

**Committee Name and Date of Committee Meeting**

Cabinet – 08 June 2026

**Report Title**

Finance Update

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

Yes

**Executive Director Approving Submission of the Report**

Judith Badger, Executive Director of Corporate 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 on the Council's financial outturn 2025/26, in advance of the more detailed Financial Outturn 2025/26 report to be submitted to Cabinet in July 2026. The updates follow on from the approval of the Budget and Council Tax 2026/27 report at Council on 4 March 2026, which set out the forecast outturn position for 2025/26.

The report reflects that the Council's financial outturn position for 2025/26 has improved from a projected £3.4m overspend, as reported to Cabinet as part of December's Financial Monitoring report, to an overspend of £0.3m. Headline information explaining the improvements is detailed within the report.

The report also provides updates on the Council's delivery of the Household Support Fund and Local Council Tax Support Top Up scheme.

The report provides updates on a series of proposed variations to the Council's Capital Programme that require Cabinet approval.

## **Recommendations**

That Cabinet:-

1. Note the update on the revenue budget financial outturn 2025/26.
2. Note the Council's progress on the delivery of the Local Council Tax Support Top Up payment scheme.
3. Note the update to the Household Support Fund for 2025-26.
4. Approve the capital budget variations as detailed in section 2.4 of the report.

## **List of Appendices Included**

Appendix 1: Initial Equality Screening Assessment (Part A)

Appendix 2: Climate Impact Assessment

## **Background Papers**

Budget and Council Tax Report 2025/26 to Council on 5 March 2025

December Financial Monitoring Report to Cabinet 9 February 2026

Budget and Council Tax Report 2026/27 to Council on 4 March 2026

## **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 2026/27 report at Cabinet on 9 February 2026 and at Council on 4 March 2026.
- 1.2 The report provides an interim update to Cabinet in advance of the more detailed Financial Outturn 2025/26 and Financial Monitoring 2026/27 reports which will be submitted to Cabinet on 6 July 2026.

### 2. Key Issues

#### 2.1 Revenue Budget Financial Outturn 2025/26

- 2.1.1 The Financial Outturn 2025/26 report to Cabinet in July 2026 will set out the full details of expenditure against budget for 2025/26, for both revenue and capital, along with an updated analysis of revenue and capital reserves and an updated position for the Capital Programme.
- 2.1.2 The Financial Monitoring Report 2025/26 submitted to Cabinet on 9 February 2026, based on the financial monitoring position as at December 2025, outlined that the Council anticipated an overspend of £3.4m. This forecast position was also outlined in the Budget and Council Tax 2026/27 report which was submitted to the same Cabinet meeting and to Council on 4 March 2026. The overspend was to be funded from Reserves as approved at Council as part of the Budget and Council Tax 2026/27 report. However, the report noted that the Council's intention was to further improve that outturn position in the remainder of the financial year, if possible, to help reduce the call on reserves.
- 2.1.3 The actual financial outturn position reflects an overspend of £0.3m for the financial year 2025/26. This position includes a final overspend of £5.7m across the directorates. As reported throughout 2025/26 the directorates overspend has been mitigated in part by the forecast underspend in Central Services. As at the financial outturn 2025/26, the directorates overspend was significantly offset by the final underspend in Central Services of £5.4m, which reduced the Council's overall outturn to a £0.3m overspend. This is an improvement of £3.1m from the December Financial Monitoring position reported to February Cabinet. The improvement is a result of lower than projected expenditure on Children's Social Care placements in quarter 4 of 2025/26, service areas delivering savings ahead of year-end, maximised grant allocations, and improvements in income being generated.
- 2.1.4 The main reasons for the improvement in the directorates outturn position are as follows, though more detailed narratives will follow in the Financial Outturn report to Cabinet in July 2026:

