

Summary Sheet

Committee Name and Date of Committee Meeting

Cabinet and Commissioners' Decision Making Meeting – 9 July 2018

Report Title

Financial Outturn 2017/18

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

All

Summary

The report outlines the final revenue and capital outturn position for 2017/18.

The Revenue Budget 2017/18 was approved by Council on 8 March 2017. A budget of £221.560m (including Public Health) was set for General Fund services; this excludes schools budgets and Housing Revenue Account (HRA). The final outturn position was a £3.237m underspend. The original budget proposed a planned use of reserves of £10.467m, therefore only £7.230m will be utilised leaving £3.237m which will be available to support the budget in later years.

A summary of the outturn position for each Directorate is shown in the table in Section 3.1 below. The Council continues to face demand pressures, in particular, in respect of social care. The total overspends on Social Care were £7.737m on Children's and £4.059m on Adults.

The Council's General Fund minimum balance reserve remains at £11.269m. The reserve is held to protect the Council against unforeseen events and realisation of contingent liabilities.

The Housing Revenue Account (HRA) had an underspend of £2.353m.

The schools outturn position which is funded by the ring-fenced Dedicated Schools Grant had an underspend of £0.097m

The Capital Outturn shows an underspend of £13.359m against the estimated spend for 2017/18 included within the Capital Programme

Recommendations

1. That the Revenue Outturn position of a £3.237m underspend be noted.
2. That approval be given to the transfer to the HRA reserve of the £2.353m HRA underspend.
3. That the carry forward of the combined schools balance of £1.401m in accordance with DfE regulations be noted.
4. That the reserves position as set out in section 3.12 be noted.
5. That the capital outturn and funding position as set out in section 3.13 and Appendix One be noted.
6. That the inclusion into the capital programme of new schemes funded by external resources as set out in Appendix One be noted.

List of Appendices Included

Background Papers

Revenue Budget and Council Tax Setting Report for 2017/18 to Council 8th March 2017

May Financial Monitoring Report 2017/18 - 10th July 2017

July Financial Monitoring Report 2017/18 – 11th September 2017

September Financial Monitoring Report 2017/18 - 13th November 2017

October Financial Monitoring Report 2017/18 – 11 December 2017

December Financial Monitoring Report 2017/18 – 19th February 2018

January Financial Monitoring Report 2017/18 – 20th February 2018

Unlocking Property Investment Bighton Link Report to Cabinet and Commissioners' Decision Making Meeting - 11th September 2017.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board

Council Approval Required

Yes

Exempt from the Press and Public

No

Financial Outturn 2017/18

1. Recommendations

- 1.1. That the Revenue Outturn position of a £3.237m underspend be noted.
- 1.2. That approval be given to the transfer to the HRA reserve of the £2.353m HRA underspend.
- 1.3. That the carry forward of the combined schools balance of £1.401m in accordance with DfE regulations be noted.
- 1.4. That the reserves position as set out in section 3.12 be noted.
- 1.5. That the capital outturn and funding position as set out in section 3.13 and Appendix One be noted.
- 1.6. That the inclusion into the capital programme of new schemes funded by external resources as set out in Appendix One be noted.

2. Background

- 2.1. This reports sets out the Council's revenue, capital, HRA and schools outturn position in 2017/18. The Council set a revenue budget of £221.560m and a capital programme budget of £66.064m.
- 2.2. The report illustrates the Council's financial position on a management accounts basis which is used to monitor performance throughout the financial year. The Audit Committee considered the Council's draft unaudited Statement of Accounts 2017/18 on 19th June 2018, and will consider the final Statement of Accounts on 30th July 2018 following the audit of the accounts by the Council's external auditors KPMG. The Statement of Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and appropriate accounting standards. As such, the reporting in the Statement of Accounts is different in format to the management reporting.
- 2.3. In understanding the outturn position it is helpful to set out the financial context of the Council.
- 2.4. The Council has made savings of £162m between the period 2011/12 to 2017/18 in response to the Government's austerity measures which has seen substantial cuts to local authority funding. In 2018/19, the Council is required to find savings of £15.2m, with further savings of £30m required over the period 2019/20 and 2020/21. In response to meeting the challenge of funding reductions and rising cost pressures as a result of increased demand for services, the Council will continue to examine service change and improvement work across the Council.

- 2.5. In common with other local authorities across the country, there continues to be increasing demand pressures on social care services. Throughout 2017/18, the Council's financial position has been monitored and appropriate mitigations have been implemented by management to ensure that total expenditure remained within the overall budget set by Council in March 2017.
- 2.6. The Council has a programme to identify, track and deliver a savings programme over the medium term in order to set a balanced budget. The process draws on an approach that ensures that both investment and savings options are not considered in isolation and contribute to the principles and priorities as set out in the Council Plan and Medium Term Financial Strategy.

3. Key Issues

- 3.1. The table below provides a summary of the Revenue Outturn for 2017/18. This is followed by a summary of the position by Directorate which includes an explanation of the key variances.

