Public Report
Cabinet

Committee Name and Date of Committee Meeting
Cabinet – 11 July 2022

Report Title
May Financial Monitoring 2022/23

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, Assistant Director – Financial Services
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 May 2022 and forecast for the remainder of the financial year, based on actual costs and income for the first two months of 2022/23. 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 first 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 May 2022, the Council currently estimates a directorate overspend of £7.7m for the financial year 2022/23. Whilst the core directorates services have a forecast year-end overspend of £6.7m on the General Fund, there is also £1m of estimated unbudgeted cost resulting from the wider financial impact of the war in Ukraine, inflation and energy price increases. This additional financial challenge is being considered as part of the Council's ongoing Medium Term Financial Planning as the impact will reach beyond the current year.

Whilst the energy price rises and inflation will impact the Council's costs in the provision of services there will be some mitigation in future years by increased core funding as business rates income is indexed to the rate of inflation. It is currently expected that the period of high inflation will last for around two years before returning

to a more normal level but the cost increase being experienced will raise the base cost of services on which future inflation is applied meaning a compounding impact. As such the Council will face short term financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves.

Given the current uncertainty in terms of the level that inflation may reach and precisely when and also the inevitable pressure on pay levels, it is not possible to be precise about the full financial impact at the present time. The next report to Cabinet in September will present a much clearer picture of the likely impact.

Recommendations

That Cabinet

1. Note the current General Fund Revenue Budget forecast overspend of £7.7m.

2. Note that actions will continue to be taken to reduce the overspend position but that it is likely that the Council will need to draw on its reserves to balance the 2022/23 financial position.

3. Note the Capital Programme update.

List of Appendices Included
Appendix 1 Equalities Impact Assessment
Appendix 2 Carbon Impact Assessment

Background Papers
Budget and Council Tax 2022/23 Report to Council on 2nd March 2022

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No

Exempt from the Press and Public
No

May Financial Monitoring 2022/23

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 first in a series of financial monitoring reports to Cabinet for 2022/23, setting out the projected year end revenue budget financial position in light of actual costs and income for the first two 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 2022/23 as at May 2022

Directorate	**Budget 2022/23** **£m**	**Forecast Outturn 2022/23** **£m**	**Forecast Variance over/under (-)** **£m**
Children and Young People's Services	65.9	69.5	3.6
Adult Care, Housing & Public Health	88.9	89.0	0.1
Regeneration and Environment Services	47.2	50.2	3.0
Finance and Customer Services	19.7	19.7	0.0
Assistant Chief Executive	7.5	7.5	0.0
Central Services	30.5	31.5	1.0
Directorate Forecast Outturn	**259.7**	**267.4**	**7.7**
Dedicated Schools Grant			-0.2
Housing Revenue Account (HRA)			-1.4

The Council's overspend position at this point is largely due to the following overall issues:

- Financial implications of the war in Ukraine, inflation and energy price increases.
- Placement pressures within Children and Young People's Services.
- Home to School Transport pressures within Regeneration and Environment.
- Pressures relating to the longer term recovery from Covid-19, on income generation within Regeneration and Environment.

As at May 2022, the Council currently estimates a directorate overspend of £7.7m for the financial year 2022/23. Whilst the core directorates services have a forecast year end overspend of £6.7m on the General Fund, there is a £1m estimated overspend in relation to the wider financial impact of the war in Ukraine, inflation and energy price increases. These financial challenges are being considered as part of the Council's ongoing Medium Term Financial Planning. The £1m pressure currently estimated reflects that the Council's Medium Term Financial Strategy did have reasonable cover for inflationary impacts but that the current rises are far above what the Council could have anticipated. Crucially, the Council's current forecast does not assume an increase in pay award above the position built into the Council's Budget for 2022/23. The Council's Medium Term Financial Strategy does have an assumed budget for pay award, however, this is perhaps the most unpredictable area of increased costs for 2022/23, with the Council unable to predict with accuracy what any national public sector pay award may look like. As such, pay award assumptions are left at budgeted position. The estimated cost to the Council per 1% pay award is £1.25m.