- Children & Young People Services' (CYPS) overspend for the year of £2.6m is lower (by £2.4m) than the position reported in December 2025. The reduction is due to forecast costs on planned social care placements not transpiring as expected, maximising the use of grant funding to support the directorate's position and increased staff vacancy and turnover. Whilst this is a much improved position on CYPS, there was an underlying pressure on placements of £6.2m at the financial year end that the Council will continue to address through its Budget and Medium Term Financial Strategy. There is a continued focus on the reduction of external residential placements, completion of the Council's in-house residential programme and growth in (or at least maintaining) the current levels of fostering placements and placements with Independent Fostering Agencies (IFA's).
- Adult Care, Housing & Public Health (ACH&PH) final overspend was £4.8m, which has increased by £0.4m. There have been additional placement costs due to demand and increasing complexity, partially offset by slippage in some Public Health programmes and additional income in housing.
- Regeneration and Environment Services' (R&E) outturn position has decreased, with a final outturn of £0.5m underspent, £1.3m lower than December's forecast. This position is due to various improvements across the Directorate, particularly due to increased income (for example in Streetworks), grant maximisation and income improvements against projection in Culture, Sport and Tourism across Country Park Cafés and Theatres.
- Assistant Chief Executive's (ACE) Directorate final underspend was £0.5m, which was an increase of £0.1m from December due to vacancy control and savings on non-staff expenditure.
- Finance and Customer Services underspend increased by £0.1m due to vacancy control, resulting in a final underspend position of £0.7m.

2.1.5 Central Services delivered an underspend of £5.4m. This was a result of the £5.4m Social Care contingency approved within the Council's Budget and Council Tax Report 2025/26 being used to offset the £6.2m placement overspend within the CYPS outturn position, as planned. In addition, savings generated within the Council's Treasury Management Strategy offset the impact of the Local Government Pay Award and in year inflationary pressures.

2.1.6 The improvements in the directorates' forecast outturns represent a positive direction of travel for the Council's finances and a significant improvement from the £3.4m forecast overspend reported in the December Financial Monitoring to Cabinet in February 2026. This prudent financial management will be important in managing future budget pressures given the known volatility in external factors. This improved position means the Council's Reserve balances

also remain stronger than had been projected when setting the 2025/26 and 2026/27 revenue budgets, which helps to ensure the Council has a robust financial position.

- 2.1.7 The Council's Budget and Council Tax report 2025/26 included the delivery of £7.494m savings, to be delivered across the Directorates. The Council can confirm that £7.054m of delivery has been secured during the year.

**Table 1:** Delivery of Savings agreed as part of the 2025/26 Budget and Medium Term Financial Strategy.

Directorate	2025/26 Plan	2025/26 Total delivered	Variance To Be Delivered in 2026/27
	£000	£000	£000
ACH&PH	600	600	0
CYPS	6,163	6,163	0
R&E	731	291	440
<b>Total Savings</b>	<b>7,494</b>	<b>7,054</b>	<b>440</b>

- 2.1.8 There has been a shortfall in the delivery on the Route Optimisation saving within Waste Management, that has meant that the full value of the saving has not been achievable in 2025/26. However, the key actions to deliver the saving have been completed and the full value of the saving should be deliverable in 2026/27. There has been a shortfall in savings to be generated from increased income within Culture, Sport and Tourism across the Country Parks. However, given the completion of the new Café at Rother Valley Country Park and refurbished Café at Thrybergh Country Park it is expected that this income stream will continue to grow.

## 2.2 Local Council Tax Support Top Up Scheme

- 2.2.1 Council approved, as part of the Council's Budget and Council Tax Report on the 4 March 2026, continuation of a Local Council Tax Support Top Up Scheme to run during 2026/27. The scheme will provide an additional award during 2026/27 of up to £131.44 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 2027. The 2026/27 Scheme has commenced and at the time of writing a total of £1.712m has been awarded across 15,015 accounts, with 10,866 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.

2.2.2 The estimated Scheme costs are between £1.7m and £1.9m. As agreed in the Budget Report to Council 4 March 2026, this will be funded from the Council's Crisis Resilience Fund allocation for 2026/27. This is new funding from 2026/27, replacing the previous Household Support Fund (HSF).

2.2.3 The 2025/26 Local Council Tax Support Top Up scheme provided additional support of up to £126.12 to low income households most vulnerable to rising household costs, through reduced Council Tax bills. A total of £1.777m has been awarded across 17,558 accounts with 10,989 being reduced to nil in 2025/26.

### 2.3 Household Support Fund (HSF)

2.3.1 The Council was awarded a full year HSF grant for 2025/26 of just under £4.4m. This was to support vulnerable households with energy, food and other cost of living pressures.

