Home to School Transport, whilst detailed review work of these services was undertaken and operational improvements are delivered to reduce cost pressures and create cost avoidance.

The Council's Treasury Management Strategy continues to perform well with the Council's approach to borrowing adapted to minimise the level of borrowing and borrow short term, to ultimately minimise interest costs. It is estimated that this should see the Council generate savings of at least £4m for 2024/25, though again market conditions are out of the Council's control.

As a result of these corporate provisions and savings, an underspend of £10.9m is forecast within Central Services bringing the Council's net overspend down to £4.6m, an improvement of £0.7m since the last Cabinet report. Although the £15.5m Directorate overspend is significantly mitigated, the residual pressure will need to be addressed in year by the Council to prevent further use of reserves. As such, Directorates continue to develop in year budget recovery plans and identify actions and opportunities to reduce the current overspend position. Further corporate operational budget controls have been implemented to assist with reducing the overspend position.

Looking ahead to 2025/26 the financial environment looks more positive for Councils with new funding announced within the Autumn Statement and Policy update. Further details of specific allocations have been recently provided in the Provisional Financial Settlement and are currently being interpreted with some significant areas of clarity still awaited. These will then be worked into the Council's Budget and MTFS planning. The new Government have declared that they will provide a further one-year settlement for 2025/26 with the aim of bringing in longer term financial settlements thereafter.

The challenges faced by the Council are mirrored across the UK as Councils continue to face significant challenges regarding the funding of social care and meeting the costs of rising demand.

Recommendations

That Cabinet:

1. Note the current General Fund Revenue Budget forecast overspend of £4.6m.
2. Note that actions will continue to be taken to reduce the overspend position but that it is possible that the Council will need to draw on its reserves to balance the 2024/25 financial position.
3. Note the updated position of the Capital Programme, including proposed capital programme variations to expenditure profiles and funding.

List of Appendices Included

Appendix 1 Equalities Impact Assessment

Appendix 2 Carbon Impact Assessment

Background Papers

Budget and Council Tax 2024/25 Report to Council on 28th February 2024

Finance Update 2023/24 to Cabinet on 10th June 2024

May Budget Monitoring Report 2024/25 to Cabinet on 29th July 2024

July Budget Monitoring Report 2024/25 to Cabinet on 16th September 2024

September Budget Monitoring Report 2024/25 to Cabinet on 18th November 2024

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 2024/25

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 2024/25, 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 2024/25 as at November 2024

Directorate	Budget 2024/25	Forecast Outturn 2024/25	Forecast Variance over/under (-)
	£m	£m	£m
Children and Young People's Services	69.3	74.5	5.2
Adult Care, Housing & Public Health	130.9	136.9	6.0
Regeneration and Environment Services	45.1	50.3	5.2
Finance and Customer Services	34.1	33.4	-0.7
Assistant Chief Executive	7.7	7.5	-0.2
Central Services	38.9	28.0	-10.9
Directorate Forecast Outturn	326.0	330.6	4.6
Dedicated Schools Grant			1.9
Housing Revenue Account (HRA)			-1.7

2.2 As at November 2024, the Council currently estimates a directorate overspend of £15.5m for the financial year 2024/25.

The Council's overspend position at this point is largely due to the following overall issues:

- Placement pressures within Children and Young People's Services (£5.7m) and Adults Social Care (£6.4m).
- Home to School Transport pressures within Regeneration and Environment (£3.2m) and Children and Young People's Services (£0.9m).
- Provider inflation impacting Children and Young People's Services. Fostering allowances and skills payments that have been uplifted based on the national minimum allowance and the estimated impact that these uplifts may have on provider payments for Independent Fostering Agencies and external residential placements.
- Increased costs of homelessness due to increased demand.
- Pressure across waste management on staffing, vehicle costs, disposal costs and related income.
- Impact of the Local Government Association (LGA) Pay Award.