2.2 The energy price rises and inflation will impact the Council's costs in the provision of services. However, some of this cost impact will be mitigated in future years by increased core funding as business rates income is indexed to the rate of inflation. It is currently expected that the period of high inflation will last for around two years before returning to a more normal level but the cost increase being experienced will raise the base cost of services on which future inflation is applied meaning a compounding impact. As such, the Council will face short term financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves.

2.3 The forecast position will continue to be monitored closely and mitigations identified to enable a balanced outturn position can be delivered, though it is estimated that the Council will need to call on reserves to achieve a balanced outturn position. There is significant volatility at present in the economy that makes projecting forwards the impact of inflation and energy prices challenging, as such the Council will need to keep focus on assumptions based on these pressures. In addition, the Council will need to ensure that mitigating actions are taken to reduce the current directorate forecast outturns along with ensuring that savings plans are delivered on time to mitigate any knock on impact on future years Medium Term Financial Planning.

2.4 The following sections provide further information regarding the Council's forecast outturn of £7.7m, the key reasons for forecast under or overspends within directorates and the progress of savings delivery.

2.5 The Council is able to report secured delivery of planned savings for 2022/23. The table below provides an update on the £11.5m of planned savings to be delivered over the medium term. £3.9m of planned savings have been delivered already for 2022/23, this includes £971k for Early Help & Social Care Pathway (reductions in social care teams linked to reducing caseloads) and £2.4m savings from reablement services. The R&E savings to be delivered during 2022/23 are in respect of planned cost reductions on operational buildings and increased income from Waleswood.

Table 2: Planned delivery of £11.5m savings

Saving	**2022/23** **£000**	**2023/24** **£000**	**2024/25 & Total FYE** **£000**	**Secured as at 31st March 2022** **£000**
ACHPH	2,800	2,800	2,800	2,400
ACHPH – One off saving	500	0	0	500
CYPS	971	4,739	7,411	971
R&E	374	762	784	0
R&E Customer & Digital	200	500	500	45
Total Savings	**4,845**	**8,801**	**11,495**	**3,916**

Children and Young People Services Directorate (£3.6m) forecast overspend)

2.6 Children & Young People Services continue to implement the budget recovery plan with budget savings of £971k already delivered for 2022/23.

2.7 The budget pressure at the end of May is £3.6m. The main pressures relate to placements (£3.3m), Transport (£370k) and Section 17 monies (£180k), offset by staff savings (£270k) due to the level of vacancies across the directorate.

2.8 The Looked After Children numbers have decreased from April 2022 by 4 from 550 to 546. This is below the original budget profile (560) for this period. However, the placement mix is showing higher than projected placements in emergency (1), Independent Fostering Agency (19), Leaving Care (8) offset by in-house fostering (23), parent & baby (3) and no cost placements (16).

2.9 The LAC number of 546 includes 15 Unaccompanied Asylum Seeker Children which has risen from 14 in March 2022. This is having an impact on the ability to reduce the overall LAC numbers.

2.10 The direct employee budget is £37.4m and is a combination of general fund, traded and grant funded services. The projected underspend at the end of May is £364k, which includes a general fund projected underspend of £270k and underspend of £96k against DSG and traded services.

2.11 The staffing general fund projected underspend of £270k relates to staffing savings in Early Help & Education offset by pressures in Children's Social Care (due to agency workers), District Wide (mainly Safeguarding) and Commissioning & Performance. At the end of May there were 25.7 agency workers in CYPS, 19.2 across children's social care and 6.5 in Education Services.

2.12 A significant element of the CYPS non-pay budget relates to placements which has a net budget of £34.9m with a current projected spend of £38.2m, a projected overspend of £3.3m.

2.13 The £3.3m adverse projection relates in the main to £2.6m on residential placements, £0.7m on IFA placements and £0.2m in emergency offset by savings on allowances £0.2m.

2.14 The £2.6m residential pressures is due to a combination of the increase in placement costs (£0.74m), a reduction in the estimated residential step downs (£1.26m) as well as a reduction in the contribution of DSG due to a reduction in education placements (£0.6m).

Dedicated Schools Grant

2.15 The High Needs Block (HNB) is £51.6m (including the £3.3m 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 High Needs Budget is based on the DSG recovery plan and includes anticipated growth of EHCs numbers and the implementation of new developments linked to the SEND Sufficiency Strategy.

