

**Committee Name and Date of Committee Meeting**

Cabinet – 21 September 2020

**Report Title**

July Financial Monitoring 2020/21

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

Yes

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

Rob Mahon, Head of Corporate Finance  
01709 254518 or rob.mahon@rotherham.gov.uk

**Ward(s) Affected**

Borough-Wide

**Report Summary**

The report sets out the financial position as at the end of July 2020 and is based on actual costs and income for the first four months of 2020/21 and forecast for the remainder of the financial year. Financial performance is a key element within the assessment of the Council's overall performance framework and is essential to achievement of the objectives within the Council's Policy Agenda. To that end, this is the second financial monitoring report of a series of monitoring reports for the current financial year which will continue to be brought forward to Cabinet on a regular basis.

As at July 2020, the Council has a forecast year-end overspend of £21.9m on the General Fund, this is mitigated in part by the Government's provision of COVID-19 support grant of £18.9m, providing a net forecast outturn of £3m overspend.

**Recommendations**

1. That the current General Fund Revenue Budget forecast of £3m overspend be noted.
2. That it be noted that actions will continue to be taken to mitigate the forecast overspend.
3. That the Capital Programme update be noted.

**List of Appendices Included**

Appendix 1 – Council’s COVID-19 LA Financial Monitoring return to MHCLG 31 July 2020.

**Background Papers**

Budget and Council Tax Setting Report 2020/21 to Council on 27 February 2020

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

No.

**Council Approval Required**

No

**Exempt from the Press and Public**

No.