Table 1: Revenue Outturn 2017/18

| Directorate / Service | Budget 2017/18 | Outturn 2017/18 | Variance (over (+) / under (-)) |
|---|-------------------|--------------------|---------------------------------------|
| | £'000 | £'000 | £'000 |
| Children & Young People's Services | 62,401 | 69,805 | +7,404 |
| Adult Care & Housing | 62,050 | 65,453 | +2,121 |
| Regeneration & Environment Services | 43,561 | 43,514 | -47 |
| Finance & Customer Services | 13,242 | 13,139 | -103 |
| Assistant Chief Executive | 6,205 | 5,452 | -753 |
| Central Services | 17,367 | 4,326 | -11,759 |
| SUB TOTAL* | 204,826 | 201,689 | -3,137 |
| Public Health (Specific Grant) | 16,734 | 16,634 | -100 |
| TOTAL* | 221,560 | 218,323 | -3,237 |
| <i>*Figures above include budgeted and actual use of reserves</i> | 10,467 | 7,230 | -3,237 |

3.2. Children & Young People's Services

The Directorate (excluding schools) has an overspend of £7.404m. The main reasons for the variance are described as follows:

- **Children's Social Care - £7.737m overspend** - the service continues to face significant demand pressures particularly in the numbers of looked after children and emergency placements. The number of looked after children was 617 as at 31 March 2018 compared to the budgeted number of 487. In addition, there were additional costs associated with leaving care allowances and supported accommodation costs due to the increase in Leaving Care numbers during the year, some of whom are in high cost supported accommodation. These additional costs have been partially offset by additional continuing health care contributions and the Dedicated Schools Grant (DSG) High Needs Block to fund some of these placement costs.

- **Commissioning Performance and Quality - £97k overspend** – this is largely due to unachieved savings within the service.
- **Early Help Services - £0.978m underspend** – there has been effective vacancy management pending the planned full restructure which is scheduled to be implemented in February 2019.
- **Education and Skills - £0.334m underspend** – this is mainly due to the redistribution of SEND funding in respect of Education Psychology within the service.

3.3. **Adult Care and Housing**

The Directorate overspend was £2.121m. The reasons for this are as follows:

Adult Social Care - £4.059m overspend. The gross overspend of £4.059m was partly offset by realignment of General Fund and Housing Revenue Account apportionment of costs, resulting in £2.777m net remaining overspend. The main reasons for this net overall overspend are in respect of delays in the delivery of agreed budget savings. This has resulted in budget pressures within residential and nursing care, domiciliary care and direct payments/managed accounts across all client groups. These pressures have been reduced by the use of Improved and additional Better Care Funding, holding staff vacancies within the Commissioning team pending a review of the service and delays in recruiting to posts across the service, higher than anticipated staff turnover within Adults Safeguarding and efficiency savings within day care provision and supported living schemes. Further detail of the significant variances are shown below:

- **Independent Sector Residential and Nursing Care - £2.681m overspend** – there continues to be demand led pressures on the service together with savings of £2.2m being unachieved. The overspend has been offset by allocations from the Better Care Fund.
- **Independent Sector Supported Living - £0.691m underspend** – there has been an overall reduction in client numbers, with some costs supported by an allocation of the Better Care Fund.
- **Learning Disabilities Budget Savings - £0.567m overspend** – this represents unachieved budget savings.
- **Older People Enabling Care and Sitting Services - £0.300m overspend** – due to unachieved budget savings in relation to the staffing of extra care housing.
- **Older People Client Community Support Services - £0.378m underspend** – there were unachieved budget savings in respect of the review of Rothercare savings, however these were offset by contributions from the Housing Revenue Account in respect of housing benefit subsidy for council tenants.

- **Older People Independent Sector Domiciliary Care - £1.471m overspend** – the number of service users has increased since the start of the 2017/18 financial year. The pressure on the budget for the service was reduced by an allocation from the Better Care Fund for 2017/18.
- **Supporting People - £0.446m underspend** – there were overspends due to delays in tendering services and the provision of contract extensions which were offset by HRA contributions of Homelessness Floating support contracts in respect of council tenants.
- **Commissioning and Performance - £0.772m underspend** – vacancy control pending the finalisation of the restructure and efficiency savings on the advocacy contract.

Housing - £0.656m underspend – mainly due to additional income from increased take-up of the Furnished Homes scheme, additional fee income within the Adaptations Service and vacancy savings within Neighbourhoods.

3.4. **Regeneration and Environment**

The Directorate had a net underspend of £46k. A summary of the main variances within this are:

- **Network Management - £0.217m overspend** – there were pressures on the Winter Service due to the harsh weather and increased works to clear/investigate drains, offset by energy savings on Street Lighting and over-recovery of parking income .
- **Streetscene Services - £0.170m** – there was an overspend on Corporate Transport mainly due to increased demand for Home to School Transport services. However, this was offset by underspends in the Street Cleansing and Grounds service due to vacancy control, revised schedules and planned delays of cleansing works.
- **Regulation and Enforcement - £0.502m underspend** – predominantly due to vacancy control in a number of services and additional income.
- **Customer Services - £0.199m** – additional income and savings in respect of the Registrars service.
- **Planning and Building Control - £0.179m overspend** – in the main this was due to the national increase in Land Charge fees which has impacted on the number of customers utilising the service and reduced income in respect of Development Control.
- **Facilities Services - £0.137m overspend** – adverse weather conditions contributed to the closure of schools which resulted in a loss of income in respect of the Schools Catering service. This was partly offset by additional income on Caretaking services due to increased demand for the service.
- **Facilities Management- £0.838m overspend** – due to unachieved savings and the holding costs of closed buildings pending disposal

3.5. Finance and Customer Services

There was an underspend of £0.103m in the Directorate, details of which are set out below.

