

**Committee Name and Date of Committee Meeting**

Cabinet – 20 November 2023

**Report Title**

September Financial Monitoring 2023/24

**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)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

The report sets out the financial position as at the end of September 2023 and forecast for the remainder of the financial year, based on actual costs and income for the first six months of 2023/24. 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 third financial monitoring report of a series of reports for the current financial year which will continue to be brought forward to Cabinet on a regular basis.

As at September 2023, the Council currently estimates an overspend of £4.2m for the financial year 2023/24. This is largely due to demand led pressures on Children's residential placements and home to school transport as well as the impact of inflationary pressures in the economy, particularly on food prices, and the legacy impact of lockdown restrictions on some directorate's services, especially in R&E.

The current economic climate remains turbulent, with challenges in projecting where inflation will move and the pace at which it moves. At present inflation is slowing although there are variances below the headline rate: food prices are starting to fall while petrol and diesel prices are increasing. The overall reduction will help support the Council's Budget for 2023/24 but the position will be closely monitored.

There remains funding uncertainty for the local government sector beyond 2023/24 as the Local Government Financial Settlement was only a one-year allocation and the Council will continue to face significant challenges moving forwards in regards to the

funding of social care. This is perhaps best illustrated by the volume of Local Authorities across the UK that have recently hit difficult times with a number having to issue S114 notices.

Although inflation appears to be easing, the Local Government Association (LGA) Pay Award has been agreed and the full financial impact is £4m greater than was assumed within the Budget for 2023/24, however, it is anticipated that this can be funded through temporary savings within Treasury Management. The next report to Cabinet in January may present a more certain picture of the Council's Directorate financial position and the impact on the Council's Medium Term Financial Strategy if this is resolved.

## **Recommendations**

That Cabinet:

1. Note the current General Fund Revenue Budget forecast overspend of £4.2m.
2. Note that actions will continue to be taken to reduce the overspend position but that it is possible that the Council will need to draw on its reserves to balance the 2023/24 financial position.
3. Approve the proposed changes to In-House Fostering Fees and Allowances as set out in section 2.74.
4. Note the local flood recovery financial support and the wider Government funded schemes, as set out in section 2.76.

## **List of Appendices Included**

*Appendix 1 Equalities Impact Assessment*

*Appendix 2 Carbon Impact Assessment*

## **Background Papers**

Budget and Council Tax 2023/24 Report to Council on 2<sup>nd</sup> March 2023

May Financial Monitoring 2023-24 Report to Cabinet on 10<sup>th</sup> July 2023

July Financial Monitoring 2023-24 Report to Cabinet on 18<sup>th</sup> September 2023

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

No

## **Council Approval Required**

No

## **Exempt from the Press and Public**

No

## September Financial Monitoring 2023/24

### 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 third in a series of financial monitoring reports to Cabinet for 2023/24, setting out the projected year end revenue budget financial position in light of actual costs and income for the first six 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 2023/24 as at September 2023**

Directorate	Budget 2023/24	Forecast Outturn 2023/24	Forecast Variance over/under (-)
	£m	£m	£m
<b>Children and Young People's Services</b>	65.3	70.2	4.9
<b>Adult Care, Housing &amp; Public Health</b>	119.8	119.8	0.0
<b>Regeneration and Environment Services</b>	53.6	58.1	4.5
<b>Finance and Customer Services</b>	20.6	20.6	0.0
<b>Assistant Chief Executive</b>	7.4	7.2	-0.2
<b>Central Services</b>	35.5	30.5	-5.0
<b>Directorate Forecast Outturn</b>	<b>302.2</b>	<b>306.4</b>	<b>4.2</b>
<b>Dedicated Schools Grant</b>			-4.2
<b>Housing Revenue Account (HRA)</b>			-4.9

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

- Placement pressures within Children and Young People's Services and Adults Social Care.
- Home to School Transport pressures within Regeneration and Environment and Children and Young People's Services.
- Pressures relating to the longer term recovery from Covid-19 on income generation within Regeneration and Environment.
- Inflationary costs impacting the cost of food in Schools Catering and contractual and provider inflation impacting Children and Young People's Services.
- Increased costs of homelessness due to increased demand.
- Increased property costs within Regeneration and Environment.

**2.3** As at September 2023, the Council currently estimates a directorate overspend of £4.2m for the financial year 2023/24. Whilst the core directorates services have a forecast year end overspend of £9.2m on the General Fund this is offset by the £5m corporate budget risk contingency within Central Services approved within the Council's Budget and Council Tax Report 2023/24. It is important that the service areas which are overspending take firm action to reduce their level of overspend as much as possible in order to bring the Council's position back on track.