## July Financial Monitoring 2020/21

<b>1.</b>	<b>Background</b>																																																				
1.1	As part of its performance and control framework the Council is required to produce regular and timely reports for the Strategic Leadership Team and Cabinet to keep them informed of financial performance so that, where necessary, actions can be agreed and implemented to bring expenditure in line with the approved budget for the financial year.																																																				
1.2	Delivery of the Council's Revenue Budget, Medium Term Financial Strategy (MTFS) and Capital Programme within the parameters agreed by Council is essential if the Council's objectives are to be achieved. Financial performance is a key element within the assessment of the Council's overall performance framework.																																																				
1.3	This report is the second in a series of financial monitoring reports to Cabinet for 2020/21, setting out the projected year-end revenue budget financial position in light of actual costs and income for the first ten months of the financial year.																																																				
<b>2.</b>	<b>Key Issues</b>																																																				
2.1	<p>Table 1 below shows, by Directorate, the summary forecast revenue outturn position.</p> <p><b>Table 1: Forecast Revenue Outturn 2020/21 as at July 2020</b></p> <table border="1"> <thead> <tr> <th>Directorate</th> <th>Budget 2020/21</th> <th>Forecast Outturn 2020/21</th> <th>Forecast Variance over/ under (-)</th> </tr> <tr> <td></td> <td>£m</td> <td>£m</td> <td>£m</td> </tr> </thead> <tbody> <tr> <td>Children and Young People's Services</td> <td>59.2</td> <td>65.1</td> <td>5.9</td> </tr> <tr> <td>Adult Care, Housing &amp; Public Health</td> <td>78.5</td> <td>84.9</td> <td>6.4</td> </tr> <tr> <td>Regeneration and Environment Services</td> <td>42.1</td> <td>50.0</td> <td>7.9</td> </tr> <tr> <td>Finance and Customer Services</td> <td>18.3</td> <td>18.3</td> <td>0.0</td> </tr> <tr> <td>Assistant Chief Executive</td> <td>6.3</td> <td>6.3</td> <td>0.0</td> </tr> <tr> <td>Central Services</td> <td>28.8</td> <td>30.5</td> <td>1.7</td> </tr> <tr> <td><b>Directorate Forecast Outturn</b></td> <td><b>233.3</b></td> <td><b>255.2</b></td> <td><b>21.9</b></td> </tr> <tr> <td>COVID-19 support grant</td> <td></td> <td></td> <td>18.9</td> </tr> <tr> <td><b>Net Forecast Outturn</b></td> <td></td> <td></td> <td><b>3.0</b></td> </tr> <tr> <td>Dedicated Schools Grant</td> <td></td> <td></td> <td>0.1</td> </tr> <tr> <td>Housing Revenue Account (HRA)</td> <td></td> <td></td> <td>0.0</td> </tr> </tbody> </table>	Directorate	Budget 2020/21	Forecast Outturn 2020/21	Forecast Variance over/ under (-)		£m	£m	£m	Children and Young People's Services	59.2	65.1	5.9	Adult Care, Housing & Public Health	78.5	84.9	6.4	Regeneration and Environment Services	42.1	50.0	7.9	Finance and Customer Services	18.3	18.3	0.0	Assistant Chief Executive	6.3	6.3	0.0	Central Services	28.8	30.5	1.7	<b>Directorate Forecast Outturn</b>	<b>233.3</b>	<b>255.2</b>	<b>21.9</b>	COVID-19 support grant			18.9	<b>Net Forecast Outturn</b>			<b>3.0</b>	Dedicated Schools Grant			0.1	Housing Revenue Account (HRA)			0.0
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	<p>The Council's overspend position at this point is largely due to two overall issues.</p> <ul style="list-style-type: none"> <li>• Financial implications as a result of COVID-19 and the Councils response to the pandemic.</li> <li>• Delayed delivery of savings plans as a result of COVID-19.</li> </ul> <p>Government has provided the Council with an additional grant allocation of emergency funding to support the COVID-19 response, a grant of £2.7m taking the total available COVID-19 emergency support funding to £18.9m. When this is factored into the Council's overall position it leaves a net forecast overspend of £3.0m.</p> <p>In addition to the emergency funding support Government have announced a co-payment mechanism for irrecoverable sales, fees and charges income, with the Government covering 75% of losses beyond 5% of planned income. In effect this scheme will provide the Council with additional grant to support irrecoverable income losses on sales, fees and charges income. However, at this point the detail of the scheme has not been released and as such any additional grant contribution has not been included within the forecast.</p>
2.2	<p>In July 2020 the Council had to provide Government a view on the estimated financial impact of the COVID-19 response. The July COVID-19 return (attached as Appendix 1) was submitted to Ministry for Housing, Communities and Local Government (MHCLG) on Friday, 31<sup>st</sup> July within the MHCLG deadline and it projected an overall financial impact for the general fund in 2020/21 of £26.1m. The full impact is made up of:</p> <ul style="list-style-type: none"> <li>• £10.5m of additional costs (£9.1m in the June return)</li> <li>• £8.5m of income loss (£7.6m in the June return)</li> <li>• £7.1m non-delivery of savings (£7.7 in the June return)</li> </ul> <p><b>Total Impact £26.1m (£24.4m in the June return)</b></p> <p>Therefore, the overall estimated impact of COVID-19 on the 2020/21 revenue budget as per the July return is £26.1m, less COVID-19 support grant received to date of £18.9m, leaving a net pressure of £7.2m. This net pressure differs from the Council's financial monitoring position as the July MHCLG return focuses solely on COVID-19 requirements and impacts, a net difference of £4.2m. There are financial pressures and savings factored into monitoring that are not related to COVID-19.</p>
2.3	<p>The forecast net overspend of £3.0m will continue to be monitored closely and mitigations identified where possible to reduce the overall impact. Whilst this represents a challenge it is anticipated at present that the Council will be able to bring this budget back into line before the year end. However, the more pressing concern financially is the impact of the non-delivery of savings £7.1m arising from COVID-19. This non-delivery will need to be carried forward into 2021/22 and when added to the £8.6m of savings plans that were deferred to 2021/22 as part of the Council's budget report to Cabinet in February 2020, this represents a</p>

significant financial challenge for the authority, to deliver total savings of £15.7m during 2021/22.

Additionally, the Council may continue to need to commit further expenditure in its response to the impact of COVID, above the level currently forecast within this report.

**Table 2 – Agreed Profile of Budget Savings and Cost Reductions by Directorate:**

Directorate	2020/21 Savings Non-delivery £m	2021/22 Savings £m	Total Savings to be delivered in 2021/22 £m
ACHPH	2.1	4.6	6.7
CYPS	2.3	4.0	6.3
R&E	1.0	0	1.0
Customer Services (R&E)	1.7	0	1.7
<b>Total</b>	<b>7.1</b>	<b>8.6</b>	<b>15.7</b>

The following sections provide further information regarding the Council's forecast outturn of £21.9m, before taking account of the COVID grant, the key reasons for forecast under or overspends within Directorates, and the progress of savings delivery.

**Children and Young People Services Directorate (£5.9m forecast overspend)**

2.4 Children and Young People Services continue to implement the budget recovery plan with budget savings of £10.2m phased £6.2m in 2020/21 and £4.0m in 2021/22 following the one-off additional budget of £4m provided for the 2020/21 financial year.