- **Legal Services - £1.1m overspend** - The number of childcare proceedings requiring legal input has increased by 55% on last year's figures, requiring additional resourcing in-line with the recommendations of the Peer Review. In addition the service has carried a number of vacancies that have been difficult to fill. Interim staffing arrangements have been put in place through the use of locums and an agency agreement with Sheffield Council until vacancies are filled and a permanent solution is found for the increased demand. The increase in cases has also resulted in an increase in expenditure relating to court fees, counsel fees, expert fees and process server fees. These cost pressures have been slightly offset by underspends on Print and Postage within the Business Unit.
- **Financial Services £1.0m underspend** – additional income from recovery of housing benefit overpayments, whilst greater income and reduced costs relating to Council tax and NNDR generated additional income. In addition there was vacancy control within Revenues and Benefits and Finance Business Partnering pending the implementation of a restructure.
- **Customer Information and Digital Services £0.2m underspend** - an underspend of £0.564m due to vacancy control whilst Management, Customer Service and Business Application Support reviews progress and to mitigate against overspends elsewhere within the service. The main areas of overspend are ICT Contracts (mainly Microsoft EA renewal) and telephony, which are to be addressed in 2018-19.

3.6. Assistant Chief Executive

There was an underspend of £0.753m, in the main due to vacancy control across the Directorate. This included underspends in the following areas:

- **Human Resources and Payroll - £0.297m underspend** - this is, in the main, due to vacancy control, maternity leave and staff working less than contracted hours.
- **Policy and Partnerships - £0.151m underspend** – vacancy control across the service.
- **Chief Executives Office - £0.157m underspend** – delay in the recruitment in the Business and Innovation Team and staff savings within the Management Support Service.

3.7. Central Services

There was an underspend of £11.759m. As part of updating the Council's Medium Term Financial Strategy which was reported to Cabinet in December 2017, a thorough review has been undertaken of all the Council's Central Services Budgets and Provisions, Corporate Funding, and Accounting and Apportionments, including classification of expenditure between revenue and capital, and between the Housing Revenue Account and General Fund. In the main, the underspend relates to treasury management activity, re-profiling of PFI grant and payments and additional business rates grants.

3.8. Public Health

Public Health Services are funded through a ring-fenced grant. The 2017/18 grant allocation was 2.5% less than the previous year's allocation. There was an overspend on Sexual Health out of area contracts which was offset by underspends due to staff vacancies and a review of Children's Obesity contracts. This resulted in an overall underspend of £100k which will be transferred to the Public Health reserve. The cumulative balance on the Public Health Reserve was £0.820m.

3.9. General Fund Capital Receipts

Capital receipts of £1.483m were secured in 2017/18 which were used in accordance with the Council's Flexible Use of Capital Receipts Policy to fund transformational revenue expenditure, mostly staff severance costs incurred in delivering service efficiencies and savings.

3.10. HOUSING REVENUE ACCOUNT OUTTURN 2017/18

There was an underspend of £2.353m against the HRA budget in 2017/18. The main reasons for the underspend are:

- **Rental income - £0.532m underspend** – there was lower rent income of £65k due to a higher number of Right to Buy sales than that budgeted for and lower income from re-lets to budgeted rents. This was offset by savings of £0.357m on voids and £0.238m rent allowances to be paid to tenants.
- **Increased charges for services and facilities - £0.165m underspend** – in the main, this was due to growth of the Furnished Accommodation Scheme, additional income from Sheltered Centres and Right to Buy Fees and additional reduced District Heating income as a result of the decision to decrease the District Heating unit rate during 2017/18.
- **Increase in other fees and charges - £0.288m underspend** – there was under-recovery of court costs and site lettings, which was offset by additional income from Aids and Adaptations, unbudgeted grant income and other over-recovery of income.
- **Revenue Contributions to Capital - £2.122m underspend** – lower levels of funding required due to slippage in the capital programme.

- **Repairs and maintenance costs - £0.125m overspend** – whilst there were underspends on the cost of housing repairs due to faster void turnaround within the empty homes budget and a reduced level of spend on responsive work programmes and overheads, there were overspends in respect of asbestos testing due to one-off projects to survey 13,000 properties and increased fire damage costs due to an in-year change to the funding for fire damaged properties.

3.11. SCHOOLS OUTTURN 2017/18

School balances at the end of 2017/18 for the Council's maintained schools and pupil referral units was £1.401m. This is a £0.097m increase compared to the previous year and takes account of schools that have converted to academies during 2017/18.

3.12. RESERVES

3.12.1. Revenue Reserves

The Council's General Fund minimum balance remains at £11.269m. This balance is held to protect the Council against unforeseen events and the realisation of contingent liabilities.