**2.4** However, there are expected to be pressures within Central Services as a result of inflation and the Local Government Association (LGA) Pay Award. This pressure is expected to be mitigated through the Council's Medium Term Financial Strategy which did have reasonable cover for inflationary impacts. The Council's current forecast assumes an increase in Pay Award based on the LGA pay offer that was approved on 1<sup>st</sup> November 2023. The impact of this pay offer is estimated to be £4m above the position built into the Council's Budget for 2023/24 and will be funded during 2023/24 through temporary savings from Treasury Management factored into Central Services. The ongoing impact will be factored into the Council's Medium Term Financial Strategy.

**2.5** It is currently expected that the period of high inflation will last for a further 12 months before returning to a more normal level but the cost increases 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.

**2.6** The forecast position will continue to be monitored closely and mitigations identified to improve the position, though it is possible that the Council will need to call on reserves to achieve a balanced outturn. In order to mitigate against the use of reserves 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. There remains significant volatility at

present in the economy that makes projecting forwards the impact of inflation challenging, as such the Council will need to keep focus on assumptions based on these pressures.

**2.7** At the start of 2022/23 the Council had £11.5m of previously agreed savings to deliver, that had been re-profiled across 2022/23 to 2024/25. Following delivery of £4.4m in 2022/23, the remaining £7.1m is to be delivered by the end of 2024/25. Table 2 below provides an update on the delivery of the remaining £7.1m which has to be delivered across 2023/24 (£4.4m) and a further £2.7m by the end of 2024/25. To date £1.618m has been secured against these remaining savings from savings in CYPS placements and management costs and R&E operational property budgets. Whilst placement costs have been reduced in CYPS demand has increased and as such, CYPS is still reporting a pressure on placements. Further detail is provided in the Directorate position narrative.

**Table 2: Previously agreed savings**

Saving	To be delivered by end of 2023/24	Total to be delivered end of 2024/25	Secured as at 30 <sup>th</sup> September 2023
	£000	£000	£000
<b>CYPS</b>	3,713	6,385	1,594
<b>R&amp;E</b>	388	410	24
<b>R&amp;E Customer &amp; Digital</b>	300	300	0
<b>Total Savings</b>	<b>4,401</b>	<b>7,095</b>	<b>1,618</b>

As part of the Budget and Council Tax Report 2023/24 a series of new temporary and permanent savings were approved. Table 3 shows the progress against these new savings which include a range of permanent and temporary savings with a total of £3.381m secured against 2023/24 total of £4.344m so far.

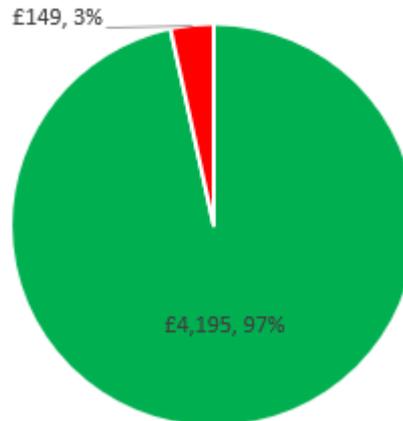
**2.8** **Table 3: New Savings agreed as part of the Budget and Council Tax 2023/24 report**

Directorate	2023/24	2024/25	Secured as at 30 <sup>th</sup> September 2023
Finance and Customer Services	308	238	362
Assistant Chief Executive	303	407	153
Children’s and Young Peoples Services	1,348	1,059	1,348
Adult Care, Housing and Public Health	1,224	1,998	718

Regeneration and Environment	1,161	1,001	800
<b>Total</b>	<b>4,344</b>	<b>4,703</b>	<b>3,381</b>

A summary of these new savings RAG status is shown below.

Total Savings RAG Values (£000s)



- 2.9** The Council has continued to deliver the new savings: since July Financial Monitoring FCS2 ICT Contracts and ACEX6 UKSPF grant income have both been delivered and are now RAG rated Green (Amber in July). In total 97% of savings are rated Green and the majority (£3.4m) of 2023/24 savings have been delivered.
- 2.10** £149k of savings plans are deemed high risk. This is in respect of ACH&PH3 Housing Related Support. The proposed timescales for making the savings relating to ACH&PH3 Housing Related Support, whilst legally achievable, did not anticipate the current lack of options to place existing clients in alternative provision. The subsequent review has highlighted that other HRS providers have become deskilled at supporting this cohort of vulnerable adults.
- 2.11** This saving should be achievable over the longer term when the new mental health service options are fully in place and the flexible purchasing system for Housing Related Support (HRS) is completed. A Cabinet report on progress is scheduled for June 2024 which will include timescales and recommendations for the future of these two facilities. The Cabinet report will explore opportunities for any efficiencies that can be made from the HRS service at that time. It is expected that in the meantime this saving will be mitigated via additional NHS income in Adult Social Care.
- 2.12** **The following sections provide further information regarding the Council’s forecast outturn of £4.2m, the key reasons for forecast under or overspends within directorates and the progress of savings delivery.**

## **2.13 Children and Young People Services Directorate (£4.9m) forecast overspend)**

**2.14** Children & Young People Services has a budget pressure of £4.9m at the end of September, a £100k increase on the £4.8m overspend reported in July. This is primarily driven by pressures in Children's Social Care and Education. In the main the overall pressures in Children's Social Care relate to demands on placements (£4.4m) and home to school transport cost pressures (£1.1m), offset by directorate recovery plans of £600k.