2.3 Whilst the Directorate overspend is concerning, elements of this overspend were forecast and two key Budget contingencies were created as part of setting the Council's Budget and MTFS for 2024/25. The Council set a Social Care Contingency of £3.4m and a Corporate Budget Provision of £3.5m to support anticipated pressures across Social Care and Home to School Transport. In addition, the Council's Treasury Management Strategy continues to generate savings to support the Council's budget, in excess of £4m is estimated for 2024/25. As a result of these corporate provisions and savings, an underspend of £10.9m is forecast within Central Services bringing the Council's net overspend down to £4.6m.

2.4 Although inflation has fallen considerably since its peak in 2023/24, the impact has been an increase in the base cost of services that remains high, and it is this cost on which future inflation is applied. As such, the Council will continue to face financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves.

2.5 Given the current forecast overspend, Directorates have been required to develop in year budget recovery plans to identify actions and opportunities to reduce costs and create cost avoidance moving forwards to mitigate the pressures faced. This work is underway and some savings have already been factored into the current position. In addition, the Chief Executive has instigated a number of temporary additional spending controls to create further challenge to spending to the end of the financial year. The overall position has improved from £6.1m overspend forecast in July, to £4.6m, the new position also includes further costs of £0.8m for Home to School Transport following the September 2024 intake. The forecast position will continue to be monitored closely and even with mitigations it is likely that the Council will need to call on reserves to achieve a balanced outturn.

2.6 The Council will continue to ensure that savings plans are delivered on time to mitigate any further impact on future years Medium Term Financial Planning. The Council has shown in recent years an ability to pull back significant overspends in year, though the position is of course challenging in the current financial climate.

2.7 The Council’s Budget and Council Tax report 2024/25 included the delivery of £9.904m savings, to be delivered across the Directorates. At present, £4.394m of delivery has been secured. The biggest challenges at present on delivery relate to CYPS Placements which is forecast as a significant cost pressure again in 2024/25 indicating that the Council hasn’t fully delivered the savings programme.

The table below shows the total amount of all savings to be delivered during 2024/25, and the amount that has been delivered to date.

Table 2: Delivery of Agreed Savings

Directorate	2024/25 Saving to be delivered	Secured as at 30th November 2024	Still to be delivered
Finance and Customer Services	238	238	0
Assistant Chief Executive	407	407	0
Adult Care, Housing and Public Health	1,998	1,752	246
Children’s and Young Peoples Services	5,850	1,059	4,791
Regeneration and Environment	1,411	938	473
Total	9,904	4,394	5,510

2.8 The following sections provide further information regarding the Council’s forecast outturn of £4.6m, the key reasons for forecast under or overspends within directorates and the progress of savings delivery.

Children and Young People Services Directorate (£5.2m) forecast overspend)

2.9 Children & Young People Services has a forecast budget pressure of £5.2m at the end of November 2024 primarily driven by pressures in Children’s Social Care and Education. In the main, the overall pressure is due to increasing demands on children in care placements and home to school transport. This is an improved position compared to September due to the following: reduction in the estimated overspend on home to school transport; increased supporting families funding

(suspension of the Payment by Results requirement); and allocation of the Asylum Dispersal grant funding.

