

Committee Name and Date of Committee Meeting

Cabinet – 18 February 2019

Report Title

December Financial Monitoring Report 2018/19

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

This report sets out an improved financial position compared to that previously reported to Cabinet in December 2018. It is based on actual costs and income for the first nine months of the financial year with forecasts for the final quarter of 2018/19. Financial performance is a key element within the assessment of the Council's overall performance framework, and is essential for the achievement of the objectives within the Council's Policy Agenda. For that reason, this report is part of a series of monitoring reports for the current financial year which are brought forward to Cabinet on a regular basis.

In November 2018, the Council reported that it needed to identify a further £3.1m of cost reduction actions by the financial year-end in order to achieve a balanced budget. The current revenue position after nine months shows an improved position on that previously reported, however, £0.507m of cost reductions are still required in order to deliver a balanced financial outturn after taking account of the £10m budget contingency approved within the 2018/19 budget.

The overspending against budget in Children's and Young People's Services Directorate is continuing in the current financial year as a result of demand for services outstripping budget capacity. The forecast overspend on Children's Services has remained broadly consistent with the last report at £15.704m

The number of Looked after Children hearings also places significant pressure on Legal Services within the Finance and Customer Services Directorate, with the current forecast overspend for Legal Services standing at £1.350m. The Finance and Customer Services Directorate overall is forecasting to outturn within budget after putting into place a range of actions to mitigate the legal service forecast overspend.

The Adult Care Services Directorate are on track to bring their overspend down to £5.647m. A combination of increased client numbers, the rising cost of care packages, and delays in delivery of savings plans have led to pressure on budgets across all client groups. A recovery plan has been developed to address previously undelivered savings and project plans are currently being finalised with the expectation that further savings will be identified from this activity.

Regeneration and Environment Directorate is forecasting a balanced budget, although it is facing challenges from a combination of declining business from the School Meals service and challenges with delivery of budget savings, including transport and property savings.

Mitigating savings and actions identified to date are set out in Table 1 and described in Paragraph 3.9 of the report.

Recommendations

1. That the forecast General Fund outturn position be noted.
2. That the actions being taken to reduce the forecast overspend be noted
3. That the updated capital programme 2018/19 to 2021/22 be noted.
4. That the capital grant funded budget inclusions and variations, as detailed within the updated Capital Programme, be noted.

List of Appendices Included

None

Background Papers

Revenue Budget and Council Tax Setting Report for 2018/19 to Council 28th February 2018

Revenue Budget 2018/19 May Financial Monitoring Report to Cabinet and Commissioners' Decision Making Meeting 9th July 2018

July Financial Monitoring Report 2018/19 to Cabinet 17th September 2018

September Financial Monitoring Report 2018/19 to Cabinet 19th November 2018

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board – 27 March 2019

Council Approval Required

No

Exempt from the Press and Public

No

December Financial Monitoring Report 2018/19

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 part of a series of financial monitoring reports to Cabinet for 2018/19, setting out the projected year-end revenue budget financial position in light of actual costs and income for the first nine months of the financial year. This report includes, with revenue forecasts, details of capital spending and the projected capital outturn position.
- 1.4 In November 2018, the Council reported that it needed to identify a further £3.1m of cost reduction actions by the financial year-end in order to achieve a balanced budget. The current revenue position after nine months shows an improved position on that previously reported, however, £0.507m of cost reductions are still required in order to deliver a balanced financial outturn after taking account of the £10m budget contingency approved within the 2018/19 budget.
- 1.5 The Final Local Government Finance Settlement 2019/20 confirmed funding to local authorities from a surplus on the Business Rates Accounts Levy. The Council's allocation is £0.969m, which, subject to ratification of the appropriate legislation, will be provided in 2018/19. This has been taken into account in reducing the forecast overspend to £0.507m.
- 1.6 In addition, Government announced on 28th January 2019 some upfront funding allocations to support councils with regard to EU Exit. The Council's allocation is £210k, split as £105k in 2018/19 and £105k in 2019/20. The £105k funding for 2018/19 has also been taken into account in reducing the forecast overspend.

2. Key Issues

- 2.1 Table 1 below shows, by Directorate, the summary forecast revenue outturn position after management actions which have already been quantified and implemented.