**2.15** The Looked After Children placement numbers at the end of September 2023 are 514. This is 33 below the September 2023 budget profile (547).

**2.16** However, the placement mix is showing higher than projected placements at September in external residential (16), Remand (2), external emergency (1), no cost placement (4) offset by in-house fostering (27), IFA (9), Supported Accommodation (7), and in house residential (4) and in house emergency (1).

**2.17** The LAC number of 514 includes 38 Unaccompanied Asylum Seeker Children which has risen from 14 in March 2022.

**2.18** The direct employee budget is £41.3m and is a combination of general fund, traded and grant funded services. The forecast underspend at the end of the September 2023 financial year is £78k, which includes a general fund staffing underspend of £117k after removing placement related staffing costs.

**2.19** A significant element of the CYPS non-pay budgets relates to placements which has a net budget of £34.4m with an outturn projected spend of £38.8m and a projected overspend of £4.4m. The £4.4m adverse projection relates in the main to a reduction in the estimated residential step downs in relation to residential placements £3.9m.

**2.20** The Home to School Transport pressure of £1.1m reflects demands on transporting children in care £325k, those children in care placed out of Borough with EHC plans £335k and post 19 transport costs £450k. CYPS have operational groups set up to review transport costs to ensure the most appropriate method of transport is in place.

## **2.21 Dedicated Schools Grant (DSG)**

**2.22** The High Needs Block (HNB) is £57.8m (including the £3.5m 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 EHC numbers, and the implementation of new developments linked to the SEND Sufficiency Strategy.

**2.23** The central DSG reserve now stands at £5.927m deficit following receipt of £6.0m Safety Valve funding during 2022/23 and a £913k underspend across all DSG

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

**2.24** The High Needs Block (HNB) budget is set to provide a £2.068m contribution to reserves in line with the management plan, but only after agreement of the 1.5% School Block funding transfer (£3.459m) and would have been a £1.391m in-year deficit without this funding. The High Needs budget position as at September 2023 shows an overspend of £1.0m (excluding Safety Valve funding) against a planned contribution to reserves of £2.0m.

**2.25** The overall DSG deficit is forecast to reduce from £5.9m to £3.2m after taking into account the HNB transfer to reserves (£1.0m), Safety Valve funding (£2.0m), offset by use of reserves on other DSG blocks (£300k).

**2.26** 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 resource provision in Rotherham linked to mainstream schools and academies, with further capacity becoming operational by the end of 2023/24.
- Implement the accessibility strategy.
- Work with schools and academies to maintain pupils in mainstream settings wherever possible.

## **2.27 Adult Care, Housing and Public Health (balanced outturn position)**

**2.28** The overall directorate forecast is currently breakeven. However, there are significant demand pressures within Adults (£852k) and Homelessness (£864k). It is currently expected that these pressures can be mitigated across the financial year as has been the case in previous years. This will be closely monitored over the period.

**2.29** The cost of care packages is forecast to be £2.1m overspent. Demand has increased across all types of care, but especially domiciliary care. However, in September the Council received £2m grant income from the Market Sustainability Improvement Fund (MSIF). This will be maximised to increase capacity across the Directorate and has mitigated the demand pressure. 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 and additional income from CHC may offset some of the costs already incurred. Transitions are forecast as underspent by £313k reflecting historic trends.

**2.30** Staffing budgets are forecast to be £384k overspent due to vacancies which have needed to be filled by agency placements that provide cover for the service and overtime payments for staff. The MSIF is also expected to help with workforce capacity and thus reduce the pressure in this area.

- 2.31** Neighbourhood Services (Housing) is forecast to overspend by £900k. Homelessness is expected to overspend by £864k after accounting for grant income. The numbers seeking support are reducing a little but the forecast has built in a continued reduction in the use of hotels across the year. In September there were 48 households needing hotel accommodation, down from 61 in July. The cost of temporary accommodation is also expected to overspend as rental income is lower than budgeted. This will be partly offset by additional furnished homes income.
- 2.32** Public Health is forecast to underspend by £50k due to staff vacancies.
- 2.33 Regeneration and Environment Directorate (£4.5m forecast overspend)**
- 2.34** The September outturn projection for the directorate indicates a forecast pressure of £4.5m for this financial year. This represents an improvement of £400k from the July forecast. The forecast reflects the impact of ongoing demographic pressures in Home to School Transport, the impact of inflationary pressures in the economy, particularly on food prices, rising property costs in Asset Management and the legacy impact of lockdown restrictions on some of the directorate's services. For example, the impact on income generation, particularly in Parking Services. The forecast outturn projection includes the following specific budget issues.
- 2.35** Community Safety and Street Scene (CSSS) is forecasting an overall pressure of £2m, an increase of £0.1m from July's reported position. The most significant pressure continues to be in respect of Home to School Transport where the forecast overspend has worsened by £200k to £2.2m, 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. To address 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.
- 2.36** Parking Services is forecasting a pressure of £340k. 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. However, there is an income over-recovery of £470k in Streetworks and Enforcement Services.
- 2.37** Waste Management is currently forecasting a £400k underspend (£530k in July). There has been a windfall payment from the Waste PFI contract, because of the high energy price, which is overachieving against budget. This is offset by recycling market prices which are lower than expected and increased agency costs due to staff absence.
- 2.38** Culture Sport and Tourism (CST) is still forecasting an overall pressure of £400k. There is a £137k pressure in Green Spaces as a result of income pressures and staffing pressures in the Trees and Woodland Service, resulting from the requirement to increase resources in the Service to deal with a backlog of maintenance issues. There is an ongoing pressure in the Theatre of £60k