- 2.10** The November forecast position includes the impact of £1.6m in-year budget recovery actions agreed by CYPS management to mitigate cost pressures in the year. The recovery plan actions that are reflected in the forecast position include delay in recruitment, limits and caps on discretionary spend and maximising or redirecting the use of grant funding (where there is scope / flexibility to do so). The following section summarises the key budget variances across the CYPS directorate for the year.
- 2.11** Children in care (CiC) placements is currently forecasting an overspend of £5.7m. Actual performance against the CiC placement plan and targets has fallen short in the year to date. In addition, the position has been exacerbated by a couple of high-cost placements made in the year.
- 2.12** The overall children in care population number is 500 for November (504 in October). Whilst the number of external residential placements for the month (39) is higher than budget profile (31), it represents a reduction to the previous month. Actual step-downs from residential care to date is behind profile, however it is expected that the overall target for the year would be achieved. The above profile number of external residential care placements is the key driver of the overall overspend as these placements are the most expensive. The number of children placed in in-house foster care placements to date (108) is significantly lower than budget profile (140). Work is progressing to accelerate the in-house residential programme (to open more in-house children's homes as quickly as possible), to intensify efforts to achieve the planned number of step-downs for the year and to source more dispersed properties and accommodation options for 16+ and 18+ care leavers cohorts. These actions should help alleviate the placement cost pressures over the medium term.
- 2.13** The Leaving Care service is forecasting an overspend of £0.2m due to increased leaving care allowances and insufficient Government funding to cover the cost of supporting the rising number of 18+ UASC cohort.
- 2.14** A forecast overspend of £0.9m is currently anticipated against the CYPS home to school transport budget, which is a reduction of £0.2m compared to the position previously reported. The reported pressure reflects demands on transporting children in care (£0.1m) and several Education Health Care Plan (EHCP) learners (£0.8m) to their school of choice. Work is ongoing in CYPS to embed the review of transport as part of care planning, to ensure that children's journeys are appropriate and cost effective.
- 2.15** An overall net underspend of £0.9m is currently forecast across a few service areas within the directorate, namely in Early Help, Commissioning, Performance & Quality and Safeguarding. It relates to the impact of the budget recovery actions being implemented across the directorate (e.g. redirection of grant funding, reduced spending, recruitment delays, etc), although this has been offset by staffing pressures (£0.6m) in children social care and Inclusion services.

Dedicated Schools Grant (DSG)

- 2.16** The following outlines the forecast position on the delegated and centrally retained Dedicated Schools Grant (DSG) budgets. A surplus budget balance of £1.6m is currently forecast for all 25 maintained schools in Rotherham for 2024/25 based on submitted budget plans. There are 3 schools with forecast budget deficits for 2024/25 totalling £0.1m. A budget recovery plan has been agreed with these schools to bring the budget back into a surplus position within an agreed period.
- 2.17** A cost pressure / deficit of £3.5m is currently forecast for central DSG budgets, of which £3.0m relates to the SEND / High Needs budget. The SEND deficits compares unfavourably against the position agreed in the Safety Valve agreement (£1.2m). The increased deficit reflects rising pressures in the SEND system, namely; inflationary costs; rise in EHCP pupils in mainstream and special schools; and continuing placements with independent specialist settings outside the Borough. Work is ongoing through the SEND sufficiency programme to create more local SEND places and provision aimed at reducing out of authority specialist placements.
- 2.18** The latest DSG reserve account shows an accumulated deficit of £3.3m in 2024/25 improving to £2.3m in 2025/26 (final year of the Safety Valve programme). The forecast deficit in 2025/26 presents a financial risk to the Council, as the statutory override protection of DSG deficits is currently intended to be removed from the end of 2026. Mitigating options are currently being explored to alleviate the demand and financial challenges in the SEND and high needs budget and therefore the deficit in 2025/26.

Adult Care, Housing and Public Health (£6.0m forecast overspend)

- 2.19** The overall directorate forecast is an overspend of £6.0m, made up of pressures in Adult Social Care (£5.9m) and homelessness (£1.0m), offset by underspends from management actions to reduce the pressure, Public Health savings and Furnished Homes income.
- 2.20** The cost of care packages is forecast to be £6.4m overspent. The two main areas of pressure are older people and mental health support, due to increased numbers of people in older people's residential and nursing care, homecare and in mental health provision. The biggest increase has been in domiciliary care where numbers of clients has increased by 10% in the last year and almost 20% since 2022. The forecast assumes all current placements remain for the rest of the year although they may reduce. Overall movements in numbers will be closely monitored as the year progresses; additional income from Continuing Healthcare (CHC) has offset some of these costs. A high number of vacancies across the Directorate has led to forecast underspend of £400k on staffing budgets.
- 2.21** A focus on preventative enablement work will look at reducing the numbers of people who go on to need long term support as part of a full review of services. A series of recovery plans that aim to help reduce the cost pressures across the Directorate are being developed. More detailed work is required to assess the

viability of these options, the pace at which they could be implemented and the impact they might have. These include maximising the capacity of services ensuring best value provision of care.

