

Committee Name and Date of Committee Meeting

Cabinet – 20 September 2021

Report Title

July Financial Monitoring 2021/22

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

Yes

Strategic Director Approving Submission of the Report

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Ward(s) Affected

Borough-Wide

Report Summary

The report sets out the financial position as at the end of July 2021 and is based on actual costs and income for the first four months of 2021/22 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 2nd 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 2021, the Council currently expects to deliver the overall outturn within budget for the financial year 2021/22. Whilst the Directorates have a forecast year-end overspend of £7.2m on the General Fund, this is mitigated by the government's provision of COVID-19 emergency support grant and Sales, Fees and Charges Income Compensation. However, it should be noted that the longer term impacts of Covid-19, public health measures and the pace at which services can return to normal is unknown.

Recommendations

1. That the current General Fund Revenue Budget forecast of a balanced budget be noted.
2. That it be noted that actions will continue to be taken to ensure that a balanced financial outturn is delivered.

3. That the Capital Programme update be noted.
4. That the current position of the Councils Local Scheme for Self-Isolation Support Payments is noted, as per section 2.48.

List of Appendices Included

Appendix 1 Equalities Impact Assessment

Appendix 2 Carbon Impact Assessment

Background Papers

Budget and Council Tax 2021/22 Report to Council on 3rd March 2021

May 2021/22 Financial Monitoring Report to Cabinet on 19th July 2021

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 2021/22

1. Background

- 1.1 As part of its performance and control framework the Council is required to produce regular and timely reports for the Strategic Leadership Team and Cabinet to keep them informed of financial performance so that, where necessary, actions can be agreed and implemented to bring expenditure in line with the approved budget for the financial year.
- 1.2 Delivery of the Council's Revenue Budget, Medium Term Financial Strategy (MTFS) and Capital Programme within the parameters agreed by Council is essential if the Council's objectives are to be achieved. Financial performance is a key element within the assessment of the Council's overall performance framework.
- 1.3 This report is the second in a series of financial monitoring reports to Cabinet for 2021/22, setting out the projected year-end revenue budget financial position in light of actual costs and income for the first four months of the financial year.

2. Key Issues

- 2.1 Table 1 below shows, by Directorate, the summary forecast revenue outturn position.

Table 1: Forecast Revenue Outturn 2021/22 as at July 2021

Directorate	Budget 2020/21	Forecast Outturn 2020/21	Forecast Variance over/under (-)
	£m	£m	£m
Children and Young People's Services	62.4	65.3	2.9
Adult Care, Housing & Public Health	87.1	86.4	-0.7
Regeneration and Environment Services	45.1	49.7	4.6
Finance and Customer Services	19.2	19.0	-0.2
Assistant Chief Executive	7.2	7.0	-0.2
Central Services	14.6	15.4	0.8
Directorate Forecast Outturn	235.7	242.9	7.2
Covid-19 support grant			-7.2
Sales, Fees and Charges Income Compensation Claims			0.0
Net Forecast Outturn			0.0
Dedicated Schools Grant			0.8
Housing Revenue Account (HRA)			0.2

2.2 The Council's overspend position (excluding government's COVID-19 support grants) at this point is largely due to two overall issues:

- Financial implications as a result of COVID-19 and the Council's response to the pandemic.
- Delayed delivery of savings plans as a result of COVID-19.

As at July 2021, the Directorate forecast overspend of £7.2m is mitigated by the Government's provision of emergency funding to support the COVID-19 response. Government has provided the Council with £8.3m emergency funding for the financial impacts during 2021/22. At this point it is too early to fully and accurately estimate the financial impacts of Covid-19 on 2021/22, nor estimate the longer-term financial impact on the Council. As such the Council is forecasting the use of £7.2m at present, to support the Council's forecast outturn position, leaving £1.1m to mitigate any further pressures that occur during the year. The Council also carried forward within the Covid grants reserve, £5.3m of emergency support funding from 2020/21, to be used to support the longer-term financial impacts of Covid-19. If needed, this will be used in 2021/22 or held in reserve for financial pressures over the longer term.