because of a forecast under-recovery of income. There is also a forecast overspend of £150k at Rother Valley Country Park primarily due to the poor summer weather impacting income generation and £120k at the Waleswood Caravan Park due to flooding in April that impacted on pitch availability, poor weather during the summer impacting on income generation, and an increase in food costs.

**2.39** Planning, Regeneration and Transport (PRT) is forecasting an overall pressure of £2.2m as per July. The major pressure is in School Meals of £1.4m, due to inflationary pressures on food prices and pressures on income in the service.

**2.40** Asset Management is forecasting an overspend of £1.1m. Pressures in Facilities Management include rising property costs, including repairs and maintenance and fixtures and fittings. The timing of the achievement of property savings is under regular review and will be fed into future forecasts as key decisions are able to be taken, however for the current financial year this creates further pressures. It is anticipated that the property saving for 2023/24 will be delivered in full by the end of the financial year with a full year impact being seen for 2024/25.

**2.41** A pressure of £212k 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 to partially mitigate the Markets service pressure.

#### **2.42 Finance and Customer Services (balanced outturn position)**

**2.43** The overall directorate is reporting a balanced outturn position. Whilst there are some financial pressures within the directorate, the service is projected to make savings on Legal disbursements and Bereavement Services income, which will help to mitigate these financial pressures and deliver a balanced budget.

**2.44** Within Customer, Information and Digital Services, the service continues to generate cost reductions on the renewal or removal of ICT contracts, which has delivered a budget saving this year. The service has also incurred difficulties with recruitment, creating further temporary cost reduction. This is offset by over-recruitment within Customer Services contact centre to help manage the difficulties caused by previous high staff turnover in this area, that impacts on call waiting times. This is intended to be managed from underspends elsewhere within the Directorate.

**2.45** Legal Services faces continued demand for legal support with child protection hearings and court case costs relating to Looked After Children. The number of cases during the year remains volatile and will continue to be monitored closely. Ongoing difficulties in recruiting to key posts, in particular within Adult Social Care legal support, are currently resulting in a forecast overspend as a result of needing to employ a number of locum solicitors.

#### **2.46 Assistant Chief Executive (£0.2m underspend)**

**2.47** The service is currently forecasting an underspend of £200k. This is due to increased income in HR of £102k (offset by increased costs of DBS checks) and additional funding in support of resettlement work. Staffing is also forecast to be underspent due to a small number of vacancies across the directorate.

#### **2.48 Central Services (£5m forecast underspend)**

**2.49** Central Services has a forecast underspend of £5m reflecting the corporate budget risk contingency approved within the Council's Budget and Council Tax Report 2023/24.

**2.50** There continues to be significant financial challenges as a result of high inflation, energy prices and the potential impact of the 2023/24 Local Government Pay Award. Inflation continues to impact the renewal of Council contracts and payments to key service providers, as such it continues to present a financial challenge to the Council's approved Budget and Medium Term Financial Strategy. However, the Council was able to build into the Council's Budget and Council Tax Report 2023/24 greater levels of funding to manage the impact of inflation, energy and pay. As such it is currently anticipated that these impacts can be controlled within the existing budgetary provision. As stated within the Budget and Council Tax Report 2023/24 uncertainty in the global and UK economy remains the most significant budget risk and as such will need to continue to be closely monitored.

**2.51** The current economic climate remains turbulent, with challenges in projecting where inflation will move and the pace at which it moves. At present inflation is showing signs of slowing although there are variances below the headline rate: food prices are starting to fall while petrol and diesel prices are increasing. The overall reduction will help support the Council's Budget for 2023/24 but the position will be closely monitored. These financial challenges are being regularly reviewed as part of the Council's ongoing Medium Term Financial Planning. It is currently expected that the period of high inflation will last for around for 12 months 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 where required the Council's reserves. The Council's ability to build further capacity into those reserves as part of the 2022/23 outturn position is a significant benefit.