- 2.22** Neighbourhood Services (Housing) is forecast to underspend by £0.1m. Homelessness is expected to overspend by £1.0m after accounting for grant income. At the end of November 2024 there were 37 households in hotels, down from a high of 87 in April and 74 in May. Work is on-going to identify and source alternative temporary accommodation and 11 new properties have come on-line in the autumn. Additional new properties will become available over the next few months. Additional income generation within furnished homes is helping to offset the costs of hotels.
- 2.23** Public Health is forecast to underspend by £0.2m caused by slippage on investments.

Regeneration and Environment Directorate (£5.2m forecast overspend)

- 2.24** The latest projection for the directorate indicates a forecast pressure of £5.2m for this financial year. This represents a small increase of £0.1m from the September monitoring position. The forecast in the main reflects the impact of ongoing demographic pressures in Home to School Transport and cost pressures within Waste services. The forecast outturn position also includes the incorporation of identified savings of £780k, that are expected will be delivered by the end of the financial year. Information on the forecast outturn projection and the actions taken to date are included below.
- 2.25** Community Safety and Street Scene (CSS) is forecasting an overall pressure of £4.8m, an improvement of £100k from September's monitoring. The most significant pressure continues to be in respect of Home to School Transport which is now reporting an overspend of £3.2m, due to ongoing demographic pressures leading to an increase in the number of new eligible passengers and fewer contractors in the market leading to increased prices. To address the increased costs and demand a range of solutions are being explored to influence demand and maximise savings opportunities, using improved cost data analysis to support plans to implement lower cost routes. The revised forecast reflects the incorporation of data from the new cohort of passengers in September 2024. Actions taken by the Service have reduced the cost per passenger, but the Service continues to see an increase in demand.
- 2.26** Parking Services is forecasting a pressure of £179k, a small improvement of £16k from the last reported position. The ongoing economic impact on Rotherham town centre footfall continues to see a reduction in income from parking charges.
- 2.27** Waste Management is forecasting an overspend of £1.6m, an increase of £100k from September's monitoring. There is pressure on vehicle costs due to hire and repair costs of an ageing fleet, an increase in staff costs to cover sickness absence, an increase in waste disposal costs based on tonnage estimates and a forecast shortfall in income from the sale of recycling materials due to lower market prices. A further reduction in market prices has led to the movement this

month. As part of the recent review of the budget position, an additional £300k income has been forecast in Highways, resulting from an increase in highway adoptions, and an additional £50k income has been forecast in Landscape delivery, resulting from additional project work fees.

- 2.28** Culture Sport and Tourism (CST) is forecasting an overall pressure of £387k, an increase of £111k from September's reported position. The worsening position is as a result of additional expenditure in Trees and Woodlands, following health and safety inspections. There is a forecast overspend of £153k at Waleswood Caravan Park, Rother Valley Country Park of £80k and Thrybergh Country Park of £110k, largely resulting from a shortfall in income against budget. In addition, there is a £122k pressure on the Music Service, resulting from pressures on income and staffing costs. These pressures are partly offset by an anticipated saving on the Leisure PFI of £171k following a contractual benchmarking exercise.
- 2.29** Planning, Regeneration and Transport (PRT) is forecasting an overall underspend of £31k. This forecast includes the proposed capitalisation of salaries in the Regeneration and Transportation teams. Along with the use of grant income, these improvements mitigate the significant pressures in the Markets service. There remains a pressure in the Markets service, as result of an ongoing forecast shortfall in income, arising from void stalls amid ongoing difficult trading conditions.