2.3 In addition to the emergency funding support, Government has confirmed that the co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income, will continue for quarter 1, 2021/22. This scheme will provide the Council with additional grant to support irrecoverable income losses on sales, fees and charges income. As a result, the Council expects to deliver a balanced budget position as at the financial outturn 2021/22, however, it should be noted that the continuing impacts of Covid are still to be fully defined.

2.4 It is not anticipated that the Council will see the same level of financial support, through grants, during 2021/22 that it has during 2020/21. However, there have been a number of significant grant funding streams confirmed for 2021/22, a list of the most significant are shown below:

- Tranche 5 of Emergency Funding support provided to local authorities, un-ringfenced grant, £8.3m.
- The extension of the Sales, Fees & Charges Scheme, into the first three months of 2021-22, is expected to generate £0.5m (claim not due yet).
- Local Council Tax Support (LCTS) grant will be provided to help Councils manage the financial impact on their budgets from continued increased levels of LCTS claimants during 2021/22, £2.8m.
- Control Outbreak Management Fund (COMF), final allocation of £2.1m.
- Government will provide Section 31 grants to cover the financial impact of the expanded retail discount 2021 to 2022. The reliefs will see businesses in the Retail, Hospitality and Leisure sectors continue to benefit from 100% rates relief from April 2021 to June 2021, reducing to 66% relief for the remainder of the financial year.

2.5 These grants taken together with the specific Covid-19 Grants Reserve carried

forward from 2020/21, of £27.4m, place the Council in a constructive position to manage the ongoing financial impacts of Covid-19. However, it should be noted that some of these grants are specific and targeted towards specific costs, such as the Section 31 grant to cover the impact of business rates relief. In addition, it is still too early for the Council to reliably forecast the ongoing financial implications of Covid-19, as government restrictions continue, this uncertainty will remain.

- 2.6 The forecast position will continue to be monitored closely and mitigations identified to ensure a balanced outturn position can be delivered. As indicated, it is anticipated at present that the Council will be able to deliver a balanced outturn position, despite the risk of additional cost pressures that may arise as a result of continuing Covid impact.
- 2.7 As detailed within the Budget and Council Tax Report 2021/22 the Council has to deliver £18.1m of agreed savings, of which £5.6m are budgeted to be delivered in 2021/22. The table below presents the agreed savings by Directorate and indicates the budgeted profile for delivery. These values are based on agreed savings, no new savings plans have to be developed to meet these targets.

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

Directorate	Budget Savings and Cost Reductions £m	Budgeted delivery in 2021/22 £m	Budgeted delivery in 2022/23 £m	Remaining shortfall after 2022/23 £m
ACHPH	5.8	0.0	1.4	4.4
CYPS	8.9	3.65	5.25	0.0
R&E	1.8	1.2	0.5	0.1
Customer Services (R&E)	1.65	0.8	0.85	0.0
Total	18.15	5.65	8.0	4.5

Directorate:

To date £1.45m of savings have been delivered against the budgeted delivery in 2021/22 of £5.65m, with a forecast delivery of £1.69m for 2021/22. The non-delivery of savings is built into the overall Directorate forecasts and is due in the main to pressures on CYPS placements as detailed later within this report.

The following sections provide further information regarding the Councils forecast outturn of £7.2m, before taking account of the COVID grant, the key reasons for forecast under or overspends within Directorates, and the progress of savings delivery.

- 2.8 **Children and Young People Services Directorate (£2.9m forecast overspend)**
- 2.9 Children & Young People Services continue to implement the budget recovery plan with budget savings on track for staffing and therapeutic savings, but

placement pressures mean only £1.1m of the £3.6m are currently forecast to be achieved in 2021/22 and a review of the £5.2m planned for 2022/23 is now required as these savings are also in the main linked to a reduction in placement costs.