**2.52** The Council's Treasury Management functions are expected to continue to perform well for the majority of 2023/24 and provide the ability to cover the financial impact over and above what was budgeted for the Pay Award for 2023/24 (estimated impact of £4m above budget in the MTFs). The Council still holds significant cash balances and is able to invest them for a greater return given current high interest rates, in addition to slippage on the Capital programme in 2022/23 which means that the level of financing costs for 2023/24 will be less than anticipated. The benefits from the Treasury Management function can be used to support wider inflationary pressures that the Council will face during

2023/24 or reduce the call on reserves. The positive impact of this will be reported later in the year when the value of this is more secure.

**2.53** Central Services is 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 2023/24, approved at Council 1 March 2023. 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 2023/24 was set at £13.2m at the outset of 2023/24.

## **2.54 Housing Revenue Account (HRA)**

**2.55** 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 underspend by £4.905m.

**2.56** Since July the forecast underspend has increased by £271k which is due in large part to an increase of £359k in interest receivable due to the increase in rates in the period

**2.57** The underspend largely relates to reduced energy costs for the Council's District Heating scheme £2.976m and £1.512m in contract shared savings.

**2.58** Contract shared savings is a refund from repairs contractors based on the profits they made during the previous year once those have been confirmed and audited.

The income is expected to be ringfenced to cover expected costs associated with:

- bringing stock conditions surveys up to date;
- improving systems and processes for providing assurance on property services compliance;
- preparing for new regulatory framework and inspection regime;
- and expanding our housing growth function to achieve the Council's 1,000 new homes target.

## **2.59 Capital Programme Update**

**2.60** The Capital Programme 2023/24 has been updated to the end of September to reflect the latest information on project position and delivery plans. The revised Capital Programme is £208.065m split between the General Fund £157.618m and HRA £50.447m. This is a decrease of £41.702m from the position reported to Cabinet on 18th September 2023 as part of the July Financial Monitoring Report, the majority of which relates to the reprofiling of schemes due to delays caused by the high volume of capital activity taking place nationally that is limiting resources in the market and the challenges that inflation is causing on the cost of

projects that ultimately requires greater work on project design and scope. The movement is based on the latest profiles of expenditure against schemes, including slippage and re-profiles of -£46.045m and new grant funding added to the programme of £4.334m.

**2.61 Table 3: Variations to the Capital Programme 2023/24 to 2025/26.**

	<b>Total Impact £m</b>	<b>2023/24 Impact £m</b>	<b>Post 2023/24 Impact £m</b>
Revised Grant and Funding Estimates	27.492	4.334	23.158
Changes to Corporate Resources	0.009	0.009	0.000
Slippage / reprofiling	0.000	-46.045	46.045
<b>Total</b>	<b>27.501</b>	<b>-41.702</b>	<b>69.203</b>

**2.62** The main items contributing to the reprofiling of the Capital Programme are:

- **Fleet Management Vehicle Purchase**, £8.200m slippage. A fleet Programme Officer has been appointed and will be moving forward with the fleet replacement programme, it is however, unlikely that the whole programme of new vehicle purchases will be completed within this financial year due to the long lead in periods for new vehicles at present. In the interim, some work is underway to bring lease vehicles in-house where this makes financial sense.
- **LD Accommodation with Support** £2.000m slippage. The budget for 2023-24 has now been rolled forward to 2024-25 where it is expected to support the Adult Day Care element of the Warden Street/Canklow development. Currently in the design stage in preparation for submission of planning application, construction is anticipated to start in the first quarter 2024/25.
- **Rotherham Markets Redevelopment**, £14.190m slippage. Value engineering is underway to address potential cost overrun and re-cast the delivery timeframe. The forecast has been updated to reflect revised expenditure profile as per the Council's Pathfinder grant submission, that will potentially combine a LUF round 1, Towns Deal and Future High Streets Fund grants into one grant. Simplifying the process, creating efficiencies but also giving the Council a larger timeframe.
- **Wentworth Woodhouse**, £1.544m slippage. The commencement of this externally delivered scheme has been delayed due to ecological issues. Revised completion date now July 2024.
- **Centenary Way Viaduct** £1.220m slippage. Due to traffic management on Sheffield Road as part of TCF programme, National Highways works

on the M1 and the required lane closures associated with the Centenary Way Bridge works, in the interests of network resilience, construction has been reprogrammed to take place after Sheffield Road has been completed - this will be Summer 2024.

- **Household Waste Recycling Contract**, £1.077m slippage. The contractor has submitted a schedule of works to be completed and this reflects that £1m of the work that will now take place post 2023/24. As such the remaining budget has been reprofiled to future years.
- **Warden St Housing Development**, £1.390m slippage. Currently in design stage in preparation for submission of planning application. Construction is anticipated to start in the first quarter 2024/25.
- **Server Equipment Budget and Reprofile (Hybrid Cloud Computing)** £1.809m slippage. A review is currently being undertaken as to the options to extend the support for the current platform. This has resulted in the whole budget £1.809m being reprofiled into 2025/26 to coincide when this budget is now expected to be required.
- **Disabled Facilities Grants Unallocated** £3.122m slippage. There is a schedule of works to deliver the current year's budget which is expected to be delivered. Slippage represents unspent grant from prior years built up predominantly during the pandemic, as well as additional grant awarded in 2023/24.
- **Special Education Needs Budget Unallocated**, £4.520m slippage. A more detailed programme of works has now been developed and profiled over the next 3 years. Budget has been allocated in line with the programme.