2.3.2 As of 31 March 2026, the Council had fully spent this grant allocation, including through delivering 141,748 Free School Meals vouchers to support families across the school holidays. HSF contributed over £413k to the delivery of the Council's Energy Crisis Support Scheme, supporting 1,657 households with £250 towards their fuel bills. Care leavers were supported with £90k of HSF covering energy and food costs and over 17,558 households received extra support towards their Council Tax bills. In addition, the HSF supported Voluntary and Community Sector provision to provide 657 vulnerable households over the Christmas and New Year period and distributed crisis food parcels throughout the year.

2.3.3 The HSF ended on 31<sup>st</sup> March 2026, and has been superseded by the Crisis Resilience Fund, with greater emphasis on targeted short-term aid for those on low incomes to deal with urgent financial shocks whilst building long-term financial resilience.

### 2.4 **Capital Programme Variations**

2.4.1 The following variations to the capital programme cover significant variations between capital projects that are either a key decision value or a change in use of corporate resources and as such need approval from Cabinet.

#### 2.4.2 Corporate ICT Capital Programme

The ICT capital programme is used to upgrade the Council's core infrastructures, provide or replace end-user devices and related equipment, maintain information security and provide investment to deliver the Council's Digital Strategy. The annual allocations in the capital programme for ICT have been

reviewed and as such, a variation is proposed to better reflect the levels of investment required and to ensure there is sufficient budget available against those areas.

The following table shows the proposed project budget profile.

Programme Area	Proposed Profile		
	2026/2027 £	2027/2028 £	2028/2029 £
CTT218 - Digital Innovation	£700,000	£700,000	£700,000
CTT219 - Hardware Provisioning	£1,392,386	£1,500,000	£1,500,000
CTT220 – Network Equipment refresh	£448,692	£350,000	£550,000
CTT221 – Server equipment refresh	£300,000	£250,000	£400,000
CTT223 – Data backup and storage	£275,000	£100,000	£850,000
<b>Total Proposed Programme</b>	<b>£3,116,078</b>	<b>£2,900,000</b>	<b>£4,000,000</b>
<b>Current Programme</b>	<b>£3,783,015</b>	<b>£2,890,000</b>	<b>£4,039,150</b>
<b>Variation</b>	<b>-£666,937</b>	<b>£10,000</b>	<b>-£39,150</b>
		<b>Overall impact</b>	<b>-£696,087</b>

The overall impact over the three-year programme is a reduction of £696,087. This saving has been moved to capital contingency. The table below shows the changes per project.

Programme Area	Proposed Variation		
	2026/2027 £	2027/2028 £	2028/2029 £
CTT218 - Digital Innovation	-£167,000	£0	-£315,199
CTT219 - Hardware Provisioning	£0	£590,000	£590,000
CTT220 – Network Equipment refresh	£0	-£280,000	-£80,000
CTT221 – Server equipment refresh	-£602,937	-£400,000	-£250,000
CTT223 – Data backup and storage	£103,000	£100,000	£16,049
<b>Total Proposed Programme</b>	<b>-£666,937</b>	<b>£10,000</b>	<b>-£39,150</b>

#### 2.4.3 Matrix and Century fire stopping works

This variation is to utilise corporate landlord funding to cover the shortfall forecast on firestopping works at the Matrix and Century Business Centres. A total £46k shortfall is forecast across the programme, but this includes a 10% contingency on all projects that are both in progress and pending tender. Given the current likelihood of utilising contingencies in the lighting and heating projects, the overspend is forecast between £23k and £46k. Spend for the outstanding firestopping projects will now fall mainly in 2026/27 to allow for tender and works timescales. It is proposed that the shortfall of £46k is funded via the corporate landlord capital repairs budget (funded by corporate borrowing) as it relates to compliance matters. There is sufficient budget in this year's allocation to afford this.

#### 2.4.4 Rother Valley Country Park Waterfront Café and Events Space

Following a legislative requirement for 20% of car parking spaces to be EV charging spaces, the project has needed to revisit the parking provision. There were originally sufficient EV spaces accommodated in the wider site development, however following a design review and refocusing of attention on the Visitors' Centre and overflow carpark, the number of EV charging bays was reduced elsewhere in the park. Following the legislative change additional spaces are now required within the overflow carpark to meet government stipulation. This work will incur additional costs which are estimated to total £141,973. The proposed source of finance for the identified funding gap is through reallocating the unspent budget from other Local Regeneration Fund (Pathfinder) interventions.