Table 1: Forecast Revenue Outturn 2018/19 as at December 2018

Directorate / Service	Budget 2018/19	Forecast Outturn 2018/19	Forecast Variance over / under (-)
	£'000	£'000	£'000
Children & Young People's Services	58,591	74,295	+15,704
Adult Care & Housing	58,425	64,072	+5,647
Public Health	16,014	16,014	0
Regeneration & Environment Services	44,264	44,264	0
Finance & Customer Services	15,571	15,571	0
Assistant Chief Executive	6,965	6,411	-554
Central Services, Capital Financing and Treasury Management	12,245	7,945	-4,300
SUB TOTAL	212,075	228,572	16,497
Budget Contingency (£4.8m budget, £5.2m reserves)	4,800	(5,200)	-10,000
TOTAL	216,875	223,372	6,497
Additional in-year cost reduction activity :			
Forecast of reduced severance costs frees up Capital Receipts to fund revenue transformation expenditure			-1,000
Use of Directorate balances			-3,916
Additional funding from Business Rates National Levy Account			-969
Funding for EU Exit			-105
= Further actions required to reduce total expenditure to within Budget Contingency			507
Dedicated Schools Grant			4,536
Housing Revenue Account (HRA)	82,312	82,312	0

The following section (paragraphs 2.2 to 2.7) provide further information regarding the key reasons for forecast under or overspends within Directorates, the progress of savings delivery and how the Council plans to deliver a balanced budget by the end of the financial year.

2.2 Children's & Young People's Directorate (£15.704 forecast overspend)

2.2.1 The Children & Young People's Service face significant financial pressures on placement budgets and in the delivery of key social work services due to the number of children in the care system. The budget pressure had been increasing month on month due to a steady rise in LAC numbers, but numbers and the budget are now stabilising (the budget position forecasting a financial pressure of £15.7m since September 2018) linked to the various projects instigated by the Directorate.

2.2.2 At the end of December 2018 the projected overspend remains at £15.7m which in the main is due to pressures on staffing, transport and placement budgets.

- Staffing and agency costs across CYPS budgets are forecast to overspend by £0.8m with pressures across Children's Social Care of £1.0m and Business Support £550k, offset by savings across Commissioning, Performance, Inclusion, Early Help and Education Services. The staffing pressures in Children's Social Care are linked to the use of agency workers across the service. The number of agency workers have reduced month on month from 60 at the start of the financial year, to 23.5fte agency workers at the end of December, with projections that agency workers will reduce to 13 by the end of this financial year.
- The placement budget is £22.3m with a projected spend of £34.7m, an overspend of £12.4m. The main pressures are linked to high cost placements across external residential, independent foster carers and leaving care supported accommodation. Whilst the Right Child Right Care initiative and other demand management strategies are having a positive impact, the initial target levels of reduction of children in care are not being met and the reductions which are being achieved have been offset by new admissions into care. Another element of the placement strategy is to reduce the number of children in high cost placements by stepping down into lower cost placements e.g. independent fostering to in-house foster care. However, this reduction is not being achieved as planned and is having a significant impact on the placement pressures.
- Other major budget pressures have also been incurred linked to the increase in number of Looked After Children this financial year. Transport (car allowances, public transport and vehicles) has a forecast overspend of £570k whilst, section 17 & 23 payments are projected to overspend by £310k, the latter being financial assistance to safeguard and promote a child's welfare. Detailed spend analysis is being undertaken to monitor section 17 and 23 payments, with a task and finish group in place and undertaking work to support a reduction in spend.

- 2.2.3 A risk in the current projection is the receipt of CCG income linked to contributions towards complex placements with further work to be undertaken to agree a contribution to the value of the current forecast. The work is planned to be completed before the end of the financial year.
- 2.2.4 The budget pressure of £15.7m is based on numbers remaining stable and not increasing between now and the year end. Various projects are now in place as outlined in the next section and the impact is being closely monitored.
- 2.2.5 It should be noted that the position has been exacerbated by a significant amount of placements that have arisen from the complex child protection work and associated interventions with further cases related to Operation Stovewood.
- 2.2.6 A budget saving of £750k was agreed for a review of Business Support as part of the 2017/18 budget. To date, £200k has been achieved from existing staff turnover leaving a balance to address (£550k). A review of business support is underway and Phase 1 of the revised operating model commenced at the end of January 2019, with Phase 2 to be implemented in April 2019.
- 2.2.7 Budget review meetings continue and have identified a number of further budget savings options and considerations for this financial year. A challenging examination of potential efficiencies is continuing to take place, recognising the need for these to be thoroughly reviewed, discussed and considered so that the Directorate can bring forward options for immediate implementation. Proposals are being actively pursued to identify savings in the current financial year, having due regard for the continued safeguarding of vulnerable children.