2.5 The CYPS budget pressure at the end of July is £5.9m and is made up of staffing £1.4m and placement pressures £4.4m, plus other minor variances £0.1m. The budget position includes additional costs pressures due to the COVID pandemic which are estimated at £2.7m, £2.3m non-achievement of budget savings and Stovewood costs of £4.2m, there is duplication of pressures across COVID, non-achievement of budget savings and Stovewood and these pressures are mitigated in part by the one-off additional budget.

2.6 The Looked After Children number of 606 which is behind the budget profile (584) for this period. The variance of 22 relates to a number of LAC placements that are delayed in the court processes and inability to discharge children from care. There would be no financial impact on placement costs as these children are already in adoption placements, returned home.

2.7	The direct employee budget is £34.2m and is a combination of general fund, traded and grant funded services. The projected overspend at the end of July is £1.56m, of which £1.35m are general fund pressures. The £1.35m budget pressure is after applying budget savings of £3.97m in 2020/21 financial year. There are currently 17 agency workers in children's social care at the end of July.
2.8	The staffing budget reflects the work undertaken to date on delivery of the Early Help and Social Care Pathways savings proposals and other staff savings across the CYPS directorate.
2.9	A significant element of the CYPS non-pay budgets relates to placements which has a net budget of £26.3m with a current projected spend of £34.3m. The financial pressure of £8.0m is a net pressure of £4.4m after utilising the one-off budget support £3.6m used for the placement profile.
2.10	The main financial pressures of £4.4m, are on the projected costs of Residential placements £2.0m, Emergency placements £1.4m and Fostering placements £1.0m
2.11	<p>The placement forecast from August 2020 to March 2021 is based on the placement assumptions as agreed with the service, (placement reductions and transitions to lower cost placement types), being achieved for the rest of the financial year. However, there are several risks linked to achievement of this placement profile which are:</p> <ul style="list-style-type: none"> <li>• External residential placement numbers continue to reduce in line with the budget profile</li> <li>• Estimated admissions and discharges from care being in line with expectations</li> <li>• The increase in in-house fostering enquires and net growth in foster carers placements are in line with the estimated projections for the rest of the financial year.</li> <li>• A surge in demand for placements following coronavirus and lockdown</li> <li>• Costs of placements increasing above inflationary expectations</li> </ul>
2.12	The other major budget pressure linked to the current number of Looked After Children this financial year is transport with a forecast overspend of £370k.
	<b>Dedicated Schools Grant</b>
2.13	The High Needs Block (HNB) is £40.1m (including the £3.0m transfer from the schools block) and demand remains high 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 four-

	year period from a £1m reserve deficit at the end of 2015/16 to £19.8m deficit at the end of the 2019/20 financial year (£4.6m overspend in 2019/20).
2.14	The High Needs Budget is based on the DSG recovery plan and includes anticipated growth on EHCs numbers and the implementation of new developments linked to the SEND Sufficiency Strategy. The HNB has a £433k overspend at the end of July, with an adverse movement of £458k this month primarily due to an increase in DSG contributions to social care residential placements and an increase in high cost Independent Sector Placements
2.15	Both the Early Years and the Schools' block are expected to be broadly in line with allocations in 2020/21.
2.16	The key areas of focus to reduce High Needs Block spend are: <ul style="list-style-type: none"> <li>• A review of high cost, external education provision to reduce spend and move children back into Rotherham educational provision.</li> <li>• Increase SEN provision in Rotherham linked to mainstream schools and academies, with further capacity becoming operational from September 2020.</li> <li>• Work with schools and academies to maintain pupils in mainstream settings wherever possible.</li> <li>• A review of inclusion services provided by the Council.</li> </ul>
<b>Adult Care, Housing and Public Health (£6.4m forecast overspend)</b>	
2.17	The overall Directorate forecast is an overspend of £6.4m on general fund services after taking account of the additional one-off budget support of £4.65m for 2020/21.
2.18	COVID-19 is estimated to have a cost impact of £8m. This includes: £1m for personal protective equipment; £2.1m due to delayed budget savings; and £4.9m of placement costs due to additional demand and the increased costs of providing care.
2.19	The NHS is currently funding people who are discharged from hospital. Ordinarily the cost of some of these packages would be funded by the Council. It is now anticipated that the cost of these will transfer to the Council over the next few months. These are included in the cost of additional placements (£4.9m).  Delivery of savings have been delayed as COVID-19 has diverted staff resource to support work related to the pandemic and away from planned transformational activity. Anticipated additional income has reduced as social distancing has prevented some of the tasks required from taking place.
2.20	Excluding the cost of COVID-19, the cost of care packages is forecast to be £2.2m underspent. This is due to savings on transforming care (£1.0m) and reductions in the number of residential care placements (£1.2m).