Finance and Customer Services (£0.7m forecast underspend)

- 2.30** The overall directorate is reporting an underspend of £0.7m. The forecast for Property and Facilities Services, which has transferred from Regeneration & Environment Directorate, has improved significantly to a forecast underspend of £591k. This has been reduced from a £1.4m overspend position for 2023/24. The remaining services within the Directorate are forecasting an underspend of £0.1m as a result of savings identified from ICT contracts and network circuits. Whilst there are some financial challenges within the wider directorate, projected savings on Legal disbursements and Bereavement Services income along with robust budget management are expected to offset those pressures.
- 2.31** The forecast position for Property & Facilities Services is an underspend of £591k. This improved position has resulted from a significant increase in trading activity in the Building Consultancy Service, leading to an increase in fee income. This position includes a number of back-dated business rates refunds, which are one-off savings. The Service continues to face pressures on income across estates and the commercial portfolio, increased costs on cleaning, maintenance and fixtures and fittings. There is a pressure in school catering of £371k due to the continuing impact of food price inflation; this is an improved position from 2023/24 due to an increase in income from the increase in fees and charges. This is offset by a forecast underspend on building cleaning of £1.1m due to additional contract income.
- 2.32** Within Customer, Information and Digital Services, increased costs on postage and print are under review. Ongoing recruitment challenges are creating a

temporary cost reduction, which is offset by over-recruitment within Customer Services contact centre to help manage the difficulties caused by high staff turnover in this area, that impacts on call waiting times.

- 2.33** Legal Services faces continued demand for legal support with child protection hearings and court case costs relating to Looked After Children. Ongoing difficulties in recruiting to key posts are currently resulting in the extended use of locum solicitors and external suppliers. However, the number of cases remains volatile and will continue to be monitored closely.

Assistant Chief Executive (underspend of £191k)

- 2.34** This is an improvement from the September forecast due to identification and delivery of in-year opportunities to support the Council position. Projected income of £85k for the services of the Chief Executive (CEX) to Nottingham City Council (2 days per week for the full year), along with £45k of additional income from salary sacrifice schemes are mitigating cost pressures across the Directorate. There are pressures relating to the Occupational Health contract (£34k) and HR & Payroll system (£51k). There are other minor variances across the directorate primarily relating to staffing and vacancy control, all of which are contained within the overall budget.

Central Services (£10.9m underspend)

- 2.35** Central Services has a £10.9m forecast underspend, made up of budget provisions set aside when the Budget was approved. A Social Care Contingency of £3.4m and a Corporate Budget Provision of £3.5m to support anticipated pressures across Social Care and Home to School Transport are being used to support the wider Directorates forecast position, along with a £4m forecast underspend from Treasury Management.
- 2.36** There continues to be significant financial challenges as a result of increased costs, energy prices and the potential impact of the 2024/25 Local Government Pay Award. The impact on base costs of high inflation in recent years continues to impact the renewal of Council contracts and payments to key service providers, as such it continues to present a financial challenge to the Council's approved Budget and MTFs. However, the Council was able to build into the Council's Budget and Council Tax Report 2024/25 greater levels of funding to manage the impact of inflation, energy and pay. As such it is currently anticipated that these impacts can be controlled within the existing budgetary provision.
- 2.37** The current economic climate remains turbulent, with challenges in projecting where inflation will move and the pace at which it moves. Though the recent trajectory has seen inflation fall to 2.3% (October 2024), this is not negative inflation and as such the Council's costs are still significantly higher than they were when inflation first started to spike above the Bank of England's 2% target. Although inflation has fallen considerably since its peak in 2023/24, the impact was that the resulting increased base cost of services remains high, and it is this cost on which future inflation is applied. As such, the Council will continue to face

financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves.

- 2.38** However, energy prices have reduced which will help support the Council's Budget position for 2024/25, though it is too early in the financial year to be clear on its full benefit.
- 2.39** The Council's Treasury Management functions are expected to continue to perform well for the bulk of 2024/25. The Council still holds cash balances and is able to invest them for a greater return given current high interest rates, additional slippage on the Capital programme in 2023/24 means that the level of financing costs for 2024/25 will be less than anticipated. The benefits from the Treasury Management function can be used to support wider inflationary pressures that the Council will face during 2024/25, however it should be noted that as the Capital programme progresses, these short-term opportunities will diminish.
- 2.40** 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 2024/25, approved at Council 28th February 2024. 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.