2.3 Dedicated Schools Grant

- 2.3.1 The High Needs Block (HNB) is £31.2m and is under significant pressure due to rising numbers of children supported in specialist provision and the rising costs of Education Health Care (EHC) plans. Consequently, the central DSG reserve has changed over a two-year period from a £1m reserve deficit at the end of 2015/16 to £10.7m deficit at the end of the 2017/18 financial year.
- 2.3.2 The forecast at the end of December 2018 shows an in-year overspend of £4.9m based on minimal anticipated growth and therefore if the pressures on EHCs continue this will incur further financial pressures
- 2.3.3 Both the Early Years and the Schools' block are expected to be broadly in line with allocations in 2018/19.
- 2.3.4 The forecast overspend of £4.9m will increase the DSG central reserve from £10.7m to a deficit of £15.6m. The DSG High Needs Block recovery plan in place is currently being reviewed as part of the 2019/20 budget setting process which includes a disapplication request to the Secretary of State (£2.7m) and the impact of the Special Educational Need and Disability (SEND) / Social Emotional Mental Health (SEMH) strategies over the next couple of months to improve the HNB financial sustainability.

2.3.5 The key areas of focus to reduce the overspend are:

- A revised Special School funding model;
- A review of high cost, out of authority education provision to reduce cost and move children back into Rotherham educational provision;
- Work with schools and academies to maintain pupils in mainstream settings wherever possible;
- A review of inclusion services provided by the Council;
- To redirect funding from the schools block into the high needs block in 2019/20.

A disapplication request to redirect funding from the schools block to the HNB has now been submitted to the Secretary of State and we are now awaiting a decision.

2.4 Regeneration and Environment Directorate (Forecast balanced budget)

2.4.1 The Regeneration and Environment Directorate has approved savings of £2.765m to deliver in 2018/19 as well as savings requirements from previous years. This is a challenging position for the Directorate, and in order to meet this challenge, the Directorate will continue the tight financial discipline that enabled it to outturn within budget in 2017/18. Budget monitoring has, however, highlighted some significant pressures, many of which arise from delays in delivery of savings.

2.4.2 The major pressures are as follows:

- Facilities Management (£1.366m). The 2018/19 budget includes a £1m saving on property arising from service reviews within other Council services. A pressure of £875k is being reported in respect of this saving, as a result of delays in concluding the service reviews. The savings are expected to be achieved in the long term, but their delivery has been delayed. In addition, a pressure of £140k is being reported in respect of a saving to let office space at Riverside House, as a result of the proposed tenant withdrawing.
- Catering service (£365k). This mainly arises from a continuing impact of the loss of contracts resulting from academy conversions, where academy chains have alternative provider arrangements in place.
- Street Scene Services (£668k). This is mainly in respect of continuing additional demand pressures on Home to School transport, which was also a pressure in 2017/18.
- Centenary Market (£235k). This is in respect of the number of void units within the Market, which reflects the wider pressures on the retail trade within the town centre.

2.4.3 In order to try to mitigate these pressures the Directorate Management Team will continue to keep a tight control on budgets, limit officers to essential spending and have identified some non-recurring underspends including:

- Holding vacant posts where this can be done without significantly impacting on service delivery;
- Line by line scrutiny of all significant budgets
- Additional income in Building Consultancy;
- Other windfall income, including additional garden waste income
- Maximisation of capital resources;
- Review of provisions and maximisation of grant funding
- Training to be approved at Departmental Leadership Team

It is envisaged that these actions will enable the Directorate to deliver a balanced budget by the financial year end.

2.5 Adult Care & Housing (£5.647m overspend)

2.5.1 Adult Care and Housing Services are currently forecasting an overspend of £5.647m in 2018/19 (after allocation of £5.9m of the additional Better Care Funding). This has reduced from the previously reported £6.221m, mainly driven through effective budget management, plus internal/external challenge to the necessity of spend and value for money tests against the Better Care Fund plan for 2018/19.