- 2.10 The budget pressure at the end of July is a £2.9m projected overspend, an adverse movement of £2.1m compared to the £0.8m pressure reported as part May's financial monitoring report to Cabinet in July. In the main the pressures relate to demands on residential & emergency placement spend that is also impacting the delivery of planned savings for 2021/22. The budget position includes additional cost pressures due to the COVID pandemic which are estimated at £1.5m (£1.2m placements and £0.3m reduced income) and Stovewood costs linked to CYPS of £3.8m.
- 2.11 The Looked After Children number of 562 is ahead of the budget profile of 594 for this period, a reduction of 32 placements. However, the placement mix is showing higher than projected placements in high costs settings for residential (5), emergency (8), Independent Fostering Agency (11), Parent & Baby (2), offset by a reduction of supported accommodation (4), in-house fostering (32) and no cost placements (22).
- 2.12 The direct employee budget is £36.2m and is a combination of general fund, traded and grant funded services. The projected overspend at the end of July is £326k, of which £179k relates to general fund.
- 2.13 The staffing general fund forecast pressure of £179k relates to staffing pressures in Children's Social Care due to use of agency staff in Locality Teams, pressures in Commissioning, Performance and Safeguarding due to low vacancies offset by staff savings in the Early Help services. At the end of July there were 21 agency workers across children's social care to support service requirements.
- 2.14 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.
- 2.15 A significant element of the CYPS non-pay budget relates to placements which has a net budget of £31.6m with a current projected spend of £34.1m, a projected overspend of £2.5m.
- 2.16 The £2.5m adverse projection relates in the main to £1.8m on residential placements, £0.8m in emergency and £0.1m on Mother and Baby placements, offset by savings on allowances £150k and supported accommodation £50k. In fostering there are £0.7m pressures on IFA placements due to numbers above the budget profile, offset by £0.7m savings in-house fostering due to numbers being lower than budget projections.
- 2.17 The other major budget pressures across the service relate to reduced income due to Covid for Crowden, Rockingham & fees which equates to £0.3m.

Dedicated Schools Grant

- 2.18 The High Needs Block (HNB) is £45.2m (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.

The central DSG reserve has now increased to 21.3m from the £19.9m deficit at the end of the 2019/20 financial year. The increase related to a £2.1 HNB pressure offset by savings on other DSG blocks and a reduction in the PRU deficits.

- 2.19 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.

In July the budget position is a £0.8m projected overspend, and adverse movement of £0.5m this period. The pressures reflect growth for special school and Independent Sector placements for the new academic year and pressures on Inclusion Services.

- 2.20 Both the Early Years and the Schools' Block are also expected to be broadly in line with allocations in 2020/21.

- 2.21 The key areas of focus to reduce High Needs Block spend are:

- A review of high cost, external education provision to reduce spend and move children back into Rotherham educational provision.
- Increase SEN provision in Rotherham linked to mainstream schools and academies, with further capacity becoming operational by the end of 2021/22.
- Work with schools and academies to maintain pupils in mainstream settings wherever possible.
- A review of inclusion services provided by the Council

Adult Care, Housing and Public Health (£0.7m forecast underspend)

- 2.22 The overall Directorate forecast is an underspend of £700k on general fund services, in relation to Housing and Public Health. Adult Care is currently forecasting a balanced budget.

- 2.23 Included within the forecast is the Covid-19 impact for the service. COVID-19 is estimated to have a net cost impact of £2.2m during 2021/22. This includes: £400k for personal protective equipment; £1.5m due to continued delay to budget savings and costs of transformation expected to be delivered by the end of 2020/21 (therefore, not part of the £18.1m required to be delivered from 2021/22 onwards as set out in 2.7); £600k of placement costs due to additional demand and the increased costs of providing care; and £300k staffing costs. Forecast additional NHS income for people discharged from hospital (£600k), to support the hospital discharge process during the pandemic, reduces the net Covid-19 cost.

- 2.24 Excluding the cost of COVID-19, the cost of care packages is forecast to be a net £1.67m underspend. This is due to savings on transforming care £670k and reductions in the number of older people placements of £1.75m although

Covid related placements are likely to be ongoing once temporary funding ceases. In addition, across Mental Health packages, Physical and Sensory disability services and Learning disability placements there is a net pressure of £0.75m due to an increase in demand and complexity of cases. Reductions in forecast income and increased short stay costs have reduced the overall level of underspend.