2.21	Staffing budgets are forecast to overspend by £0.5m due to low vacancy numbers.
2.22	Neighbourhood Services' (Housing) is forecast to underspend by £0.1m. This is due to additional income (£0.2m) offset by additional homelessness costs due to COVID-19.
2.23	The latest Public Health forecast is an overspend of £0.1m as a result of additional staffing costs required to support the Council's response to COVID-19.
<b>Regeneration and Environment Directorate (£7.9m forecast overspend)</b>	
2.24	The latest outturn projection for the Directorate indicates a forecast pressure of £7.9m for this financial year. This represents a £0.5m increase in the overspend position from that reported to cabinet in July As with all areas of the Council, the Directorate's financial position has been significantly impacted by the lockdown restrictions imposed by the Government. The £0.5m increase is a result of the continuation of these restrictions and the slow recovery as restrictions ease, impacting particularly on the Directorate's income streams. Even so, the Directorate prioritises continued delivery of normal everyday services. In the circumstances, delivery of savings is one area where deferred activity is more likely.
2.25	Lockdown immediately impacted on many of the Directorate's income earning activities, leading to a rapid and sustained drop in receipts. Income from Theatres, Green Spaces, Markets and Parking amongst others, ceased almost immediately. Whilst lockdown restrictions have now eased, the speed and the extent of the recovery of the Directorate's income from fees and charges is unclear. Of the Directorate's £7.9m forecast pressure, £6.6m relates to lost income. It is unclear, given the uncertainty around the length of the crisis, what the final pressure will be in 2020-21, signs are the figure can increase yet further, however work is urgently underway to identify how that can be prevented.
2.26	Further, the pandemic has meant that progress to achieve previously agreed revenue budget savings has been delayed. The lockdown has generated savings in some areas, for example by temporarily closing Council buildings, but any savings are far outweighed by the additional costs and lost income arising from the lockdown.  The forecast outturn projection includes the following specific budget issues:
2.27	Community Safety and Street Scene (CSS) is reporting an overall pressure of £1.05m. The most significant pressure in this Service is in respect of Parking income, a £0.4m income shortfall and a pressure of £0.4m is reported in Waste. This has arisen as a result of a significant increase in waste disposal costs, resulting from extra tonnages being collected from the kerbside, as people spend more time at home. A sustained tonnage increase in excess of 20% is being maintained, so the current assumption is that this will continue through the rest of the financial year Pressures continue in Transport as a result of the difficulty



	in delivering savings in 2020/21. The impact of social distancing changes on home to school transport arrangements for the autumn term is being reviewed.
2.28	<p>Culture Sport and Tourism (CST) has been severely impacted by the temporary closure of facilities and the slow recovery and is reporting an overall pressure of £3.9m. There is a forecast pressure of £1.4m in respect of the Council's Leisure Centre facilities. These are operated by Places Leisure under a PFI arrangement, so the pressure represents an estimate of the compensation payment arising from lost income. The final figure will depend on the speed at which customers return, and the impact of social distancing requirements on the operation of the facilities.</p> <p>The Green Spaces Service, which includes the Borough's Country Parks and Facilities, is forecasting a pressure of up to £1.1m. Temporary closures of parks and all other leisure sites for all of spring and into the summer has prevented any trading activities taking place. An additional £0.5m pressure within Theatres is expected after the site closed. Losses are partly mitigated by expenditure savings, as a result of the prolonged closure but this is included in the forecast.</p> <p>A pressure of £0.5m is being reported in respect of the Waleswood Caravan and Camping Site and a pressure in Registrars as a result of prolonged closure and restrictions.</p>
2.29	<p>Planning Regeneration and Transport (PRT) is forecasting an overall pressure of £3m. The largest pressure in this Service is in the School Meals service of £1.3m, as a result of lost income of £2.1m resulting from school closures and significantly reduced pupil attendance where schools remained open, only partly offset by reduced expenditure on food.</p>
2.30	<p>A pressure of just under £0.4m is being forecast on Markets income, arising from the closure, and the likely ongoing difficult trading conditions, as town centre footfall is expected to take several months to return to pre-lockdown levels. Similarly, a pressure of £0.2m is being reported in Estates in respect of income from commercial rents.</p> <p>A pressure of £0.3m is being reported in respect of Planning and Building Control income as a result of the economic downturn impacting significantly on the number of applications.</p> <p>A pressure of £0.6m is being reported in respect of Facilities Management, mainly as a result of delays in the timing of property savings, i.e. closure of buildings. Whilst this impacts on the overall position new savings of £0.3m are planned for in 2020-21 and are in progress to be implemented.</p>
	<b>Finance and Customer Services (balanced forecast position)</b>
2.31	<p>The overall Directorate is forecasting a balanced budget position. Whilst there are financial pressures, as detailed below, the service will use vacancy management to control these financial pressures and deliver, at least, a balanced</p>