**2.63** 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 July Cabinet report are listed below:

**Table 4: New Grant/HRA Funded Schemes added to the programme**

Directorate/Scheme	2023/24 £m	Post 2023/24 £m
<b>Regeneration &amp; Environment</b>		
S106 funding for Traffic Signal Renewal Programme	0.075	0.000
S106 funding for Braithwell Road Bus Stop	0.049	0.000
Local Levy funding for Rotherham Renaissance Flood Alleviation Scheme (FAS), Whiston Brook FAS, Parkgate & Rawmarsh FAS and Catcliffe Pumping Station.	0.100	1.800
City Region Sustainable Transport Settlement (CRSTS) Grant Cortonwood Pedestrian Crossing.	0.080	0.000

CRSTS Grant Swallownest Pedestrian Crossing	0.227	0.000
Department of Transport Grant for A6022 Swinton to Doncaster	0.000	0.750
CRSTS Grant Eastwood & Herringthorpe Active Travel	0.285	3.965
CRSTS Moorgate Active Travel	0.116	1.603
CRSTS Grant Fitzwilliam Road Sustainable Travel	0.368	6.481
CRSTS Grant Ickles Roundabout Improvement	0.054	5.946
CRSTS Grant St Annes Roundabout Improvement	0.255	4.994
CRSTS Grant Stag Inn Junction Improvement	0.231	4.769
CRSTS Grant Wickersley Road Sustainable Travel	0.092	1.895
CRSTS Grant Broom Road Phase 2	0.091	1.768
Adjustment to Levelling Up funding	-0.031	0.000
Changing Places Fund Grimm & Co	0.075	0.000
Changing Places Fund Magna	0.055	0.000
Transforming Cities Fund (TCF) Maltby Bus Corridor	-0.038	0.000
Levelling Up and TCF Sheffield Rd Phase 1	1.012	0.000
<b>HRA</b>		
Underspend of DFG 2022/23 and DFG 2023/24 allocation	1.238	0.000
<b>Total</b>	<b>4.334</b>	<b>*33.971</b>

\*Note, some of these grant awards are for period longer than the current Capital Programme period of 2023/24 to 2025/26. As such the total grant values are higher than the grant added to the current capital programme, the additional element will be added when the Capital Programme is extended as part of the Budget setting process.

## 2.64 Corporate Borrowing Changes/ RTB Receipts

There has been a reduction of corporate borrowing in the general fund of £0.366m for Pathways to Care Projects. This has been replaced by RTB receipts in the HRA programme for the same value, that will be used to adapt existing HRA properties under the Pathways to Care Policy. In addition the HRA has agreed to provide RCCO's to 2 other schemes. Dun Street Play Area £0.004m and a fence at The Centre, Wickersley £0.005m.

## 2.65 Programme Variations

The following variations to the Capital Programme cover significant variations between capital projects that are either key decision value or a change in use of corporate resources and as such need reporting to Cabinet.

**Riverside Residential Quarter:** Following project re-scoping, which saw the removal of the new pedestrian bridge, it is now proposed that infrastructure improvements funded through the Town Deal and Levelling Up Fund incorporate the following works:

- Westgate/Sheffield Road: In conjunction with a Transforming Cities Fund project (Rotherham Town Centre Active Travel Package – Sheffield Road Phases 1-3) LUF will be used to improve the general environment through better and consistent paving and street furniture.
- Water Lane: Highway realignment and repair or replacement of the existing brick culvert that runs from Westgate to the River. The Highways authority will not adopt Water Lane with the culvert in its current assumed state (surveys are ongoing).
- River Walk preparation: Civil engineering works to provide sheet piling, gabion walls and earthworks to facilitate a new riverside walk. Finishes are not included in the project and these would be better delivered through a future housing scheme. The sheet piling works are necessary to make the new site independent of the existing river wall as its condition cannot be validated.

Utilising £3.4m LUF funds previously allocated to the pedestrian bridge would support the infrastructure improvements outlined above.

## 2.66 MCA Approvals

The South Yorkshire Mayoral Combined Authority (SYMCA) acts as accountable body for a number of different Government funding streams and as the accountable body for Gainshare. New funding received through SYMCA is £33.220m CRSTS maintenance funding.