Housing Revenue Account (HRA)

- 2.41** 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 £2.5m.
- 2.42** The underspend largely relates to a gainshare on the repairs and maintenance contract.

Capital Programme Update

- 2.43** The revised Capital Programme for 2024/25 is £181.452m split between the General Fund £124.530m and HRA £56.922m. This is a decrease of £20.6m from the position as at the end of September reported to Cabinet on 18th November 2024. The movement is based on the latest profiles of expenditure against schemes, including slippage and re-profiles of £21.227m and grant funding removed from the programme of £9.335m.

Table 3: Variations to the Capital Programme 2024/25 to 2027/28

	Total Impact £m	2024/25 Impact £m	Post 2024/25 Impact £m
Revised Grant and Funding Estimates	-9.335	0.627	-9.962
Slippage / reprofiling	0.000	-21.227	21.227
Total	-9.335	20.600	-11.265

2.44 The main items contributing to the reprofiling of the Capital Programme are:

- **Additional Places at Brinsworth Academy** -£1.687m slippage. This scheme is on hold until a decision is made on the need for additional school places.
- **Secondary School Budget Unallocated** -£0.910m slippage. No new commitments on this budget are currently identified.
- **Maltby East** £0.703m slippage. Our Place Fund and Highway contributions will increase the scope and cost of the scheme. This has delayed the tender which will now be early 2025. Therefore, budget reprofiled to reflect that costs will fall in 2025/26 financial year.
- **A6178 Sheffield Road** -£0.899 slippage, forecast underspend. Approval is being sought from the funders to reallocate remaining budget to other projects. It is anticipated that this will be resolved early in 2025/26.
- **Fitzwilliam Corridor** -£1.351m slippage. Design and consultation is ongoing. The budget has been reprofiled in line with the planned design and build contract and carried into 2025/26.
- **Broom Wickersley Corridor** £0.761m slippage. Budget has been reprofiled to reflect design and build contract programme.
- **Templeborough (Magna)** £0.533m slippage. Budget has been revised to reflect the capital spend profile within the Full Business Case, now that scheme delivery is between Magna and Henry Boot Construction Ltd rather than RMBC and Henry Boot Construction Ltd.
- **Riverside Gardens** -£4.033m slippage. Revised forecast reflects expectation that start on site is now anticipated to be late Q4 2024/25 to early Q1 2025/26 with subsequent 12-month programme.

- **Wath Regeneration** -£0.989m slippage. Budget reprofiled to reflect revised programme which anticipated the end of procurement by end of Q4 24/25, completion of design in Q1 2025/26 and completion of construction in Q2 2026/27.
- **Replacement of Server Equipment** -£0.593m slippage. After a review of the strategic approach to computing and data storage a decision has been made to defer this scheme until 2025/26.
- **Castle View Day Care Centre and Adult Care Units** -£2.382m slippage. Once the cashflow is confirmed with the quantity surveyor the budget will be reprofiled to align with this. Work started on site in October and is progressing.

2.45 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:

Table 4: New Grant/HRA Funded Schemes added to the programme

Directorate/Scheme	2024/25 £m	Post 2024/25 £m
Regeneration & Environment		
UK Shared Prosperity Fund for local investment.	0.627	0.000
City Region Sustainable Transport Settlements (CRSTS) Transport Block. Funding removed until the 2025/26 allocation is confirmed.	0.000	-1.962
City Region Sustainable Transport Settlements (CRSTS) Maintenance Block. Funding removed to match the grant allocation for Roads Programme	0.000	-8.000
Total	0.627	-9.962

Programme Variations

2.46 The following variations to the Capital Programme cover significant variations between capital projects that are either key decision value or a change in use of corporate resources and as such need reporting to Cabinet.