	budget position. The £0.6m savings from the Customer and Digital Programme have now all been delivered.
2.32	Within Customer, Information and Digital Services, there are financial pressures from ceasing the Schools Connect Trading service, reflecting the loss the service was making (£0.1m overspend) due to the continued loss of schools/academies subscribing to services. The service also has a pressure within the corporate mail and print service following a centralisation of print services, the print service had an income shortfall (£0.1m). Now the budgets have been centralised the service will be better placed to control print usage and implement a strategy to minimise print whilst promoting digitalised service provision. The service will mitigate the cost pressures this year through vacancy control.
2.33	Whilst Legal Services faces continued demand for legal support with child protection hearings and court case costs relating to Looked After Children, legal disbursements are currently forecasting a £0.2m underspend. However, the number of cases during the year remains volatile and will continue to be monitored closely.
	<b>Assistant Chief Executive (balanced forecast position)</b>
2.34	The Assistant Chief Executive's Directorate are a balanced budget position. The service does need to deliver savings in relation to the Customer and Digital Programme, (£0.2m), work continues with the programme to identify further areas where the Council can operate more efficiently and effectively, making use of the improved digital technologies available to services.
2.35	Though the work to deliver the savings will continue, the service is currently able to forecast a balance budget position due to use of vacancy control. It is anticipated that the savings will be fully achieved during the current year.
	<b>Central Services (£1.7m forecast overspend)</b>
2.36	Within Central Services budgets there is a planned transfer of £4.3m to reserves as per the Council's reserves strategy detailed within the Council's budget report to Cabinet in February 2020. At present these reserve transfers are still forecast to be carried out. There is also a budget contingency of £4m and with the ongoing uncertainties around the financial impact of COVID-19 this will be reviewed on a monthly basis. There are agreed savings to be delivered from Central Services as the £1.7m customer services saving has been budgeted for here. At present it is unlikely this saving will be delivered in year and as such has been forecast as an overspend.
2.37	Savings are being delivered from a range of activities within the treasury management strategy, including effective cash flow planning and monitoring, along with management of the loans portfolio to take advantage of the continuing low cost of short-term funds. These activities, together with a number of general efficiencies on centrally managed budgets will be monitored closely to try to mitigate the forecast overspend.