- 2.25 Staffing budgets are forecast to overspend by £600k due to lower than expected staff turnover.
- 2.26 The forecast assumes that the underspend on the Better Care fund in 2020/21 will be used to meet these ongoing Adult Care budget pressures of £1.1m in 2021/22, subject to agreement with partners, and has resulted in an overall forecast balanced budget for Adult Care.
- 2.27 Neighbourhood Services' (Housing) is forecast to underspend by £450k. This is due to anticipated additional income from furnished homes and aids and adaptation fees.
- 2.28 Public Health is forecast to underspend by £250k as the NHS Health Check programme has been paused through the pandemic to reduce the risk from face-to-face contact and support the capacity issues in primary care.

Regeneration and Environment Directorate (£4.6m forecast overspend)

- 2.29 The latest outturn projection for the Directorate indicates an unchanged forecast pressure of £4.6m for this financial year. This reflects the transition between lockdown restrictions and a return to budgeted income levels. The Directorate faced fresh cost pressures arising from the increases in self isolating staff, in waste services particularly. The Directorate anticipate income levels will begin to recover but the signs of this are not clear and obvious at this point. The forecast assumes that lockdown restrictions will not be re-introduced. The forecast outturn projection includes the following specific budget issues:
 - 2.30 Community Safety and Street Scene (CSS) is reporting an overall pressure of £2.73m. The most significant pressure in this Service is in respect of Transport (£1.5m). Pressures continue in Home to School Transport (£1m), where lockdown restrictions and social distancing requirements have limited the ability to make savings. Engagement continues with CYPS to maximise savings opportunities. As previously reported a cost pressure amounting to £473k is being forecast in Fleet Management and Vehicle Maintenance. Plans are in place to improve the efficiency of the unit but it will take time for arrangements to be reset then embed in.

Waste Management is forecasting an overspend of £0.7m, which is a favourable change of £400k since the previous budget monitoring. Although underlying pressures resulting from extra tonnages being collected from the kerbside remain evident, there has been an improvement in income from chargeable waste streams such as recycling and bulky waste.

A pressure of £405k is being reported in Parking Services as a result of lockdown restrictions earlier in the year and the continuing impact on town

centre footfall. Other pressures within CSS, totalling approximately £84k are largely the result of additional costs such as agency expenditure and overtime costs are a result of Covid restrictions.

- 2.31 Culture Sport and Tourism (CST) continues to be impacted by lockdown restrictions earlier in the year and slow recovery following those restrictions and is reporting an overall pressure of £907k . Leisure sites, green spaces and country parks are income earners for R&E but the rate of recovery in income remains uncertain. Many of the services in this Directorate are weather dependent too. Staycation trend, due to the restrictions on foreign travel could mitigate any downturn but income shortfalls at Rother Valley Country Park and Waleswood Caravan Park are expected to be up to £693k this year. The Theatre has a forecast net £86k loss, following the Council decision to close the facility until the Autumn

Libraries costs are forecast to be less than planned (-£142k) which is due to vacancies. Other pressures in CST, totalling approximately £270k include other green spaces and operations costs in response to covid.

- 2.32 Planning Regeneration and Transport (PRT) is forecasting an overall pressure of £983k. The largest pressure in this Service is in Transportation, £314k. There are a high number of vacancies, so, fewer fee earning staff are in post consequently less than planned income is recovered. In addition, 2 higher cost agency posts are in place to support the service, cover staff vacancies and deliver the essential transport infrastructure capital programme.

- 2.33 A pressure of £123k is being reported in respect of Facilities Services, mainly due to Covid response related costs, agency costs, PPE and lost income. In Asset Management a pressure of £480k mostly reflects a reduction in project fee turnover but this is in a year of high growth in new capital investment and may therefore improve. In addition, there are some unplanned building related costs arising.

A pressure of £141k is being forecast on Markets arising from the number of void stalls and the ongoing difficult trading conditions. However, grant income and less than planned cost in RIDO has helped balance the Markets service pressure.