2.5.2 Whilst there were no new budget savings for Adult Care agreed as part of the 2018/19 budget setting process, there are £3.224m of savings agreed in previous years to take effect in 2018/19, in addition to the £7.346m agreed in 2017/18. The forecast overspend for 2018/19 includes an anticipated shortfall of £6.975m in the delivery of these accumulated budget savings within the current financial year.

2.5.3 The main reasons for the delayed delivery of savings are the complexity, rather than the volume of new cases (including transition) – as the overall customer base has been relatively static. Also, contributing to the delay is historical assessment practice across all cohorts; in terms of over reliance on residential care, poor application of self-directed support and over provision of care hours. In addition reviewing team resources have had to be diverted to due to market failure over recent months.

2.5.4 The main budget pressures continue to be in respect of: Residential Care (+£4m), Domiciliary Care (+£1.6m) and the provision of Direct Payments/Managed accounts (+£0.1m), this includes pressures from anticipated delays in achieving budgeted savings.

2.5.5 Neighbourhood Services (Housing General Fund) latest forecast is a favourable variance against budget, and this is included in the overall Directorate position. This is as a result of additional income from the increase in take up of the furnished homes scheme and from one off savings generated from the housing repairs contracts.

2.5.6 Adult Care recognises that the primary pressures on its budget centre on previously undelivered savings. As a result, a suite of high level project plans have been developed to address the savings challenge which includes reviewing Learning Disability Services (My Front Door), right sizing care packages and resource/operating models. Digital Transformation, Workforce Development and the Intermediate Care and Re-ablement Pathways will be enablers to these. This will be in line with the Rotherham Integrated Health and Social Care Place plan priorities.

Public Health (Forecast Balanced budget)

2.5.7 The Public Health ring fenced specific grant was reduced by a further £430k to £16.304m for 2018/19.

2.5.8 The latest forecast is an overall balanced budget, which includes a planned transfer from the Public Health Grant reserve of £441k in order to achieve a balanced budget. There are some forecast pressures within Drugs and Alcohol and Tobacco control but these are being offset by underspends within Children's obesity and sexual health contracts, together with staff vacancies with the Public Health team.

2.5.9 Budget savings agreed as part of the budget setting process for 2018/19 totalling £0.653m are forecast to be fully achieved in year.

2.6 Finance & Customer Services (Forecast Balanced Budget)

2.6.5 Although, as at the December monitoring, F&CS Directorate is forecasting a balanced outturn position, the Directorate currently has an underlying overspend of £1.350m as a result of the ongoing pressures on Legal Services from Children's Services. Significant challenges exist within this department from the continued demand for legal support with child protection hearings and court case costs relating to Looked After Children. Recruitment to vacancies is now nearing completion, but in the interim, there has been a heavy reliance this year on locum solicitors alongside a temporary arrangement with Sheffield City Council, which has come at a premium cost.

2.6.6 It is envisaged that these financial pressures will not diminish until the current resourcing problems are concluded, and the volume of social care proceedings reduces further. Work is ongoing to identify ways of reducing demand for legal advice, coupled with a management restructure within the department, with the aim of better controlled use of resources.

2.6.7 Legal Services also have pressures in respect of Statutory Costs, where the forecast overspend is currently projected at £85k as a result of the volume of statutory and planning notices. A review into the demand drivers for this area has identified that a significant proportion of these costs relate to Roads and Highways projects. A review is required to better align costs and responsibility, and thus control spend.

- 2.6.8 Within Customer Information and Digital Services (CIDS), vacancies are deliberately being held across the service whilst a complete review of Digital Services management and staffing structures is completed. This is being undertaken alongside consideration of current commitments and service demand. The legacy savings decisions that have been causing pressure within CIDS have now been resolved, with just one saving due to be completed in 2019/20.
- 2.6.9 Loss of income from Schools Traded Services following the withdrawal of schools and academies from purchased Council finance support services is creating a pressure of £211k within Financial Services. This pressure comprises staff absence claims paid out to the value of £62k more than budget, combined with a legacy income budget of £149k that is now unachievable. Consideration is being given as to the future viability of the School Staff Absence Fund. The pressure in-year is being offset by vacancy control across the finance function, along with restrictions on overtime within Revenues and Benefits.
- 2.6.10 The recovery of Housing Benefit overpayments is projected to deliver income in excess of budget of £400k as a result of robust recovery processes.
- 2.6.11 As a result of robust and rigorous management actions, the Directorate had identified and implemented mitigating actions to reduce the underlying overspend to £330k as at the end of December. Other mitigating funding and cost reductions have been identified to cover this remaining pressure and ensure that the Directorate delivers a balanced budget by the end of the financial year.