	<b>Housing Revenue Account (HRA)</b>																
2.38	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 overall HRA forecast is a balanced position. However, there is a forecast pressure on income £0.374m which is being offset by an underspend on expenditure (£0.374m).																
2.39	The forecast overspend on income relates to: the closure of Communal Facilities due to COVID £0.112m; reduced interest on balances £0.237m; and the anticipated reduction in income received from Aids and Adaptations £0.025m as only emergency works were carried out for a period of time due to the pandemic. This is being offset by a forecast underspend within Supervision and Management due to lower superannuation contributions and vacant posts as well as lower debt costs (£0.133m).																
2.40	The HRA budget includes a revenue contribution to capital expenditure of £13.387m which is forecast to budget at this stage plus a contribution from the HRA reserve of £9.324m in order to balance the overall budget.																
	<b>Capital Programme Update</b>																
2.41	<p>The Capital Programme 2020/21 totals £173.769m split between the general fund £115.689m (higher than normal due to reflecting the Council's Future High Streets Fund bid) and HRA £58.080m, this has increased overall by £2.560m from the position reported to Cabinet on 20 July 2020. The movement is based on the latest profiles of expenditure against schemes, factoring in new grant funding of £2.386m and further slippage from the 2019/20 outturn position of £0.174m.</p> <p>The overall increase to the Capital Programme 2020/21 to 2023/24 is £3.489m and can be broken down as follows;</p> <table border="1" data-bbox="411 1413 1283 1720"> <thead> <tr> <th></th> <th><b>Total Increase £m</b></th> <th><b>2020/21 Impact £m</b></th> <th><b>Post 2020/21 Impact £m</b></th> </tr> </thead> <tbody> <tr> <td>New Grant Allocations</td> <td>3.015</td> <td>2.386</td> <td>0.629</td> </tr> <tr> <td>Slippage from 2019/20</td> <td>0.474</td> <td>0.174</td> <td>0.300</td> </tr> <tr> <td><b>Total</b></td> <td><b>3.489</b></td> <td><b>2.560</b></td> <td><b>0.929</b></td> </tr> </tbody> </table>		<b>Total Increase £m</b>	<b>2020/21 Impact £m</b>	<b>Post 2020/21 Impact £m</b>	New Grant Allocations	3.015	2.386	0.629	Slippage from 2019/20	0.474	0.174	0.300	<b>Total</b>	<b>3.489</b>	<b>2.560</b>	<b>0.929</b>
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New Grant Allocations	3.015	2.386	0.629														
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<b>Total</b>	<b>3.489</b>	<b>2.560</b>	<b>0.929</b>														
2.42	Additional grant funded schemes are added to the Capital Programme on an ongoing basis in accordance with the Financial and Procurement Procedure Rules. Grant schemes added since the report to Cabinet in July are listed below.																