- 2.34 Progress on delivering outstanding revenue budget savings within the Directorate continues into 2021/22. Property and transport savings reviews are underway as lockdown restrictions ease. New ways of working arising from the pandemic appear to be influencing the service provision in these areas. Revenue budgets currently reflect that the time taken to deliver savings in these areas has taken longer than planned, however, as outlined above, Transport, including Home to School especially continues to be a considerable challenge

Finance and Customer Services (£0.2m forecast underspend)

- 2.35 The overall Directorate is reporting a £0.2m forecast underspend. Whilst there are financial pressures, as detailed below, the service will use vacancy management, ICT Contracts and Legal disbursements savings to mitigate these

financial pressures and deliver a £0.2m underspend. The current service forecast suggests potentially a greater underspend than this but there are risks within that forecast position hence a balanced position currently being reported. These risks relate in the main to technical adjustments for bad debt provision on Housing Benefits, an area that can fluctuate significantly.

- 2.36 Within Customer, Information and Digital Services, following a review of the service provision and the loss-making position it was in, the Schools Connect Trading service was ceased. Therefore, the service holds a budget pressure of £126k reflecting the income that would have been generated when this traded service was viable. 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 of £100k. Following the changes to ways of working as a result of the pandemic, the service has seen a significant reduction in print costs that is mitigating this income shortfall. Now the budgets have been centralised the service are better placed to control print usage and implement a strategy to minimise print whilst promoting digitalised service provision.
- 2.37 Whilst Legal Services faces continued demand for legal support with child protection hearings and court case costs relating to Looked After Children, legal disbursements and vacancies are currently forecast at a £554k underspend. However, the number of cases during the year remains volatile and will continue to be monitored closely.

Assistant Chief Executive (£0.2m forecast underspend)

- 2.38 The service is currently able to forecast a £217k underspend, in the main due to carrying a number of vacant posts within the HR service, whilst a review of service requirements is undertaken and wider vacancies within the directorate as a result of staff turnover. The Directorate are looking to draw up a process for services to bring forward plans as part of a transformation programme, via a business case process to run projects, to review and improve service provision and efficiency. In order to support the delivery of these schemes, the Council may need to utilise some of the Transformation Reserve to support these costs.

Central Services (£0.8m forecast overspend)

- 2.39 There are agreed savings to be delivered from Central Services as the £0.8m customer services saving to be delivered from Regeneration and Environment Services has been budgeted for here. It is unlikely this saving will be delivered in full this year and as such has been forecast as an overspend. To date £51k of the saving has been delivered in the current year, with a further £24k secured for 2022/23.
- 2.40 A number of general efficiencies on centrally managed budgets are anticipated to mitigate the current forecast overspend by the end of the financial year, this position will be kept under review and updated in future Financial Monitoring reports. The Council has £13.6m of emergency support funding available to support the 2021/22 financial outturn. Whilst in the table in section 2.1, an element of this grant is shown below the Directorate position, to net off the overall overspend, at the year end this grant will be applied to Central Services, as was the approach in 2020/21.
- 2.41 The Central Services budgets are made up of a number of corporate budgets for levies and charges such as the Integrated Transport Levy (ITA), PFI

Financing, and Treasury Management. A list of the main budget areas within Central Services was provided as part of the Council's Budget and Council Tax Report 2021/22, approved at Council 3rd March 2021. The costs within this area are largely fixed costs, set out prior to the start of a financial year, not specific to a particular Directorate and are therefore not controllable by the Directorates and thus held centrally. For example, the cost of levies for 2021/22 was set at £11.8m at the outset of 2021/22.