#### 2.4.5 Ash Dieback Mitigation

As part of the 2024/25 budget, a capital investment of £1m was approved to fell and replace trees affected by ash dieback. As at March 2026, £21k has been spent. This variation seeks approval to apply the remaining balance more flexibly, allowing it to be used to address all emerging tree pests and diseases, rather than being restricted to ash dieback related work.

This proposed variation will broaden the scope of the existing capital allocation, which was originally established to manage ash dieback through felling, replanting, and essential safety works. Although ash dieback continues to pose a major risk, operational teams are increasingly encountering trees affected by other diseases and emerging tree pests, resulting in widespread decline across multiple species. These issues are now presenting across highways, parks, woodlands, and housing land, and require a more flexible capital approach to manage them effectively.

Broadening the remit of the capital programme will allow the Council to:

- Address all emerging and serious tree diseases, not just ash dieback
- Respond to safety-critical works across all service areas
- Support replanting and long-term canopy recovery through a structured tree-replacement programme (each new tree costs around £800 inclusive of three years of aftercare)
- Reduce pressure on revenue budgets

#### 2.4.6 Property Flood Resilience

Following Storm Babet, communities impacted by flooding were entitled to apply for property flood resilience measures through a Grant arranged by central Government (DEFRA) but administered by Local Authorities, known as the Property Flood Resilience (PFR) Grant. Eligible flood-hit property owners will be able to apply for up to £5,000 to help make their homes and businesses more resilient to future flooding via the Property Flood Resilience Repair Grant Scheme.

The Council has been supporting residents to apply for the fund, provide professional services and where possible bring multiple schemes together to procure and deliver. This variation will allow for the Council to top up the available funding from the Government scheme and ensure at least a minimum standard of protection is provided as per the surveys undertaken at each property. The additional capacity will allow the essential works, such as flood gates, identified by site surveys to be undertaken; the impact and value per property varies. The works will support 85 properties, a mix of private and Council owned properties.

It should be noted that the Grant are set up to allow residents to pay more to enhance protection beyond the minimum offered through the Grant. However, top up by the Council is recommended as this may be unaffordable in a number of cases and residents have incurred significant costs and disruption as a result of the floods to date. The works will support the overall aims of the Council's drainage capital programme. It should also lead to cost avoidance for the Council in the future, for example in clean-up costs and diverted staff time.

The scheme will utilise £171,026 of unallocated budget (corporate borrowing) from the drainage capital programme to fund any works which cannot be covered by the grant.

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

- 3.1 This report is retrospectively updating on outcomes and outputs from the Council's revenue outturn position, the delivery of the Local Council Tax Support Scheme 2025/26, progress so far against the 2026/27 Local Council Tax

Support Scheme and delivery of the Household Support Fund 2025/26. The report also seeks approval for a series of variations to projects within the Council's approved Capital Programme. The recommended option is to approve these Capital Programme variations. The alternative option would be to reject the variations, which would mean these schemes would not be able to deliver their outputs as planned.

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

4.1 Consultation with residents, businesses and partners was undertaken as part of the development of the 2025/26 budget setting and then again as part of budget setting for 2026/27. This consultation process covers the revenue Budget and Capital Programme proposals and the Local Council Tax Support Scheme that are all approved through the annual Budget process. The Household Support Fund was approved via a specific report through Cabinet.

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

5.1 This report is retrospectively updating on outcomes and outputs from the Council's revenue outturn position, the delivery of the Local Council Tax Support Scheme 2025/26, progress so far against the 2026/27 Local Council Tax Support Scheme and delivery of the Household Support Fund 2025/26. The report also seeks approval for a series of variations to projects within the Council's approved Capital Programme. Should these variations not be supported, then the delivery of the schemes will either be delayed or may not happen.

#### **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 There are no direct legal implications arising from this report.

#### **8. Human Resources Advice and Implications**

8.1 There are no direct HR implications with the content in this report.

#### **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 budgets.

## 10. Equalities and Human Rights Advice and Implications

10.1 An Initial Equality Screening Assessment (Part A) has been completed and is attached as Appendix 1.

## 11. Implications for CO2 Emissions and Climate Change

11.1 There are no direct climate change implications arising from this report.

## 12. Implications for Partners

12.1 At a time of global economic uncertainty, 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. 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 - Service Director, Financial Services

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	John Edwards	15/05/26
Executive Director, Corporate Services (Section 151 Officer)	Judith Badger	11/05/26
Service Director, Legal Services (Monitoring Officer)	Phil Horsfield	11/05/26

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