2.16 The Council has entered into a Safety Valve agreement with Government to enable the Council to reduce the DSG deficit reserve. The central DSG reserve now stands at £12.8m following receipt of £8.5m safety valve funding during

2021/22. The Council will receive to further payments to fully remove the DSG reserve along with additional capital funding to ensure the Council is placed in a more sustainable position moving forwards.

2.17 The High Needs Block outturn for the year is a forecast underspend of £160k. The underspend reflects savings in Top Up Funding, External Residentials and Health & Social Care offset by demands for special school places.

2.18 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 (£103k forecast overspend)

2.19 The overall directorate forecast is an overspend of £103k. This relates to Housing GF: Adult Care and Public Health are currently forecast to break even.

2.20 The cost of care packages is forecast to be £1.5m overspent. This is due to increased numbers of people in older people's residential and nursing care. The forecast assumes all current placements remain for the rest of the year although they may reduce. Overall movements in numbers will be closely monitored as the year progresses.

2.21 Staffing budgets are forecast to be £313k underspent due to vacancies. The overall forecast for Adult Care includes anticipated support from the Better Care Fund which brings to position back to a balanced budget.

2.22 Neighbourhood Services (Housing) is forecast to overspend by £103k. Homelessness is expected to overspend by £242k after accounting for grant income, though this is mitigated in part by savings due to staff vacancies that reduce the overall pressure.

2.23 Public Health is forecast to budget at this stage.

Regeneration and Environment Directorate (£3.0m forecast overspend)

2.24 The first outturn projection for the directorate indicates a forecast pressure of £3.0m for this financial year. This represents a small improvement from the 2021/22 outturn position of £3.2m. The forecast reflects the impact of ongoing demographic pressures in Home to School Transport and the remaining economic impact of the recovery from the lockdown restrictions on some of the directorate's services. For example, a continuation of the increases in waste tonnages believed to be resulting from changes in patterns of work life balance, and the impact on income generation, in particular in Parking Services. The forecast outturn projection includes the following specific budget issues.

2.25 Community Safety and Street Scene (CSS) is forecasting an overall pressure of £2.2m. The most significant pressure continues to be in respect of Home to School Transport of £1.6m, due to ongoing demographic pressures leading to an increase in the number of new eligible passengers and fewer contractors in the market leading to increased prices. Addressing the challenge of the increased costs and demand a range of solutions are being explored to influence demand and maximise savings opportunities, using improved cost data analysis to support plans to implement lower cost routes.

2.26 Parking Services is forecasting a pressure of £0.4m. The longer term recovery post pandemic, the ongoing economic impact on town centre footfall and the closure of the Forge Island car park for the cinema development, has led to a reduction in income from parking charges.

2.27 Waste Management is forecasting an overspend of £0.2m. Household waste tonnages continue to be above trend, also disposal charges have risen and commercial waste income has dipped, however, the Service is continuing to see an improvement in recycling income, as the market stabilises. The forecast assumes best case assumptions for outturn tonnages and income.

2.28 Culture Sport and Tourism (CST) is forecasting an overall pressure of £0.1m. Whilst the levels of income generation across the service continue to improve, the service is still in recovery from the impacts of the pandemic. These impacts limit the projected income forecasts for 2021/22 at Rother Valley Country Park, Green Spaces, Theatre and the Music Service.

2.29 Planning, Regeneration and Transport (PRT) is forecasting an overall pressure of £0.7m. The major pressure is in Asset Management, with a forecast overspend of £0.5m. The forecast assumes income under recovery in Estates and Building Consultancy. Pressures in Facilities Management include rising property costs, including repairs and maintenance and fixtures and fittings.

2.30 A pressure of £0.1m is being reported in respect of Facilities Services, due to inflationary pressures on food prices in School Meals (basic food, consumables and materials costs could be expected to rise further) and the closure of Riverside House Cafe. A pressure of £0.1m is being reported in the RIDO service, largely due to a forecast shortfall on Markets income arising from the number of void stalls and the ongoing difficult trading conditions. However, grant income offsetting direct costs in other services in RIDO has helped partially mitigate the Markets service pressure.