2.7 Assistant Chief Executive (£0.554m Forecast Underspend)

- 2.7.1 The Assistant Chief Executive's Directorate are forecasting a budget underspend of £0.554m, which is an improvement of £295k since the last report. This is attributable to underspends across the Directorate from a considerable number of staff vacancies, predominantly within the HR service, where there is naturally a high staff turnover and where vacancies have been held for as long as possible to assist with the overall financial position of the Council.
- 2.7.2 Vacancies within Business and Innovation Team have been offset by expenditure to support the delivery of service transformation across the Council.
- 2.7.3 It should also be noted that a restructure within HR consultancy has delivered an in-year saving that will be removed from the budget in 2019/20 to contribute to future funding pressures

2.8 Central Services (£4.3m forecast underspend)

2.8.1 As highlighted in previous financial reports to Cabinet and Council over the past year, a thorough review has been undertaken of all the Council's Central Services Budgets and Provisions, Corporate Funding and Accounting and Apportionments. This includes the classification of expenditure between revenue and capital and between HRA and General Fund. Savings from these reviews fed into the updated Medium Term Financial Strategy reported to Cabinet in December 2018. Capital financing decisions made as part of the 2017/18 financial outturn, along with further savings from treasury management activity, reviews of PFI funding and payment profiles, business rates relief grant income and finalisation of inflation funding requirements results in a further saving of £4.3m in 2018/19.

2.8.2 The Final Local Government Finance Settlement 2019/20 announced in January 2019, confirmed details of additional funding to local authorities from the Government's Business Rates Levy Account. Subject to the legislation being ratified by Parliament, which is expected in early February 2019 the funding will be returned to councils in 2018/19. The Council's allocation is £0.969m which is taken into account in reducing the forecast outturn overspend to £0.507m.

2.8.3 In addition the Government announced on 28th January 2019 some upfront funding allocations to support councils with regard to EU Exit. The Council's allocation is £210k, split as £105k in 2018/19 and £105k in 2019/20. The £105k funding for 2018/19 has also been taken into account in reducing the forecast overspend.

2.9 Achieving a Balanced Budget in 2018/19

2.9.1 A range of actions as outlined in the Budget Report 2018/19 to Cabinet and Council in February 2018 have been implemented

2.9.2 Strategic measures have been put into place as part of mitigating budget pressures. These include:

- Further controls on recruitment and a reduction in the use of agency staff
- Reductions on general spend across all Council services
- Review of financing options, including PFI schemes and staff severance payments
- Use of Directorate balances with re-provision for any liabilities to be funded by those balances being re-provided in future years.

Additional actions are being developed to address the need to reduce spend still further by an estimated £0.507m in order to achieve a balanced financial outturn after taking account of the £10m Budget Contingency.

2.10 Housing Revenue Account (HRA) – (Forecast Balanced Budget)

2.10.1 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 Housing Revenue Account is forecast to outturn in budget. There are some potential minor pressures but there are plans in place to mitigate against these should they arise.

2.11 Proposed Updated Capital Programme 2018/19 to 2022/23

2.11.1 The proposed updated Capital Programme to 2022/23 within this report aligns to the Capital Programme proposals which are set out in detail within the Budget and Council Tax 2019/20 report on the same Cabinet agenda as this report and are subject to Cabinet and Council approval.

2.11.2 The Capital Programme 2018/19 totals £103.144m split between the general fund £61.256m and HRA £41.888m. This has reduced overall by £3.910m from the position reported to Cabinet on 19 November 2018. The movement is based on the latest profiles of expenditure against schemes, factoring in slippage of £8.221m, project savings of £1.180m, and the addition of new inclusions to the capital programme, through grant approvals or as part of the Council's Budget Setting Report, totalling £5.491m.