There was a planned use of earmarked reserves of £10.467m in the budget for 2017/18 approved by Council in March 2017, however due to the identification of additional savings from Central Services budgets, only £7.230m was required, which means the balance of £3.237m remains available for use in later years.

The total General Fund revenue reserves balances as at 31 March 2018 was £46.670m, compared to £57.119m in the previous year.

Total reserves including HRA, Schools and DSG as at 31 March 2018 was £75.894m. Details of the balances and the movement in reserves in 2017/18 is shown in the Table 3 below.

Table 3: Revenue Reserves Balances

| | Balance as at 1 April 2017 £m | Transfer to/(from) in the year £m | Balance as at 31 March 2018 £m |
|---|-------------------------------------|--|--------------------------------------|
| | | | |
| Housing Revenue Account | 35.156 | 2.353 | 37.509 |
| | | | |
| Earmarked Reserve DSG* | (5.213) | (4.473) | (9.686) |
| School Balances | 1.304 | 0.097 | 1.401 |
| Total Schools Reserves | (3.909) | (4.376) | (8.285) |
| | | | |
| General Fund Minimum Balance | 11.269 | 0.000 | 11.269 |
| Earmarked Reserves – General Fund | | | |
| • Transformation | 2.733 | 0.000 | 2.733 |
| • Business Rates | 4.000 | 0.000 | 4.000 |
| • Pensions | 6.000 | (1.075) | 4.925 |
| • PFI | 14.163 | (3.375) | 10.788 |
| • Looked After Children | 2.000 | (1.000) | 1.000 |
| • Furnished Homes | 3.050 | 0.000 | 3.050 |
| • Corporate Specific Grants Earmarked to Support Budget in 2017/18 | 3.169 | (3.169) | 0.000 |
| • Other Earmarked Specific Grants and Reserves | 10.763 | (1.858) | 8.905 |
| Total General Fund Reserves | 57.147 | (10.477) | 46.670 |
| | | | |
| Total Revenue Reserves | 88.395 | (12.501) | 75.894 |

**There is currently a deficit balance on the Dedicated Schools Grant , which in accordance with Government policy, can be carried forward for the deficit to be addressed in later years.*

Table 3(a) below shows the £10.467m planned use of reserves within the 2017/18 approved budget compared with the £7.230m actual use. Other use of specific grants and reserves was made during 2017/18 in accordance with the purpose for which the grants were received and the reserves established.

Table 3(a): Use of Reserves within 2017/18 Budget

| | Planned Use approved in 2017/18 Budget Report £m | Actual Use £m | Balance held in reserve for use in future years £m |
|---|---|--------------------------|---|
| | | | |
| | | | |
| Pensions | 3.208 | (1.075) | 2.133 |
| Waste PFI | 2.090 | (2.086) | .004 |
| Looked After Children | 2.000 | (1.000) | 1.000 |
| Corporate Specific Grants Earmarked to Support Budget in 2017/18 | 3.169 | (3.169) | 0 |
| Public Health | 0 | .100 | .100 |
| | | | |
| Total | 10.467 | (7.230) | 3.237 |

Table 3 Revenue Reserves Balances highlights reserves which have a balance of £1m or more as at 31 March 2018. Balances less than £1m are included in the 'Other Earmarked Specific Grants and Reserves' category. Details of the reserves with a balance of £1m or more are set out below:

- **General Fund Minimum Balance** – the balance represents uncommitted sums which are held to mitigate the costs of potential financial risks, unforeseen costs and any realisation of contingent liabilities.
- **Transformation Reserve** – to be used to fund costs associated with transformational change in the delivery of Council services
- **Business Rates Reserve** – to cover residual risks relating to appeals, NHS and Academy Trusts claim for charitable relief and business closures not taken account of in the provision of business rates appeals.
- **Pensions Reserve** – the balance is held to meet the Council's pensions obligations over the medium term.
- **Specific Revenue Grants** – represents revenue grants which are to be used to meet future spending plans relevant to the terms and conditions of the grant.
- **Private Finance Initiatives** – the balances are held to manage income and expenditure relevant to the schemes over the life of the contracts in line with the agreed finance and accounting models.
- **Looked After Children** – this is held to support the investment in children's social care services.

- **Furnished Homes** – the balance is held to support the capital financing costs associated with the Furnished Homes scheme.
- **School Balances** – the balances held are ring-fenced for the specific use of schools.
- **Housing Revenue Account** – the balance has increased by £2.353m as a result of the outturn for the financial year (see section 3.10 above).