**2.67 The proposed updated Capital Programme to 2025/26 is shown by directorate in Table 5 below.**

**Table 5: Proposed Updated Capital Programme 2023/24 to 2025/26**

Directorate	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	Total Budget £m
<b>General Fund Capital</b>				
Children and Young People's Services	8.391	7.562	15.778	31.731
Regeneration and Environment	139.351	91.512	62.900	293.763

Adult Care & Housing	5.124	19.239	4.273	26.637
Assistant Chief Executive	0.388	0.210	0.210	0.808
Finance and Customer Services	4.364	3.681	18.986	27.031
<b>Total General Fund Capital</b>	<b>157.618</b>	<b>122.204</b>	<b>102.148</b>	<b>381.969</b>
<b>Total HRA Capital</b>				
	50.447	56.283	32.839	<b>139.570</b>
<b>Total RMBC Capital Programme</b>				
	<b>208.065</b>	<b>178.487</b>	<b>134.987</b>	<b>521.539</b>

The Capital Programme for 2023/24 remains ambitious even with a significant level of re-profiling of schemes into 2024/25. The Council will therefore need to keep close control of project spend profiles and delivery milestones to keep these projects on track. Further review of project deliverability and potentially, re-profiling of schemes into future financial years may be required.

## 2.68 Funding Position of Capital Programme 2023/24

The £208.065m of capital expenditure is funded as shown in the Table 6 below.

**Table 6: Funding of the Approved Capital Programme**

Funding Stream	2023/24 Budget £m
Grants and Contributions	72.670
Unsupported Borrowing	84.143
Capital Receipts	0.675
HRA Contribution	0.130
<b>Total Funding - General Fund</b>	<b>157.618</b>
Grants and Contributions	2.516
Unsupported Borrowing	0.936
Housing Major Repairs Allowance	37.445
Capital Receipts	7.626
Revenue Contribution	1.924
<b>Total Funding - HRA</b>	<b>50.447</b>
<b>Total</b>	<b>208.065</b>

## 2.69 Capital Receipts

2.70 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.

2.71 To date General Fund useable capital receipts of £1.298m 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 September 2023 £m
Land at Kiveton Park	-1.236
Miscellaneous	-0.039
<b>Total Capital Receipts (Excluding loan repayments)</b>	<b>-1.275</b>
Repayment of Loans	-0.023
<b>Total Capital Receipts</b>	<b>-1.298</b>

2.72 The detailed disposal programme is currently being updated. At this stage the forecast for useable capital receipts is between £1.275m and £1.75m but this may change when the detailed assessment has been completed. 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 and each individual decision should be taken as appropriate.

## 2.73 Capital Achievements

The following outputs have been achieved since the July Financial monitoring report.

- In the second quarter of 23-24 the council has completed the repair of 78 unclassified roads out of the 164 unclassified roads included in the indicative highways repair programme for 2023/24.
- The fire stopping project in Riverside House is practically completed. This project is to maintain the fire integrity within the building.
- The 6 priority Flood Alleviation Schemes are progressing well through the identified delivery stages of feasibility, site investigations, landowner engagement, detailed design and planning applications approvals ahead of the 2024 deadline.

- A new software defined network has been implemented providing enhanced security, resilience and more modern networking opportunities.
- A new firewall platform has been implemented to provide enhanced protection from cyber incidents.
- Currently implementing a chatbot to provide help and support to customers using the website.
- The fleet of printers/scanners is being rationalised alongside upgrades of the follow me print facility.

## 2.74 Proposed updates to Fostering Fees and Allowances

In order to support improved levels of new foster carers and greater retention of existing foster carers, a series of amendments and new foster care fees and allowances are proposed. The financial impact of these will be mitigated by the cost avoidance that they will generate by creating new foster carers or retaining them and therefore limiting the need for more expensive external placements. The table below outlines the new and amended proposals to fostering allowances and payments to support Rotherham in the recruitment and retention of in-house foster carers.

New proposed Fostering Fees	Old Rate £	Cost per Event £	Estimated Demand	Projected Cost £	Comments
Out Of Hours Helpline		10	365 nights including 8 BH	3,730	Specially trained carers would run a helpline from 5pm until 10.30pm seven days a week to help stabilise placements. £10 per night (£20 bank Holidays)
Long Service awards - one off payment		50		3,600	One off for carers who have served up to 5 years
Long Service awards		50	110	5,500	Long Service Award at 1, 3, 5 years then every 5 years, to start from date of implementation.

Retainer Fee (to hold a placement when a bed is 'blocked')		Skills Payment	10	102,721	Retainer Fee on second placements due to a complex child requiring a solo placement. The child to be reviewed regularly and when a second child could be placed this retainer fee will end. The proposal is to avoid carers from refusing to take the child as they would currently lose out on skills payments under the current policy compared to if they took two children with lower level needs. Where successful this will avoid complex children from being placed in residential care (average placement £6k per week).
Shadow Payment		50	20	1,000	Utilise current foster carers to support new carers through their assessment and approval process
Holiday Payment Scheme		Change to policy overall impact is nil			Foster carers to opt for either respite care under current scheme when going on holiday OR have the equivalent respite fee that would have been paid to the respite carer paid to them.
Foster Carer Led Recruitment		36.97	104	3,845	Foster Carers to attend and/or lead key recruitment events in the local community
Increase Mockingbird Payments Child Activity Payments	10	20	720	7,200	Increase children's activity money for services delivered by the Mockingbird hub