2.11.3 The main items of slippage are within the Regeneration and Environment programme and HRA. These account for £5.566m of the total slippage which are summarised as follows:

- The HRA Strategic Housing Programme has slippage on a number of projects:
 - Braithwell Road and Arundel Avenue SOHAP £0.959m;
 - SOHAP Bungalows £0.405m;
 - Bellows Road & Rothwell Grange £0.405m and;
 - Strategic Acquisitions £0.700m.

The required demolitions on these projects and design works are completed; however, the start of works on site is now expected in Spring 2019. The delays are largely due to difficulties with site issues.

- £2m of funding for Rotherham's 2020 Road Programme has been re-profiled into 2019/20, following the announcement of £1.650m additional Local Highways Funding for 2018/19. This will allow the service to ensure that the grant allocation is maximised within the current year, with the Council funded highways work to be completed in early 2019/20.
- Sheffield Parkway Widening scheme has received approval to bring forward the £0.900m of Department for Transport grant towards the programme of works to be delivered in 2018/19. This has subsequently allowed the Council to reprofile £0.900m of the borrowing allocated for this scheme, and make a small revenue saving on debt costs.
- Forge Island Flood Defences project has now been included within the capital programme, drawn down from the Town Centre Masterplan budget.

The Forge Island Flood Defence works have a total project cost of £4.100m, this being a key step in the regeneration of Forge Island. However the majority of the works will now take place in 2019/20, leading to slippage on the Masterplan of £0.602m.

2.11.4 Additional grant funded schemes are added to the Capital Programme on an ongoing basis in accordance with Financial and Procurement Procedure Rules. The summaries below include those new capital proposals within the proposed Capital Programme included in the Budget and Council Tax Report 2019/20 which is for consideration on the same Cabinet agenda as this report. Grant schemes added since the report to Cabinet in November are listed below, with new capital proposals that require corporate resources detailed within the Budget and Council Tax Report.

Table 2: New Grant Funded Schemes & Capital Proposals pending approval within the Budget and Council Tax 2019/20 Report.

Directorate/Scheme	2018/19 £M	Post 2018/19 £m
Regeneration & Environment		
Parkway Widening Phase 2, funding from Department for Transport to be brought forward from 2019/20 to be utilised in 2018/19. This will allow the Council to reprofile its borrowing contribution to the scheme.	0.900	0.000
Local Highways Funding for use in 2018/19 to be utilised on the Council's Highways assets. The funding is provided by the Department for Transport and will allow the Council to reprofile its borrowing contribution to the scheme.	1.650	0.000
Whiston Brook Flood Storage -the scheme has received confirmation of the actual funding allocation, £0.051m less than anticipated. The scheme will be scaled back accordingly, and is entirely grant funded.	(0.051)	0.000
Minor variations to SCR funded schemes	(0.031)	0.000
Traffic Signal Digital Update, the safer Roads Partnership have allocated the Council an additional grant towards improving its Traffic Signalling.	0.170	0.000
Capital Proposals put forward for approval within the Budget and Council Tax Report 2019/20. These are predominantly funded by corporate resources, with some grant contributions.	2.853	23.680
Total Additions	5.491	23.680

2.11.5 The funding for the improvement works for Brinsworth Library has been reduced from £0.467m to £0.230m, a saving of £0.267m. In addition there is an agreed S106 contribution of £0.125m. The demolition of the Magistrates Court has now been completed with a significant saving of £0.183m. This

will be re-profiled into the wider Town Centre Masterplan, from where the budget was originally drawn down. There is also a saving within the 2018/19 programme from the Schools PFI, following an update to the budget requirement for 2018/19 to 2022/23.

The proposed Capital Programme to 2022/23 is shown by Directorate in Table 3 below:-

Table 3: Updated Capital Programme 2018/19 to 2022/23

Directorate	2018/19 Budget £m	2019/20 Budget £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	Total Budget £m
General Fund Capital						
Children and Young People's Services	9.288	10.751	10.715	4.220	4.700	39.674
Assistant Chief Executive	1.338	0.210	0.210	0.210	0.210	2.178
Adult Care & Housing	4.069	6.237	11.993	6.066	3.921	32.286
Finance and Customer Services	5.187	3.976	4.828	1.775	1.775	17.541
Regeneration and Environment	39.374	45.693	41.129	18.113	6.238	150.046
Capitalisation Direction	2.000	2.000	2.000	2.000	0.000	8.000
Total General Fund Capital	61.256	68.866	70.874	32.384	16.844	250.225
Total HRA Capital						
Total HRA Capital	41.888	42.036	28.113	22.275	22.275	156.587
Total RMBC Capital Programme						
Total RMBC Capital Programme	103.144	110.902	98.987	54.659	39.119	406.811