3.12.2. Capital Reserves

The total earmarked and un-earmarked capital reserve balances at the end of 2017/18 are shown below in Table 4

Table 4: Capital Reserves Balances

| | Balance as at 31 March 2018 £m | Committed Resources £m | Un- earmarked as at 31 March 2018 £m |
|-------------------------------------|---|---------------------------------------|---|
| Capital Receipts | | | |
| General Fund | 17.250 | 17.250 | 0.000 |
| HRA | 11.566 | 6.000 | 5.566 |
| Sub-Total | 28.816 | 23.250 | 5.566 |
| Capital Grants - Unapplied | | | |
| General Fund (not service specific) | 0.559 | 0.000 | 0.559 |
| General Fund (service specific) | 10.076 | 10.076 | 0.000 |
| HRA | 3.712 | 3.712 | 0.000 |
| Sub-Total | 14.347 | 13.788 | 0.559 |
| Major Repairs Reserve - HRA | | | |
| | 9.668 | 9.668 | 0.000 |
| Total | 52.831 | 46.706 | 6.125 |

3.13. CAPITAL OUTTURN 2017/18

The final level of capital expenditure for 2017/18 varied against the final budget by £13.359m. The Council's capital programme falls into two categories - the general fund capital programme and the HRA capital programme. The final level of general fund capital expenditure for 2017/18 varied against the final budget by £12.293m. The HRA capital expenditure varied against budget by £1.066m.

The outturn position is shown in summary form below by Directorate, followed by the main variances contributing to the underspend.

Table 5 – 2017/18 Capital Expenditure by Directorate

| Directorate | 2017/18 Budget £m | 2017/18 Outturn £m | 2017/18 Variance £m |
|--------------------------------------|------------------------------|-------------------------------|--------------------------------|
| General Fund Capital | | | |
| Children and Young People's Services | 7.596 | 5.881 | -1.715 |
| Adult Care & Housing | 4.542 | 4.265 | -0.277 |
| Finance and Customer Services | 1.227 | 1.063 | -0.164 |
| Regeneration and Environment | 24.975 | 15.455 | -9.520 |
| Capitalisation Direction | 2.000 | 1.383 | -0.617 |
| Total General Fund Capital | 40.340 | 28.047 | -12.293 |
| HRA Capital | | | |
| Total HRA Capital | 25.724 | 24.658 | -1.066 |
| Total RMBC Capital Programme | | | |
| | 66.064 | 52.705 | -13.359 |

3.13.1. Children and Young People's Services

The final level of capital expenditure for 2017/18 varied against the final budget by £1.715m. The main variances contributing to this underspend are:

- Schools PFI Lifecycle Programme (£0.575m underspend). Lower than anticipated levels of maintenance requirements following a condition survey.
- Capital Grants (£1.000m underspend). Capital Grants received by 2017/18 but allocated for use in future years.

3.13.2. Adult Care & Housing – Adult Services

The final level of capital expenditure for 2017/18 varied against the final budget by £0.277m. The main variances contributing to this underspend are:

- Capital Investment Wards (£0.100m underspend). Although many of the Ward based schemes have commenced, most are only part way through completion and require carry-forwards.
- Bellows Road (£0.111m). Provision for the final contract payment.

The majority of spend in this programme was for provision of private sector Aids and Adaptations £1.962m, with 262 jobs complete, including 141 showers (level access or over bath), 57 stair lifts, and 16 ceiling hoists. The Furnished Homes scheme continues to provide vital support to people across the borough setting up a home, £1.177m.

3.13.3. Finance & Customer Services

The final level of capital expenditure for 2017/18 varied against the final budget by £0.165m. The main variances coming from:

- Storage Area Network Replacement (£0.240m underspend). A decision has been taken to continue to run with the current system, with an option paper to be produced early in the new financial year 2018/19.

3.13.4. Regeneration & Environment

The final level of capital expenditure for 2017/18 varied against the final budget by £9.520m. The main variances contributing to this underspend are:

- Resources for Jessica Fund & Step 2 (£7m re-profiled into future years).
- Brinsworth Library (£0.497m underspend). Revised delivery plan.
- Corporate Property Programme (£0.825m underspend). Delays in finalising the Rother Valley Country Park heating scheme specifications and Maltby Library scheme which required an agreement with the PFI provider on the building use which was only reached in March 2018.
- Network Management & Safer Neighbourhoods (£0.500m underspend). Several road and carriageway schemes experienced significant delays due to the adverse weather conditions seen during February and March 2018.

There has been further investment into the Council's Highways infrastructure during 2017/18 with £3.214m spent resurfacing the boroughs Classified Carriageway Network totalling over 42km length repaired. An additional £2.919m supported improvement works to unclassified roads, allowing over 21km length to be repaired, and £0.629m towards the Street Lighting replacement/upgrade programme.

3.13.5. Capitalisation Direction

The expenditure that the Council can capitalise under this direction is limited to the level of new year Capital Receipts. A potential provision of £2m was included in the Capital Programme, against which £1.486m was received. The Council was still able to capitalise £1.483m of revenue expenditure in 2017/18 relating to transformational spend on VER/VS, pension strain and the Liquid Logic scheme. The Council will continue to use new-year capital receipts to fund transformational costs that would otherwise be held within revenue expenditure accounts, releasing pressure on the revenue budget.