Aids & Adaptations

2.47 There is a request to pull forward/take additional budget of £600k into 2024/25 from the unallocated DFG budget to respond to increased demand and a backlog of projects.

2.48 This funding is required to meet the needs of the customers, to ensure they can live independently in their homes by providing aids and adaptations to meet the short and long term need. This can also involve the provision of minor fixings and adaptations. Where possible, this would reduce non-elective admissions to hospital.

2.49 The current budget for private aids & adaptations is £2.197m. The proposed virement will increase this budget to £2.797m. The budget will be taken from the unallocated DFG surplus of £2.706m that has built up over a number of years. If the budget were to remain at £2.197 million, this would have a direct impact on the number of adaptations that can be provided to private households in Rotherham. In turn, this would impact on demand on the NHS and Social Care.

Riverside Gardens and Corporation Street

2.50 The Riverside Gardens & Corporation Street project will deliver new public realm and improved highway and pedestrian footways within the Leisure & Culture Quarter of the town centre. Having started life as a group of independent projects, over the lifespan of its development the proposed works have been consolidated into one scheme comprising works to Corporation Street, Ship Hill and a new public park on the car park area to the rear of Corporation Street overlooking the river and Forge Island.

2.51 Cabinet is asked to approve the consolidation of various budgets to facilitate the development of this scheme in order to provide a comprehensive package of works. This proposal would see the budget for the Riverside Gardens project increased from £9.439m to £10.919m through an additional contribution of £1.48m from Town Centre Investment Fund, Transforming Cities Fund and Highways contributions.

<i>Budget Name</i>	<i>Funder</i>	<i>Amount</i>
<i>Pathfinder funding</i>	<i>MHCLG</i>	<i>£9,439,409</i>
<i>Town Centre Investment Fund</i>	<i>RMBC</i>	<i>£400,000</i>
<i>Highways</i>	<i>RMBC</i>	<i>£420,000</i>
<i>Highways (street lighting)</i>	<i>RMBC</i>	<i>£110,000</i>
<i>Transforming Cities</i>	<i>SYMCA</i>	<i>£550,000</i>

2.52 The Transforming Cities Fund contribution has been agreed in principle at the SYMCA Programme Board on 5th December 2024. A full change request process is now required.

2.53 A procurement exercise has been undertaken and a contract is being prepared for completion with works due to start on site before the end of the 24/25 financial year and progressing through to 25/26.

MCA Approvals

2.54 The South Yorkshire Mayoral Combined Authority (SYMCA) acts as accountable body for a number of different Government funding streams and as the accountable body for Gainshare. £8m has been removed from the CRSTS maintenance block and £1.962 from the Transport element to match the grant funding allocations.

The proposed updated Capital Programme to 2027/28 is shown by directorate in Table 5 below.

Table 5: Proposed Updated Capital Programme 2024/25 to 2027/28

Directorate	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	Total Budget £m
General Fund Capital					
Children and Young People's Services	8.330	21.049	6.360	7.070	42.809
Regeneration and Environment	86.564	109.307	20.534	6.196	222.601
Adult Care & Housing	8.398	15.416	4.924	8.969	37.706
Assistant Chief Executive	0.341	0.210	0.210	0.210	0.971
Finance and Customer Services	20.897	26.161	5.944	5.648	58.649
Capitalisation Direction					
Total General Fund Capital	124.530	172.144	37.971	28.093	362.737
Total HRA Capital	56.922	64.608	75.508	33.539	230.577
Total RMBC Capital Programme	181.452	236.752	113.478	61.632	593.314

2.55 The Capital Programme for 2024/25 remains ambitious even with a significant level of re-profiling of schemes into 2025/26. The Council will therefore need to keep close control of project spend profiles and delivery milestones to keep these projects on track. The Council will also need to review the deliverability of this significantly increased capital programme and potentially, re-profile some schemes into future financial years.

2.56 Funding Position of capital programme 2024/25

The £181.452m of capital expenditure is funded as shown in Table 6 below.