Finance and Customer Services (balanced outturn position)

2.31 The overall directorate is reporting a balanced outturn position. Whilst there are some financial pressures within the directorate, as detailed below, the service will make savings on ICT Contracts and Legal disbursements to mitigate these financial pressures and deliver a balanced budget. The current service forecast suggests potentially an underspend outturn could be generated. However, there are risks within that forecast position hence a balanced outturn 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.

2.32 Within Customer, Information and Digital Services, the service continues to generate cost reductions on the renewal or removal of ICT contracts. The removal of the kiosks across the borough and the promotion of online and over the phone payment routes has seen further savings for the service as the cost of cash transportation has reduced (as less cash is needed) and transaction costs reduce as residents move to more efficient payment methods. The service has also incurred difficulties with recruitment, creating further temporary cost reduction.

2.33 Legal Services faces continued demand for legal support with child protection hearings and court case costs relating to Looked After Children. However, reduced costs of legal disbursements and difficulties in recruiting to key posts, in particular within Adult Social Care legal support, are currently resulting in a forecast underspend. However, the number of cases during the year remains volatile and will continue to be monitored closely.

Assistant Chief Executive (balanced outturn position)

2.34 The service is currently able to forecast a balanced outturn position. The service had experienced difficulties in recruitment during 2021/22, however most of the vacancies are either filled or to be filled during 2022/21. The HR service is projecting increased income generation from salary sacrifice schemes and external business from Schools, Academies and through partnership arrangements.

Central Services (£1m forecast overspend)

2.35 There are some significant financial challenges that were not evident at the time of setting the 2022/23 Budget, such as the war in Ukraine and the significant rise in energy prices and inflation. Whilst the Council's outturn position for 2021/22 places the Council in a stronger position and more able to manage the impact rather than needing to consider making cuts in services, it is anticipated that the Council will need to utilise reserves to manage these impacts.

2.36 These financial challenges are being regularly reviewed as part of the Council's ongoing Medium Term Financial Planning. The energy price rises and inflation will impact the Council's costs in the provision of services. However, some of this cost impact will be mitigated in future years by increased core funding as business rates income is indexed to the rate of inflation. It is currently expected that the period of high inflation will last for around two years before returning to a more normal level. As such, the Council will face short term financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves. As such the Council's ability to build further capacity into those reserves as part of the 2021/22 outturn position is a significant benefit.

2.37 The Council currently anticipates that the financial impact of these pressures on the Council's 2022/23 budget will be £1m, excluding the impact of pay award, with a significant pressure over the period of 2023/24 to 2024/25 though the economic position is very volatile at present requiring this position to be under regular review. The forecast impact is based on assumptions around the potential impact of inflation and energy prices. The Council's Medium Term Financial Strategy does have an assumed budget for pay award, however, this is perhaps the most unpredictable area of increased costs for 2022/23 with the Council unable to predict with accuracy what any national public sector pay award may look like, as such pay award assumptions are left at budget. These are areas where there is a significant level of uncertainty at present.

2.38 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 2022/23, approved at Council 2nd March 2022. 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 2022/23 was set at £11.8m at the outset of 2022/23.

Housing Revenue Account (HRA)

2.39 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 £561k.

2.40 The overspend largely relates to increases in energy costs which has an impact on building running costs as well as the District Heating scheme. The unit cost charged to DH tenants is fixed whilst wholesale gas and electricity prices are higher than anticipated.

2.41 The HRA budget includes a contribution to HRA reserve of £2.037m. The transfer to reserve is forecast at £1.476m to reflect the forecast overspend which will bring the HRA back to a balanced position.

Capital Programme Update

2.42 The Capital Programme 2022/23 has been reset following the 2021/22 outturn position, accounting for programme underspends and slippage into 2022/23 the revised capital programme is £285.283m split between the General Fund £211.221m and HRA £74.062m. This is an increase of £40.509m to the position as at the end of December reported to Cabinet on 14th February 2022, 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, including slippage and re-profiles of £36.930m and new grant funding added to the programme of £3.579m.