	<b>Funding position of Capital Programme 2020/21</b>																												
2.45	The £173.769m of capital expenditure is funded as shown in the Table 4 below.																												
2.46	<p><b>Table 4: Funding of the approved Capital Programme</b></p> <table border="1"> <thead> <tr> <th><b>Funding Stream</b></th> <th><b>2020/21 Budget £m</b></th> </tr> </thead> <tbody> <tr> <td>Grants and Contributions</td> <td>55.519</td> </tr> <tr> <td>Unsupported Borrowing</td> <td>52.842</td> </tr> <tr> <td>Capital Receipts</td> <td>5.150</td> </tr> <tr> <td>Capital Receipts - Flexible Use</td> <td>2.000</td> </tr> <tr> <td>HRA Contribution</td> <td>0.178</td> </tr> <tr> <td><b>Total Funding - General Fund</b></td> <td><b>115.689</b></td> </tr> <tr> <td>Grants and Contributions</td> <td>10.214</td> </tr> <tr> <td>Unsupported Borrowing</td> <td>-</td> </tr> <tr> <td>Housing Major Repairs Allowance</td> <td>29.164</td> </tr> <tr> <td>Capital Receipts</td> <td>5.316</td> </tr> <tr> <td>Revenue Contribution</td> <td>13.387</td> </tr> <tr> <td><b>Total Funding - HRA</b></td> <td><b>58.080</b></td> </tr> <tr> <td><b>Total</b></td> <td><b>173.769</b></td> </tr> </tbody> </table>	<b>Funding Stream</b>	<b>2020/21 Budget £m</b>	Grants and Contributions	55.519	Unsupported Borrowing	52.842	Capital Receipts	5.150	Capital Receipts - Flexible Use	2.000	HRA Contribution	0.178	<b>Total Funding - General Fund</b>	<b>115.689</b>	Grants and Contributions	10.214	Unsupported Borrowing	-	Housing Major Repairs Allowance	29.164	Capital Receipts	5.316	Revenue Contribution	13.387	<b>Total Funding - HRA</b>	<b>58.080</b>	<b>Total</b>	<b>173.769</b>
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2.47	The Council is continuing to undertake a comprehensive review of its assets and buildings portfolio with the aim of rationalising both its operational and non-operational asset holdings. This may contribute future capital receipts which are earmarked to support the revenue budget, in accordance with the Council's approved flexible use of capital receipts strategy.																												
2.48	<p>In 2020/21 to date General Fund Capital receipts of £0.150m have been generated as shown in the table below. Although loan repayments will be received during the financial year, these cannot be used to support the revenue budget as only those receipts by the disposal of property, plant and equipment can be used in that way.</p> <table border="1"> <thead> <tr> <th><b>Description</b></th> <th><b>Total as at 31st July 2020 £m</b></th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> <tr> <td>Galaxy Building</td> <td>-0.015</td> </tr> <tr> <td>Land 36 Nelson Street</td> <td>-0.016</td> </tr> <tr> <td>6 Dale Road</td> <td>-0.008</td> </tr> <tr> <td>47 Allendale Road</td> <td>-0.007</td> </tr> <tr> <td>Wath Town Hall</td> <td>-0.090</td> </tr> </tbody> </table>	<b>Description</b>	<b>Total as at 31st July 2020 £m</b>			Galaxy Building	-0.015	Land 36 Nelson Street	-0.016	6 Dale Road	-0.008	47 Allendale Road	-0.007	Wath Town Hall	-0.090														
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		<b>Total Capital Receipts (Excluding loan repayments)</b>	<b>-0.136</b>
		Repayment of Loans	-0.014
		<b>Total Capital Receipts</b>	<b>-0.150</b>
2.49	The detailed disposal programme is currently being updated and so coupled with the COVID19 situation it is very difficult to forecast. Therefore, at this stage the forecast for useable capital receipts is between £0.500m & £2.000m and includes surplus property disposals which are subject to Cabinet approval. These receipts are made up of a small number of disposals and therefore any changes to these could impact on these forecasts significantly.		
<b>3.</b>	<b>Options considered and recommended proposal</b>		
3.1	With regard to the current forecast net revenue budget overspend of £3.0m, further management actions continue to be identified with the clear aim of bringing expenditure into line with budgets. This includes holding back all spend, where possible and safe to do so, for the remainder of the financial year. It should again be noted that the Council has received £18.9m from Government to manage the additional financial pressures that authorities are facing as a result of COVID-19. Whilst the Council has a £4m budget contingency to support the 2020/21 budget all possible actions are being undertaken to minimise any call on this provision.		
<b>4.</b>	<b>Consultation on proposal</b>		
4.1	The Council consulted extensively on budget proposals for 2020/21. Details of the consultation are set out in the Budget and Council Tax 2019/20 report approved by Council on 17 February 2020.		
<b>5.</b>	<b>Timetable and Accountability for Implementing this Decision</b>		
5.1	Strategic Directors, Managers and Budget Holders will ensure ongoing tight management and close scrutiny of spend this financial year.		
5.2	Financial Monitoring reports are taken to Cabinet meetings during the year. The Financial Outturn report for 2020/21 will be taken to Cabinet in July 2021.		
<b>6.</b>	<b>Financial and Procurement Advice and Implications</b>		
6.1	The Council's net overspend position is detailed within the report along with the estimated impact of COVID-19. This position will need to be monitored closely along with a strategic review of progress with the delivery of savings targets for 2020/21. If budget and planned savings and spend reductions are not delivered as intended to an extent that cannot be contained within the budget contingency reserve, there will be a further impact on the Council's reserves, as any expenditure in excess of budget impacts reserves levels. Control over spending is, therefore, critical to both maintaining the 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 and the identification of alternative options.
6.2	The update to the Council's Medium Term Financial Strategy, within the Budget and Council Tax 2020/21 report approved by Cabinet and Council in February, 2020, indicates that a balanced budget can be maintained across the MTFS period to 2022/23, excluding the impact of COVID-19. Whilst there is some capacity within the MTFS going forward to provide for the timing impact of delivery of some budget savings, the maintenance of a balanced budget is predicated on all approved savings being delivered in full by 2021/22, either as originally approved or with approved alternative savings, together with actions completed to eradicate or mitigate against the impact of other budget pressures.
6.3	There are no direct procurement implications arising from the report.
<b>7.</b>	<b>Legal Advice and Implications</b>
7.1	No direct legal implications.
<b>8.</b>	<b>Human Resources Advice and Implications</b>
8.1	No direct implications.
<b>9.</b>	<b>Implications for Children and Young People and Vulnerable Adults</b>
9.1	The report includes reference to the cost pressures on both Children's and Adult Social care budget.
<b>10.</b>	<b>Equalities and Human Rights Advice and Implications</b>
10.1	No direct implications.
<b>11.</b>	<b>Implications for Partners</b>
11.1	No direct implications.
<b>12.</b>	<b>Risks and Mitigation</b>
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
<b>13.</b>	<b>Accountable Officers</b>
	Graham Saxton, Assistant Director – Financial Services
	Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	20/08/20
Head of Legal Services (Monitoring Officer)	Bal Nahal	20/08/20

*Report Author: Rob Mahon, Head of Corporate Finance*

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