3.13.6. Housing Revenue Account (HRA)

The final level of capital expenditure for 2017/18 varied against the final budget by £1.066m. The main variances contributing to this underspend are:

- Fitzwilliam Scheme (£0.319m underspend). A proposed thermal improvements scheme is pending a review of wider investment decisions within the estate.
- Major Voids (£0.478m underspend). Lower than anticipated void rates has generated savings on the major capital works, only 92 cases against a budgeted 120.
- Strategic Acquisitions (£0.389m underspend). Following a slowing down of private sector developments.
- Cluster Sites (£0.508m underspend). Re-profiled to match latest expected development timescale

The majority of spend in the HRA programme was improvement and provision of Council Stock. This has seen 178 properties benefit from major external works as significant investment was made in Munsbrough £2.093m, Rawmarsh £0.490m, and Kimberworth £0.524m, on external works to roofs, chimneys, fascia's, soffits and rainwater works. There has also been £0.654m invested in the replacement windows to Council properties.

Investment has continued in Public Sector Aids and Adaptations £2.320m, with 510 jobs complete, including 394 showers (level access or over bath), 32 stair lifts, and 43 ramped access installations.

3.13.7 Where in-year slippage has occurred, and funding is still required to complete the project, the unspent balance from the 2017/18 has been carried forward and re-profiled into 2018/19 onwards. The detail of the carry-forwards is set out, on a scheme by scheme basis, in Appendix One.

3.13.8 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 no-operational asset holdings. This may contribute future capital receipts which are earmarked to support the revenue budget, using the new capital receipts flexibilities introduced from the 1st April 2016 to fund expenditure relating to transforming Council service to generate future revenue efficiency savings

During 2017/18 General Fund Capital receipts of £1.486m were generated as shown in the table below. £1.483m was applied in 2017/18 with the remaining £3k carried forward into 2018/19. Although a loan repayment of £0.192m was received in 2017/18, that 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.

Table 6 – General Fund Capital Receipts Received in 2017/18

| Description | £m |
|--|--------------|
| | |
| Habershon House, 28 Primrose Valley Road | 0.501 |
| Pithouse West | 0.449 |
| Millside Court | 0.158 |
| Old Civic Site Overage | 0.137 |
| Doncaster Gate - balance | 0.133 |
| Other receipts | 0.108 |
| Sub Total – Usable In-Year Capital Receipts | 1.486 |
| Repayment of Loans | 0.192 |
| Total Capital Receipts | 1.678 |

Funding of the Capital Programme

The £52.705m of capital expenditure was funded as shown in Table 7 below:

Table 7 – Funding of the Capital Programme

| Funding Stream | 2017/18 Budget £m | 2017/18 Outturn £m | 2017/18 Variance £m |
|-------------------------------------|-------------------|--------------------|---------------------|
| General Fund Capital | | | |
| Grants and Contributions | 16.205 | 13.705 | -2.500 |
| Unsupported Borrowing | 18.537 | 8.672 | -9.865 |
| Capital Receipts | 5.583 | 5.649 | 0.066 |
| Revenue Contributions | 0.015 | 0.021 | 0.006 |
| Total Funding - General Fund | 40.340 | 28.047 | -12.293 |
| HRA Capital | | | |
| Grants and Contributions | 1.345 | 1.605 | 0.260 |
| Housing Major Repairs Allowance | 17.777 | 15.633 | -2.144 |
| Useable Capital Receipts | | 0.399 | 0.399 |
| Revenue Contributions | 6.602 | 7.021 | 0.419 |
| Total Funding - HRA | 25.724 | 24.658 | -1.066 |
| Total | 66.064 | 52.705 | -13.359 |

3.13.9 Revised Capital Programme 2018/19 to 2021/22

Following the capital outturn for 2017/18 the programme requires a number of budget adjustments to accommodate scheme carry-forward of slippage and re-profiling. Further to this a number of new capital schemes funded by external resources have been added to the Programme in accordance with Financial Procedure Rules. These adjustments have been detailed within the tables below, showing the impact upon each financial year. These carry-forwards, re-profiles and new inclusions are built into the updated capital programme for 2018/19 to 2021/22, which following these adjustments, is reflected in table 8.

Further details on the specific reasons for carry forward of slippage, re-profiles and new inclusions are enclosed within Appendix One. The updated Capital Programme is shown in detail in Appendices 2 – 5.

Table 7.1 – Budget Variations to the Capital Programme due to Carry Forward

| Budget Variations due to Carry Forward | 2017/18 Variance £m | 2018/19 Variance £m | 2021/22 Variance £m | 2020/21 Variance £m | 2021/22 Variance £m | Total Variance £m |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|----------------------------------|
| General Fund Capital | | | | | | |
| Children and Young People's Services | -1.419 | 1.355 | - | - | 0.065 | 0.000 |
| Adult Care & Housing | -0.100 | 0.100 | - | - | - | 0.000 |
| Finance and Customer Services | -0.258 | 0.258 | - | - | - | 0.000 |
| Regeneration and Environment | -9.505 | 9.357 | 0.098 | 0.050 | - | 0.000 |
| Sub Total General Fund Capital | -11.282 | 11.070 | 0.098 | 0.050 | 0.065 | 0.000 |
| HRA Capital | | | | | | |
| Total HRA Capital | -1.943 | 1.631 | 0.312 | - | - | 0.000 |
| Total RMBC Capital Programme | -13.225 | 12.700 | 0.410 | 0.050 | 0.065 | 0.000 |