Housing Revenue Account (HRA)

- 2.42 The Housing Revenue Account is a statutory ring-fenced account that the Council has to maintain in respect of the income and expenditure incurred in relation to its council dwellings and associated assets. The HRA is currently forecast to overspend by £240k before transfer from reserves.
- 2.43 There is a forecast underachievement of income (£156k) which relates to: the closure of Communal Facilities due to COVID-19, reduced garage rents and RHI income (district heating). This is offset by increased fees for Aids and Adaptations (-£55k) due to additional works including work delayed due to the pandemic and increased cost of sales income from RTB (£124k). There is a forecast overspend within Supervision and Management (£346k) mainly due to fewer vacant posts. The provision for bad debt is expected to reduce saving £83k. R&M is forecast to budget at this stage although there are potential pressures in respect of the backlog of works due to the impact of Covid 19.
- 2.44 The HRA budget includes a revenue contribution to capital expenditure of £6.5m (which is forecast to budget at this stage) plus a contribution from the HRA reserve of £2.2m to balance the overall budget. The transfer from reserve is forecast at £2.4m to reflect the forecast overspend which will bring the HRA back to a balanced position.
- 2.45 **Local Self-Isolation Support scheme update**
- 2.46 The Council's Local Self-Isolation Support scheme, approved at Cabinet on 25th January 2021, was established to provide financial support to those people needing to self-isolate, that couldn't access the government Test and Trace Self Isolation Support schemes. This scheme provides payments of £250 per successful applicant providing that they meet the scheme criteria. As part of the June Finance Update report to Cabinet, 19th July, a recommendation was approved to continue the scheme for as long as the Government's schemes continue. Therefore, when the Government scheme ends, the Council's Local Self-Isolation Support Scheme will also end. At present, this is expected to be the end of September 2021.
- 2.47 The funding for the local scheme was originally approved at £100k, as part of the update on the Councils response to the Covid-19 emergency report to Cabinet on the 25th January 2021. This report also earmarked £100k to support the operation of the Test and Trace discretionary scheme, delegating authority to the Strategic Director of Finance and Customer services to adjust the split of this £200k as required, given both schemes are demand led. Up until June the budget allocation seemed to be more than sufficient to meet demand, however, during July and August the Council has seen a rapid rise in the number of people either testing positive for Covid-19 or being identified as a contact under the NHS Track and Trace process. This spike in positive tests or identified

contacts mirrored the national picture at the time and has seen the volume of applicants to the Councils Local Scheme dramatically increase. At the time of production of this report, the Council had received, processed, and paid 751 claimants at a value of £187,750 against the Local Scheme. A delegated officer decision was taken in August 2021 to allocate the full £200k earmarked in the 25th January cabinet report to the Councils Local Scheme. Government have provided additional funding for the operation of the discretionary scheme so further support was not required.

2.48 Given this current position it is clear that for the Council to continue to offer the Local Scheme, additional funding is required. Whilst the current high levels are expected to reduce with the new self-isolation rules introduced on the 16th August 2021 (for example people fully vaccinated do not have to self-isolate if they are identified as a contact of someone with a positive test), it is not expected that they will reduce sufficiently to allow the Council to fund all the costs from within the current budget provision. Therefore, the Council will need to identify additional funding options to support the likely overspend on the approved budget. It is expected that this additional budget requirement will be found from the Control Outbreak Management Fund (COMF) contingency (the fund from which the original 200k is provided). A cabinet report on COMF, 16th August, set out the approval process to release these additional funds if required.

2.49 Capital Programme Update

2.50 The Capital Programme 2021/22 now totals £193.689m split between the General Fund £124.354m and HRA £69.335m. This is a decrease of £11.503m to the position as at the end of May reported to Cabinet on 19th July 2021, the majority of which relates to the reprofiling of schemes due to delays caused mainly from COVID-19 and the high volume of capital activity taking place nationally that is straining resources from an internal and external delivery point. The movement is based on the latest profiles of expenditure against schemes, both new and revised grant allocations (£0.253m) and slippage and re-profiles of (£11.250m).

The overall Capital Programme 2021/22 to 2023/24 has reduced by £0.123m, predominantly as a result of changes to grant funding available, as detailed in the following sections.

	Total Increase £m	2021/22 Impact £m	Post 2021/22 Impact £m
Revised Grant and Funding Estimates	(0.253)	(0.253)	0.000
New borrowing	0.000	0.000	0.000
Slippage / reprofiling	0.130	(11.250)	11.380
Total	(0.123)	(11.503)	11.380

2.51 The main re-profiles are:

- **Reach relocation**, £1.000m slippage, Adult Services are carrying out a

Learning Disabilities review, with a cabinet report planned for Autumn 2021, followed by public consultation. The process is expected to take until the end of the calendar year, and therefore the procurement process and lead in time will result in the contract being delivered in 2022/23.