2.43 **Table 2: Variations to the Capital Programme 2022/22 to 2025/26.**

	Total Impact £m	**2022/23 Impact £m**	**Post 2022/23 Impact £m**
Revised Grant and Funding Estimates	3.579	-1.602	1.977
Slippage / reprofiling	36.930	2.053	38.983
Total	40.509	0.451	40.960

2.44 The main re-profiles are:

- **Children's Residential homes,** £1.130m slippage. The acquisition and fitting out of these residential homes' phase **III** have not proceeded as quickly as had hoped. The Council is exploring several properties and going through a rigorous approval before purchasing the properties to ensure they are fit for purpose. However, the housing market is very buoyant with properties often sold before the council is able to obtain the necessary approvals.

- **Parkway Widening,** £7.638m slippage. The project in well into the delivery phase, however, some challenges with site access and allowing all partner agencies to develop at the same time generate a delay, the project is now expected completion of October 2022.

- **Greasbrough Village Centre Traffic signals**, (£0.463m) slippage. The project has slipped due to funding pressures which needed to be resolved. The project now has a forecast completion date of first quarter 2023.

- **Century Phase II -** £0.728m slippage. The Council had to revise the scope and nature of the project to bring it more into line with the office space requirement in the borough, larger space workshops, rather than traditional office space for example. The revisions to the scope meant that the scheme could not commence until late in 2021/22. The project is due to complete during 2022.

- **Forge Island Flood Defence,** (£1.082m) slippage **RRFAS 2A Ickles Lock (ERDF)** – (£3.245m) slippage. The overall costs were increased due in the main to inflation on required materials (steel), these increases lead to a requirement for an additional funding package, that has delayed progress. An increased funding package is now in place and the project has been re-profiled and will be completed by August 2022.

- **Pothole Funding,** (£2.041m) slippage. The underspend will be carried forward into 2022/23. Government provides the pothole allocations as an additional funding allocation significantly after the Council has set its Capital Programme and crucially, after it has designed out its delivery programme. These grant allocations are announced by Government around October each year making delivery in the same year challenging, in particular alongside the impacts of the pandemic. As such, it makes building a delivery programme more challenging though Government have confirmed the funding can be carried forward to be utilised during 2022/23.

- **Town Centre Development (Housing) –** (£3.041m) slippage This scheme is to deliver 171 housing units over 3 Town Centre sites of which 20 have been completed. The scheme is on site on all three sites and progressing well. However, the slippage in year budget is largely due to a variety of utility issues across all three sites. The project has been re-profiled to reflect a completion of November 2022.

- **Refurbishments,** (£1.371m) underspend. There was a slow start to the year with new ways of Covid safe working, it was therefore not possible to complete the planned 5 schemes within the year. As a result a carry forward request has been made for work on externals internals to allow the works to be completed in the first quarter 2022/23.

2.45 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 February Cabinet report are listed below:

Table 3: New Grant/HRA Funded Schemes added to the programme

Directorate/Scheme	2022/23 £M	Post 2022/23 £m
Confirmation of the actual allocation of New High Needs Grant for 2022/23 to 2025/26.	3.157	0.000
Confirmation of the actual allocations of Basic Need and Capitalised Enhancements grant for 2022/23 to 2025/26. The reduced allocations restrict the Council's ability to carry out essential maintenance works at Schools.	-1.190	-1.602
Green Homes Grant £1.541m and a leaseholder contribution £71k towards the Maltby phase 1 Externals programme. A project to improve the exterior of a number of Council owned housing properties within Maltby.	1.612	0.000
Total	**3.579**	**-1.602**

2.46 **MCA Approvals**
The South Yorkshire Mayoral Combined Authority (SYMCA) acts as accountable body for a number of different Government funding streams and as the control mechanism for Gainshare. There are no new approvals that need to be captured from the SYMCA within this report.