Table 6: Funding of the Approved Capital Programme

Funding Stream	2024/25
	Budget £m
Grants and Contributions	63.004
Unsupported Borrowing	61.392
HRA Contribution	0.134
Total Funding - General Fund	124.530
Grants and Contributions	3.556
Unsupported Borrowing	9.063
Housing Major Repairs Allowance	24.950
Capital Receipts	13.533
Revenue Contribution	5.820
Total Funding - HRA	56.922
Total	181.452

2.57 Capital Receipts

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.

2.58 To date General Fund useable capital receipts of £0.434m 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 November 2024 £m
Falding Street Chapel Masbrough	-0.131
Covenant release	-0.045
Woodlands Farm Land	-0.089
241 Canklow Road	-0.055
Land at Snail Hill	-0.088
Land at Doncaster Gate	-0.023
Miscellaneous	-0.006
Total Capital Receipts (Excluding loan repayments)	-0.436
Repayment of Loans	-0.021
Total Capital Receipts	-0.457

2.59 The detailed disposal programme is currently being updated. At this stage the forecast for useable capital receipts is between £0.75m and £1.25m but this may change when the detailed assessment has been completed. These receipts are made up of a small number of disposals and therefore any changes to these could impact on these forecasts significantly. It should be noted that there is no corporate requirement to disposal of General Fund assets and each individual decision should be taken as appropriate.

2.60 Capital Achievements

The following outputs have been achieved up to the end of November 2024.

- Restoration works at Waterloo Kiln have been completed. The £189,000 scheme was supported with an £80,000 grant from Historic England and the completion of the works removes the structure from the nationally published 'Heritage at Risk' list. Waterloo Kiln reopened to the public in November with a Family Funday and exhibition of work from local schools and community schools.
- Up to the end of November 350 concrete street lighting columns have been replaced, 4 zebra poles have been upgraded and over 100 street nameplates have been renewed.
- Up to the end of October 48% of carriageway repair schemes have been completed and 30% of footway repair schemes have been completed. Following consultation with members an additional 70 Highway repair schemes have been included in the "Rotherham Roads repair Programme 2024 to 2026".

- The following drainage schemes all completed in October and November 2024. New highway drain at Back Lane Thrybergh, Watercourse cleansing at Whiston Brook, Installation of new land drain at Common Road Thorpe Salvin, Repair of road gully at Richmond Park Road Kimberworth, New highway drain at Fullerton Road Templeborough.

3. Options considered and recommended proposal

3.1 With regard to the current forecast net revenue budget, the directorates are forecasting an overspend of £15.5m. Further management actions continue to be identified with the clear aim of ensuring a balanced budget position can be achieved. It is currently assumed that to achieve a balanced outturn position there will be a need to utilise an element of the Council's reserves given the significant pressures that are being faced.

3.2 This is in recognition that there are still financial implications that need to be fully understood and that may not be fully known until later in the financial year. 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 2024/25, as part of producing the Budget and Council Tax Report 2024/25. Details of the consultation are set out in the Budget and Council Tax 2024/25 report approved by Council on 28th February 2024.

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 2024/25 will be taken to Cabinet in July 2025.

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 current financial pressures from inflation and increases in demand. 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 will be provided to Cabinet later in 2024. This will provide a more detailed update on the Council's Medium Term Financial Planning factoring in the impact of the current year financial pressures and the longer term impacts on the MTFs and reserves strategy.

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 This is a finance update report, providing a review of current progress to date on the Council's revenue and capital budgets, any equalities and human rights impacts from service delivery have been or will be detailed as service budgets, capital projects are pulled together for inclusion within the Council's revenue budget or capital programme.

10.2 An Equality Screening (Part A) is attached at Appendix 1.

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

Rob Mahon, Assistant Director – Financial Services

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp OBE	23/12/24
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	20/12/24
Assistant Director, Legal Services (Monitoring Officer)	Phillip Horsfield	23/12/24

Report Author: Rob Mahon, Assistant Director – Financial Services

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