- **Riverside House Refurbishment**, £0.350m slippage, the planned works are on hold until a review of the operational estate based on the hybrid working model is complete. This funding will be used to facilitate the works once the review is complete and new ways of working defined.
- **Aston Academy Classroom replacement**, £1.224m slippage, following completion of the tender process a revised spend profile has been produced with the works commencing from June 2021 and run over a 12 month period. The original spend profile was too ambitious and has required a re-profile.
- **Newman Upper School**, £2.462m slippage, the delivery of this scheme was planned for 21/22 however due to challenges progressing a number of other major schemes within the wider CYPS programme, this scheme start date has been pushed back to the new year.
- **HRA Phase 2 acquisitions programme**, £2.185m slippage. The Council has reached agreement to purchase 2 properties directly from a developer. Whilst deposit payments will be made in 2021/22, the full amounts for the purchases will be made as the properties complete during 2022/23.

2.52 New grant funded schemes are added to the Capital Programme on an ongoing basis in accordance with the Financial and Procurement Procedure Rules. Grant schemes added or reduced since the November Cabinet report are listed below:

Directorate/Scheme	2021/22 £M	Post 2021/22 £m
Regeneration & Environment		
Section 106 contribution received towards the delivery of a project to redevelop the sporting facilities at Handsworth. The funding will complete the existing scheme that has already secured funding from The Football Foundation.	0.120	0.000
Revised funding from the Future High Streets Fund (FHSF) following formal approval of the Council's allocation.	(0.419)	0.000
Children's and Young People's Services		
The Council has received a contribution from Brinsworth Manor Infant School towards the capital project that will increase classroom capacity and improve the building facades. Funding provided through their Devolved Formula Capital (DFC) Funding.	0.046	0.00
Total	(0.253)	0.000

2.53 MCA Approvals

The Mayoral Executive Board have approved an allocation of £1.912m for Dalton Road highways project. This is for the improvement of 400m of the A630 Doncaster Road (a key radial route between Rotherham and Doncaster), at Dalton, with associated revisions to junctions and crossings. The scheme provides an additional eastbound traffic lane between Mushroom Roundabout and Dalton Lane, to ease the flow of traffic away from the roundabout and reduce blocking back and further congestion in the peak periods. The scheme has been earmarked for Transforming Cities Funding and will be added to the capital programme once the Council has gained final approval for its Full Business Case from the MCA.

2.54 Proposed amendments to the use of corporate resources

Due to increased construction costs the proposed restoration works to Keppels Column will cost an additional £45k, the service will continue to look at value engineering to reduce the impact. In order to progress this scheme, it is proposed that £45k is transferred from the Council’s operational buildings capital programme budget to support the restoration works. Due to a requirement to review the use of operational buildings due to the impact on ways of working as a result of Covid-19, the operational buildings programme can accommodate this virement.

2.55 The proposed updated Capital Programme to 2023/24 is shown by Directorate in Table 3 below.

Table 3: Proposed Updated Capital Programme 2021/22 to 2023/24

Directorate	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m	Total Budget £m
General Fund Capital				
Children and Young People’s Services	12.937	9.442	5.412	27.790
Assistant Chief Executive	0.391	0.210	0.210	0.811
Adult Care & Housing	6.849	6.540	14.226	27.616
Finance and Customer Services	7.125	3.204	10.523	20.852
Regeneration and Environment	95.052	47.518	28.089	170.659
Capitalisation Direction	2.000	1.000	1.000	4.000
Total General Fund Capital	124.354	67.914	59.460	251.728
Total HRA Capital				
	69.335	48.677	45.651	163.663

Total RMBC Capital Programme	193.689	116.591	105.111	415.391
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It should be noted that current spend against this revised profile is still low for this point in the year. The capital programme for 2021/22 is ambitious and a review of the deliverability of the capital programme will therefore be undertaken, with the potential need to delay the delivery of some programmes of work. It is therefore anticipated that the programme will reduce further due to slippage as the year progresses.