Table 7.2 – Budget Variations to the Capital Programme due to Re-profiles

| Budget Variations Due Re-Profiles | 2018/19 Variance £m | 2021/22 Variance £m | 2020/21 Variance £m | 2021/22 Variance £m | Total Variance £m |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|----------------------------------|
| General Fund Capital | | | | | |
| Children and Young People's Services | -0.637 | 0.637 | - | - | 0.000 |
| Adult Care & Housing | -4.056 | -6.000 | 8.000 | 2.056 | 0.000 |
| Finance and Customer Services | - | - | - | - | - |
| Regeneration and Environment | -0.270 | - | - | 0.270 | 0.000 |
| Sub Total General Fund Capital | -4.963 | -5.363 | 8.000 | 2.326 | 0.000 |
| HRA Capital | | | | | |
| Total HRA Capital | - | - | - | - | - |
| Total RMBC Capital Programme | -4.963 | -5.363 | 8.000 | 2.326 | 0.000 |

Table 7.3 – Budget Variations to the Capital Programme due to New Inclusions

| Budget Variations due to New Inclusions | 2018/19 Variance £m | 2021/22 Variance £m | 2020/21 Variance £m | 2021/22 Variance £m | Total Variance £m |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|----------------------------------|
| General Fund Capital | | | | | |
| Regeneration and Environment | 2.537 | 0.200 | - | - | 2.737 |
| Sub Total General Fund Capital | 2.537 | 0.200 | - | - | 2.737 |
| HRA Capital | | | | | |
| Total HRA Capital | 0.150 | - | - | - | 0.150 |
| Total RMBC Capital Programme | 2.687 | 0.200 | - | - | 2.887 |

Table 8 – Proposed Capital Programme 2018/19 to 2021/22

| New Capital Programme 2018/19 to 2021/22 | | | | | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------------------------|
| Directorate | 2018/19 Budget £m | 2019/20 Budget £m | 2020/21 Budget £m | 2021/22 Budget £m | Total Budget £m |
| General Fund Capital | | | | | |
| Children and Young People's Services | 9.943 | 9.806 | 7.127 | 2.706 | 29.582 |
| Adult Care & Housing | 4.147 | 5.976 | 11.976 | 6.115 | 28.214 |
| Finance and Customer Services | 3.747 | 2.054 | 1.775 | 1.775 | 9.351 |
| Assistant Chief Executive | 1.324 | 0.210 | 0.210 | 0.210 | 1.954 |
| Regeneration and Environment | 40.551 | 43.223 | 29.321 | 20.000 | 133.095 |
| Capitalisation Direction | 2.000 | 2.000 | 2.000 | 0 | 6.000 |
| Sub Total General Fund Capital | 61.712 | 63.269 | 52.409 | 30.806 | 208.196 |
| HRA Capital | | | | | |
| Total HRA Capital | 43.952 | 39.881 | 28.113 | 22.275 | 134.221 |
| Total RMBC Capital Programme | 105.664 | 103.150 | 80.522 | 53.081 | 342.417 |

4. Options considered and recommended proposal

4.1 This detail is set out in Section 3 above.

5. Consultation

5.1 None identified.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The Strategic Director of Finance and Customer Services is responsible for implementing any actions arising from the supported recommendations in this report. These should be actioned at the earliest opportunity to aid the monitoring of the 2018/19 Revenue Budget and Capital Programme.

7. Financial and Procurement Implications

- 7.1 As set out in the sections above.

8. Legal Implications

- 8.1 None identified.

9. Human Resources Implications

- 9.1 None identified.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 None identified.

11 Equalities and Human Rights Implications

- 11.1 None identified.

12. Implications for Partners and Other Directorates

- 12.1 None identified.

13. Risks and Mitigation

- 13.1 The medium term financial strategy identified a funding gap of £30m over the period 2019/20 to 2020/21. This is coupled with the increasing cost pressures faced by the Council, particularly in respect of social care. The Council has in place a programme to explore and identify a range of budget savings in order to set a balanced budget.

14. Accountable Officer(s)

Judith Badger, Strategic Director of Finance and Customer Services
Graham Saxton, Assistant Director of Financial Services
Paul Stone, Head of Corporate Finance

Approvals obtained on behalf of:-

| | Named Officer | Date |
|---|----------------------|-------------|
| Strategic Director of Finance & Customer Services | Judith Badger | 22.06.2018 |
| Assistant Director of Legal Services | Stuart Fletcher | 22.06.2018 |
| Head of Procurement (if appropriate) | N/A | - |
| Head of Human Resources (if appropriate) | N/A | - |

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Carry-forwards & Re-profiles

Adult Care and Housing

| Adults Care & Housing | 2018/19 £m | Post 2018/19 £m |
|---|-----------------------|--------------------------------|
| Carry forwards | | |
| <ul style="list-style-type: none"> A carry forward of the Capital Investment into Wards. Many of the Ward based schemes have already commenced, however most are only part way through completion and the funds are carried forward into 2018/19 accordingly. | 0.100 | 0.000 |
| Re-profiles | | |
| <ul style="list-style-type: none"> Re-profile of the Private Section Adaptions Budget to set out this year's allocation. Re-profile of the Extra Care Housing Scheme across the 2018/19 to 2021/22 capital programme to allow for a detailed review of the planned delivery of the project. | -4.056 | 4.056 |
| | -3.956 | 4.056 |