Increase Mockingbird Payments - Respite Nights		87	240	21,039	Additional respite payment for more than 16 nights undertaken in any one month to ensure they are not disadvantaged when compared to the general respite scheme.
Fostering Panel - Members Pay	80	170	36	3,240	Payments to professionals for attendance at Fostering panel to enable timely approval of foster carers.
'Refer a Friend' Scheme	500	1,250	6	7,500	Payment of £250 on foster carer approval and a second payment of £1,000 after 6 months service
<b>Total</b>				<b>159,375</b>	

**2.75** The cost implications are linked to anticipated demand and therefore if take up is not as anticipated the fostering costs may be lower, but this would be at the expense of more expensive children's placements as outlined in the Retainer Fee proposal.

**2.76 Local Flood Recovery Support and Government Funded Support**

Following the flooding event within the Borough on the 21<sup>st</sup> October 2023 and its significant impact on a number of households, the Council is providing some immediate financial support to those residents most impacted. The Council's financial support to help residents impacted by Storm Babet will include;

- a £350 grant direct to each flooded household;
- a promise that those households do not have to pay any Council Tax for the period from 21<sup>st</sup> October until at least the end of March 2024.

**2.77** The Council holds a list of properties that it is aware were flooded or where the property was unliveable for a period of time as a result of this flood incident. For these properties, where the Council holds the residents banking details through Council Tax Direct Debits, payments will be made automatically. If the Council does not hold banking details then residents are asked to register their details via a secure online form to allow payment to be made. At present it is expected that around 189 properties will be provided with this financial assistance based on the criteria outlined above, however, this is subject to change as further information becomes available. Based on these numbers the grant support will cost the Council £66,150 and this will be funded from the Covid Recovery Fund reserve. The cost of the Council Tax Relief will be factored into the Council's Medium Term

Financial Strategy once confirmed. It will take longer to calculate these as each property and residents' case needs to be worked through in detail.

**2.78** At the time of this Cabinet report being finalised the Council had paid 116 of the 189 properties that are currently expected to receive the support. These have been able to be processed at pace as the Council held banking details for these residents. A further 22 properties have submitted their banking information via the Council's online form and will have their payments processed. The Council will work to ensure that the remaining properties and any that are newly identified received this financial support.

**2.79** The Council will also be making a £20k contribution to the South Yorkshire Community Foundation (SYCF) fund that is being raised to provide support to residents across the region that have been impacted by Storm Babet, via a Just Giving account. This contribution will be funded from the Council's Covid Recovery Fund and by doing this the SYCF will match the Council's contribution into the fund. It is for the SYCF to decide how the fund will be used in its entirety, however, it has already been agreed that part of the fund will be used to top up the Council's grant payments of £350 by a further £150. So, residents in properties supported by the Council's scheme will receive a total payment of £500.

**2.80** The Government has also announced plans to support flood-hit areas. Under these measures Government will provide funding for;

- a grant of up to £500 direct to each flooded household to give cash quickly to help with immediate costs.
- Households and businesses significantly affected by recent flooding will be eligible for 100% council tax and business rates relief for at least three months.
- Small-to-medium sized businesses in affected areas will be eligible for up to £2,500 from the Business Recovery Grant to help them return quickly to business as usual.
- Eligible flood-hit property owners will be able to apply for up to £5,000 to help make their homes and businesses more resilient to future flooding via the Property Flood Resilience Repair Grant Scheme.

**2.81** At present Government have announced these schemes and scheme guidance to Local Authorities is currently awaited to allow the Council to administer the support.

### **3.0 Options considered and recommended proposal**

**3.1** With regard to the current forecast net revenue budget the directorates are forecasting an overspend of £4.2m, management actions are being 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 2023/24 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.

#### **4.0 Consultation on proposal**

**4.1** The Council consulted on the proposed budget for 2023/24, as part of producing the Budget and Council Tax Report 2023/24. Details of the consultation are set out in the Budget and Council Tax 2023/24 report approved by Council on 1<sup>st</sup> March 2023.

#### **5.0 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 2023/24 will be taken to Cabinet in July 2024.

#### **6.0 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 inflation and increases in demand. 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 2023. 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.

#### **7.0 Legal Advice and Implications**

**7.1** No direct legal implications.

#### **8.0 Human Resources Advice and Implications**

**8.1** No direct implications.

#### **9.0 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.

## 10.0 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.

## 11.0 Implications for CO2 Emissions and Climate Change

11.1 No direct implications.

## 12.0 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.

## 13.0 Accountable Officers

Rob Mahon, Assistant Director – Financial Services

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	06/11/23
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	02/11/23
Assistant Director of Legal Services (Deputy Monitoring Officer)	Phil Horsfield	02/11/23

*Report Author: Rob Mahon, Assistant Director – Financial Services*

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