2.47 **The proposed updated Capital Programme to 2025/26 is shown by directorate in Table 3 below.**

Table 4: Proposed Updated Capital Programme 2022/23 to 2025/26

Directorate	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	Total Budget £m
General Fund Capital					
Children and Young People's Services	15.797	6.346	4.560	6.468	33.171
Regeneration and Environment	172.140	34.324	9.052	7.062	222.579
Adult Care & Housing	7.659	6.385	14.117	4.273	32.435
Assistant Chief Executive	0.496	0.210	0.210	0.210	1.126
Finance and Customer Services	14.129	14.893	7.090	2.990	39.102

Capitalisation Direction	1.000	1.000	1.000	1.000	4.000
Total General Fund Capital	**211.221**	**63.159**	**36.030**	**22.004**	**332.413**
Total HRA Capital	74.062	45.834	28.575	28.575	**177.046**
Total RMBC Capital Programme	**285.283**	**108.993**	**64.605**	**50.578**	**509.459**

The capital programme for 2022/23 remains ambitious with a significant level of re-profiling of schemes into 2022/23. The Council will therefore need to keep close control of project spend profiles and delivery milestones to keep these projects on track. The Council will also need to review the deliverability of this significantly increased capital programme and potentially, re-profile some schemes into future financial years.

Funding Position of Capital Programme 2022/23

2.48 The £285.283m of capital expenditure is funded as shown in the Table 4 below.

2.49 **Table 4: Funding of the Approved Capital Programme**

Funding Stream	**2022/23 Budget £m**
Grants and Contributions	129.031
Unsupported Borrowing	79.136
Capital Receipts	1.878
Capital Receipts - Flexible Use & HRA Contribution	1.000
HRA Contribution	0.176
Total Funding - General Fund	**211.221**
Grants and Contributions	3.925
Unsupported Borrowing	15.746
Housing Major Repairs Allowance	42.867
Capital Receipts	8.798
Revenue Contribution	2.726
Total Funding - HRA	**74.062**
Total	**285.283**

Capital Receipts

2.50 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.

2.51 To date General Fund useable capital receipts of £0.012m 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 30th June 2022 £m
Total Capital Receipts (Excluding loan repayments)	**- 0.000**
Repayment of Loans	- 0.012
Total Capital Receipts	**- 0.012**

2.52 The detailed disposal programme is currently being updated and it is very difficult to forecast. Therefore, at this stage the forecast for useable capital receipts is between £0.6m and £1m. These receipts are made up of a small number of disposals and therefore any changes to these could impact on these forecasts significantly. It should be noted that there is no corporate requirement to disposal of General Fund assets.

3. Options considered and recommended proposal

3.1 With regard to the current forecast net revenue budget the directorates are forecasting an overspend of £7.7m, further management actions continue to be identified with the clear aim of ensuring a balanced budget position can be achieved. It is currently assumed that to achieve a balanced outturn position there will be a need to utilise an element of the Council's reserves given the significant pressures that have come to light since the Council set it's 2022/23 budget. This is in recognition that there are still financial implications that need to be fully understood and that may not be fully known until later in the financial year. It is nationally recognised best practice to monitor the performance against the agreed revenue budgets and the Capital Programme throughout the year.

4. Consultation on proposal

4.1 The Council consulted on the proposed budget for 20222/23, as part of producing the Budget and Council Tax Report 2022/23. Details of the consultation are set out in the Budget and Council Tax 2022/2 report approved by Council on 2nd March 2022.

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 2022/23 will be taken to Cabinet in July 2023.

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 current financial pressures from the war in Ukraine, inflation and energy price rises. This position continues to be monitored closely. Control over spending remains critical to both maintaining the robust Reserves Strategy and Medium Term Financial Strategy.

6.2 An update on the Council's Medium Term Financial Strategy will be provided to Cabinet later in 2022. This will provide a more detailed update on the Council's Medium Term Financial Planning factoring in the impact of the current year financial pressures and the longer term impacts on the MTFS and reserves strategy.

6.3 There are no direct procurement implications arising from the recommendations detailed in this report. Project specific implications have been addressed in the Key Issues section.

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 This is a finance update report, providing a review of current progress to date on the Council's revenue and capital budgets, any equalities and human rights impacts from service delivery have been or will be detailed as service budgets, capital projects are pulled together for inclusion within the Council's revenue budget or capital programme.

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

Rob Mahon, Assistant Director – Financial Services

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	**Date**
Chief Executive	Sharon Kemp	27/06/22
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	23/06/22
Assistant Director, Legal Services (Monitoring Officer)	Phillip Horsfield	23/06/22

Report Author: Rob Mahon, Assistant Director – Financial Services

This report is published on the Council's website.