Finance & Customer Services

| Finance & Customer Services | 2018/19 £m | Post 2018/19 £m |
|--|-----------------------|--------------------------------|
| Carry forwards | | |
| <ul style="list-style-type: none"> A number of ICT project initiatives have been carried forward as the schemes continue into 2018/19. The projects focus on a computer, network and equipment refresh and a proposed review of the Council's ICT storage area network. | 0.258 | 0.000 |
| | 0.258 | 0.000 |

Children and Young People's Services

| Children and Young People's Services | 2018/19 £m | Post 2018/19 £m |
|--|---------------|-----------------------|
| Carry forwards | | |
| <ul style="list-style-type: none"> A carry forward of £0.267m across a number of Schools projects delivering new classrooms, and refurbishment works. A carry forward of £0.275m on Newman School Swimming Pool. A feasibility study was completed in 2017/18, and specific scheme approval progressed in early 2018/19. Delivery therefore is to take place in 2018/19 Re-profile of the Schools PFI lifecycle programme, £0.575 to match when the programmed maintenance will be carried out. The PFI carries out an assessment each year as to which lifecycle works need completing and will delay any unnecessary works. | 1.355 | 0.065 |
| Re-profiles | | |
| <ul style="list-style-type: none"> Re-profile of the Capitalised Major Repairs allocation, the programme will provide new classrooms, refurbishment works, structural works and heating improvements to a number of Schools across the borough. | -0.637 | 0.637 |
| | 0.718 | 0.702 |

| Regeneration and Environment | 2018/19 £m | Post 2018/19 £m |
|---|---------------|-----------------------|
| Carry forwards | | |
| <ul style="list-style-type: none"> Carry forward on the Highways Delivery programme £0.678m, following priority being given to delivering projects funded through Sustainable Transport Exemplar Programme (STEP). The reason behind this decision was that this funding source could not be carried forward. Carry forward on the Carriageways Maintenance Programme £0.367m, delivery of the full programme was affected by the severe weather experienced in Feb/Mar 2018. Several road repair schemes were unable to deliver due to the loss of 10 working days as staff were diverted on to the provision of the Winter Service in the last 5 weeks of the financial year. Carry forward request on Brinsworth Library £0.497m, following delays with the works. Carry forward of the Growth Fund £5.000m. | 9.357 | 0.148 |

APPENDIX ONE

| Re-profiles | | |
|---|---------------|--------------|
| <ul style="list-style-type: none"> • Re-profile of the Herringthorpe Valley Flood Defence project from 2018/19 into 2019/20 onwards as the current feasibility study revealed the potential options being looked at did not deliver the required cost/benefit ratio. The scheme has been pushed back on the Environment Agencies agenda whilst further options are considered. | -0.270 | 0.270 |
| New Inclusions | | |
| <ul style="list-style-type: none"> • Additional LTP Maintenance Grant to be used to continue to support the programme of works to the Boroughs Bridge infrastructure. Centenary rail canal bridge currently on site (£0.057m). • The inclusion of a series of feasibility studies for potential flood defence schemes, funded by the Environment Agency Medium Term Plan (£0.640m). • Additional LTP Maintenance Grant to be used to continue to support the programme of works to the Boroughs Street Lighting infrastructure (£0.029m). • Additional LTP Maintenance Grant to be used to continue to support the programme of works to the Boroughs Carriageway infrastructure (£0.544m). • DfT Grant to support the ongoing pothole programme of works (£0.204m). • Ongoing Operational Buildings Cap Investment Programme 16/17 - 20/21. Grant funding for the demolition works at Psalters Lane, Maltby Library and Copeland Lodge (£0.277m). • DfT Grant to be used for supply and installation of electric vehicle charging points at strategic sites within the Borough (£0.705m). | 2.537 | 0.200 |
| | 11.624 | 0.618 |

APPENDIX ONE

| Housing Revenue Account | 2018/19 £m | Post 2018/19 £m |
|--|-----------------------|--------------------------------|
| Carry forwards | | |
| <ul style="list-style-type: none"> Carry forward and re-profile of the HRA Programme Resources to align with the HRA Business Plan, encompassing the main investment streams into Council Stock including refurbishments, replacement of central heating, sheltered housing communal areas, environmental programme and adaptations. Carry forward of £0.507m on Site Clusters, following a delayed start on site, there was substantial detail required regarding the retaining wall solutions for Conway Crescent, Farnsworth Road and Rother View Road. Therefore, tender packages were sent out later than planned and returned tenders required more scrutiny due to increased costs. This has affected the final outturn position for 2017/18. | 1.631 | 0.312 |
| New Inclusions | | |
| <ul style="list-style-type: none"> Grant funding - demolition of Rothwell Grange. Due to the time the building has been vacated it has since been extensively damaged internally and the pitched roof coverings are in very poor condition. The site had been advertised for sale, with little interest and now a decision has been taken to demolish the building. | 0.150 | 0.000 |
| | 1.781 | 0.312 |