Funding position of Capital Programme 2021/22

2.56 The £193.689m of capital expenditure is funded as shown in the Table 4 below.

2.57 Table 4: Funding of the approved Capital Programme

Funding Stream	2021/22 Budget £m
Grants and Contributions	57.965
Unsupported Borrowing	63.072
Capital Receipts	1.144
Capital Receipts - Flexible Use	2.000
HRA Contribution	0.173
Total Funding - General Fund	124.354
Grants and Contributions	5.787
Unsupported Borrowing	4.303
Housing Major Repairs Allowance	41.286
Capital Receipts	11.441
Revenue Contribution	6.519
Total Funding - HRA	69.335
Total	193.689

Capital Receipts

2.58 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.

2.59 To date General Fund useable capital receipts of £0.077m have been generated. Although loan repayments will be received during the financial year, these cannot be used to support the revenue budget as only those receipts by the disposal of property, plant and equipment can be used in that way.

Description	Total as at 31st July 2021 £m
11 Russell House	0.077
Total Capital Receipts (Excluding loan	0.000

repayments)	
Repayment of Loans	-0.014
Total Capital Receipts	-0.091

2.60 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 £0.5m and £1m 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.

3. **Options considered and recommended proposal**

3.1 With regard to the current forecast net revenue budget overspend of £7.2m, further management actions continue to be identified with the clear aim of ensuring a balanced budget position can be achieved, in recognition that there are still financial implications as a result of the third national lockdown that need to be fully understood. It is nationally recognised best practice to monitor the performance against the agreed revenue budgets and the Capital Programme throughout the year.

3.2 With regards to recommendation 4, the Council could choose to cease the Local Scheme when the funding runs out, this would mean some claimants in need of support are rejected and would not support the wider aims of the Council to encourage people to adhere to self-isolation rules. In addition, it would also go against the Councils commitment to continue the scheme for as long as the governments Test and Trace Support Payment schemes continue as indicated as part of the June Finance Update report to Cabinet, 19th July 2021.

4. **Consultation on proposal**

4.1 The Council consulted on the proposed budget for 2021/22, as part of producing the Budget and Council Tax Report 2021/22. Details of the consultation are set out in the Budget and Council Tax 2021/22 report approved by Council on 3rd March 2021.

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

5.1 Strategic Directors, Managers and Budget Holders will ensure ongoing tight management and close scrutiny of spend this financial year.

5.2 Financial Monitoring reports are taken to Cabinet meetings during the year. The Financial Outturn report for 2021/22 will be taken to Cabinet in July 2022.

6. **Financial and Procurement Advice and Implications**

6.1 The Council's overspend position is detailed within the report along with the estimated impact of COVID-19. This position continues to be monitored closely. Control over spending remains 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 An update on the Council’s Medium Term Financial Strategy was provided within the Budget and Council Tax Report 2021/22, approved at Council on the 3 March 2021. This indicated that a balanced budget could be maintained for 2021/22 but that there is a forecast funding gap for 2022/23. The MTFS position will be reviewed again in the Autumn ahead of 2022/23 budget planning.

6.3 There are no direct procurement implications arising from the 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 The report includes reference to the cost pressures on both Children’s and Adult Social care budget.

10. Equalities and Human Rights Advice and Implications

10.1 No direct implications.

11 Implications for CO2 Emissions and Climate Change

11.1 No direct implications.

12. Implications for Partners

12.1 At a time of economic difficulty and tight financial constraints, managing spend in line with the Council’s budget is paramount. Careful scrutiny of expenditure and income across all services and close budget monitoring therefore remain a top priority if the Council is to deliver both its annual and medium term financial plans while sustaining its overall financial resilience

13. Accountable Officers

Graham Saxton, Assistant Director – Financial Services
Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp	03/09/21
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	02/09/21

Head of Legal Services (Monitoring Officer)	Stuart Fletcher	02/09/21
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Report Author: Rob Mahon, Head of Corporate Finance

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