2.12 Forecast position of Capital Programme 2018/19

The £103.144m of capital expenditure is funded as shown in the table below;

Table 4: Funding of the approved Capital Programme:

Funding Stream	2018/19 Budget £m
Grants And Contributions	23.583
Unsupported Borrowing	28.963
Capital Receipts	6.695
Revenue Contribution	2.015
Total Funding - General Fund	61.256
Grants And Contributions	3.325
Housing Major Repairs Allowance	12.559
Capital Receipts	2.435
Revenue Contribution	23.569
Total Funding - HRA	41.888
Total	103.144

2.12.1 Capital Receipts

2.12.2 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, 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

2.12.3 To date General Fund Capital receipts of £0.924m have been generated as shown in the table below.

Table 5 – General Fund Capital Receipts Received in 2018/19

Description	Total as at 31st December 2018 £m
Land at White Hill Lane, Brinsworth	0.025
Beighton Link, Chesterfield Road	0.100
Land at Dalton Lane	0.156
Land at Simmonite Road - Deposit	0.018
Other De-minimus	0.005
Sub Total – Usable In-Year Capital Receipts	0.304
Repayment of Loans	0.620
Total Capital Receipts	0.924

The current year-end forecast for useable capital receipts is potentially around £1.8m including surplus property disposals approved by Cabinet on 21st January 2019. These disposals have been categorised as high risk for 2018/19 and been significantly discounted in the forecasts.

3. Options considered and recommended proposal

- 3.1 The Council is currently forecasting a need to identify a further £0.507m of savings to enable a balanced financial outturn for 2018/19. To any extent that further savings are not identified and a balanced budget is not achieved for 2018/19, there will be an impact on the Council's reserves. Within the current financial climate, effective and careful use of reserves is ever more critical to the Council's ability to maintain a robust balanced budget.

4. Consultation on proposal

- 4.1 The Council consulted extensively on budget proposals for 2018/19. Details of the consultation are set out within the Budget and Council Tax 2018/19 report approved by Council on 28th February 2018

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 for the remainder of this financial year.
- 5.2 Financial Monitoring reports are taken to Cabinet meetings during the year.

6. Financial and Procurement Advice and Implications

- 6.1 The current forecast identifies a need for additional actions and savings required to reduce expenditure by a further £0.507m in order to deliver a balanced financial outturn for 2018/19, after taking account of the £10m Budget Contingency.
- 6.2 If budget and planned savings and spend reductions are not delivered as intended, there will be an impact on the Council's reserves, as any expenditure in excess of budget impacts reserves levels. Control over spending is therefore critical to both a robust Reserves Strategy and Medium Term Financial Strategy. All savings are being closely monitored and tracked, with all areas at risk of shortfall subject to review to identify alternative options.
- 6.3 Failure to achieve planned savings and to contain revenue expenditure within the agreed budget for this financial year will have further implications for financial years 2019/20 and 2020/21, in the context of the proposals set out in the Budget and Council Tax Report 2019/20 for consideration at this meeting.
- 6.4 There are no direct procurement implications arising from this report.

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 This report includes reference to the cost pressures on both Children's and Adult's Social care budgets.

10. Equalities and Human Rights Advice and Implications

10.1 No direct implications.

11. Implications for Partners

11.1 No direct implications. As management actions are developed some of these may impact upon Partners. Timely and effective communication will therefore be essential in these circumstances.

12. Risks and Mitigation

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 Officer(s)

Graham Saxton, Assistant Director – Financial Services

Nikki Kelly, Finance Manager – Corporate Services

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive	Sharon Kemp	04/02/19
Strategic Director of Finance & Customer Services (S.151 Officer)	Graham Saxton	01/02/19
Assistant Director of Legal Services (Monitoring Officer)	Dermot Pearson	01/02/19
Assistant Director of Human Resources (if appropriate)	N/A	N/A
Head of Human Resources (if appropriate)	N/A	N/A

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