Public Report
Cabinet

Committee Name and Date of Committee Meeting
Cabinet – 22 January 2024

Report Title
November 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
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Ward(s) Affected
Borough-Wide

Report Summary
The report sets out the financial position as at the end of November 2023 and forecast for the remainder of the financial year, based on actual costs and income for the first eight 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 fourth 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 November 2023, the Council Directorates currently estimates an overspend of £9.6m 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.

However, this is offset by a £5m corporate budget risk contingency held within Central Services, approved within the Council's Budget and Council Tax Report 2023/24. In addition, the Council is now able to report further savings from the Council's Treasury Management Strategy of £3.5m, taken together, this £8.5m reported underspend in Central Services, reduces the Council's overall forecast outturn to a £1.1m overspend.

It is important that the service areas which are overspending continue to take firm action to reduce their level of overspend as much as possible in order to bring the

Council's position back on track and ensure sustainability within the Council's Budget and Medium Term Financial Strategy.

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 and 2024/25 as the Local Government Financial Settlement has been only a one-year allocation for both these years. 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, the majority of this is covered by the in-year savings within Treasury Management.

Recommendations

That Cabinet:

1. Note the current General Fund Revenue Budget forecast overspend of £1.1m.

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.

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 2nd March 2023
May Financial Monitoring 2023-24 Report to Cabinet on 10th July 2023
July Financial Monitoring 2023-24 Report to Cabinet on 18th September 2023
September Financial Monitoring 2023-24 Report to Cabinet on 20th November 2023

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

Council Approval Required
No

Exempt from the Press and Public
No

November 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 fourth 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 eight 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 November 2023

Directorate	Budget 2023/24	Forecast Outturn 2023/24	Forecast Variance over/under (-)
	£m	£m	£m
Children and Young People's Services	67.0	71.4	4.4
Adult Care, Housing & Public Health	119.8	120.8	1.0
Regeneration and Environment Services	53.9	58.4	4.5
Finance and Customer Services	21.3	21.2	-0.1
Assistant Chief Executive	7.4	7.2	-0.2
Central Services	32.8	24.4	-8.5
Directorate Forecast Outturn	**302.2**	**303.4**	**1.1**
Dedicated Schools Grant			-4.2
Housing Revenue Account (HRA)			-4.4

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 November 2023, the Council currently estimates a net overspend of £1.1m for the financial year 2023/24. Whilst the core directorates services have a forecast year end overspend of £9.6m on the General Fund this is offset by the £5m corporate budget risk contingency within Central Services and £3.5m savings from the Treasury Management function. 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 pressures within Central Services as a result of inflation and the Local Government Association (LGA) Pay Award. This pressure is being mitigated through the Council's Medium Term Financial Strategy which did have reasonable cover for inflationary impacts. The Council's current forecast includes the impact of the LGA pay award, which 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, 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 30th November 2023**
	£000	**£000**	**£000**
CYPS	3,713	6,385	1,594
R&E	388	410	24
R&E Customer & Digital	300	300	64
Total Savings	**4,401**	**7,095**	**1,618**

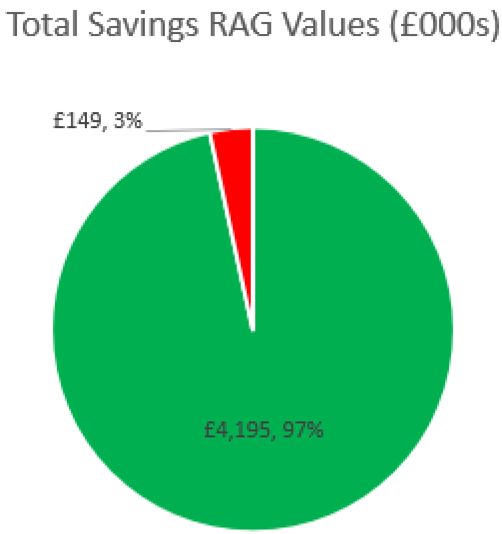
It is anticipated that Waleswood additional income savings will not be delivered during 2023/24, following assessment of the income forecasts now the main summer season has concluded. The operational buildings savings programme is progressing well with a number of opportunities identified. However, full delivery of these savings is unlikely in 2023/24 but should be secured in full for 2024/25 and the programme of reviews will continue so it is expected the saving will be overachieved. Customer and Digital savings have now been fully secured and allocated to services.

2.8 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.

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

Directorate	2023/24	2024/25	Secured as at 30th November 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
Total	**4,344**	**4,703**	**3,381**

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



2.9 The Council has continued to deliver the new savings. 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 £1.1m, the key reasons for forecast under or overspends within directorates and the progress of savings delivery.**

2.13 **Children and Young People Services Directorate (£4.4m) forecast overspend)**

2.14 Children & Young People Services has a budget pressure of £4.4m at the end of November. The £500k favourable movement relates to use of Asylum Grant Funding that can be used to support the additional cost pressures as a result of Unaccompanied Asylum Seeker Children (USAC).

2.15 The main pressures relate to demands on children's placements (£5.0m), home to school transport (£1.2m), section 17 (£200k) and other minor variances £300k, offset by staff savings £350k and recovery plans £1.95m.

2.16 The Looked After Children placement numbers at the end of November 2023 are 511. This is 40 below the September 2023 budget profile (551). However, the placement mix is showing higher than projected placements at November in external residential (19), Remand (2), offset by in-house fostering (23), IFA (16), Supported Accommodation (9), in house residential (6) in house and external emergency (3) no cost placement (2), and parent & baby (2).

2.17 The LAC number of 511 includes 38 Unaccompanied Asylum Seeker Children which has risen from 14 in March 2022.

2.18 The direct employee budget is £41.5m and is a combination of general fund, traded and grant funded services. The forecast underspend at the end of the November 2023 financial year is £441k, which includes a general fund staffing underspend of £493k, £350k after removing staff savings still to be delivered as part of the £1.95m recovery plan.

2.19 A significant element of the CYPS non-pay budgets relates to placements which has a net budget of £36.2m with an outturn projected spend of £41.2m and a projected overspend of £5.0m. The £5.0m adverse projection relates in the main to a reduction in the estimated residential step downs in relation to residential placements £4.5m.

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 £58.7m (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.

2.24 In 2023/24 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 November 2023 shows an overspend of £815k (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 £3.0m after taking into account the HNB transfer to reserves (£1.253m), Safety Valve funding (£2.0m), offset by use of reserves on other DSG blocks (£336k).

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 avoid future external placements.
- Increase SEN resource provision in Rotherham linked to mainstream schools and academies, with further capacity becoming operational by the end of 2023/24.
- Make further cost efficiencies following implementation of the accessibility strategy.
- Work with schools and academies to maintain pupils in mainstream settings wherever possible.

2.27 Adult Care, Housing and Public Health (£1m forecast overspend)

2.28 The overall directorate forecast is £1m overspent. This is based on an expected £1m overspend in homelessness. Adults is showing a pressure of £2.1m but it is 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 Cost of care packages are forecast to be £2.3m 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. Other grants will also be applied to bring down any overspend. The forecast assumes all current placements remain for the rest of the year although they may reduce. Transitions are forecast as underspent by £481k as actual costs are known.

2.30 Staffing budgets are forecast to be £253k over budget due to vacancies which have needed to be filled by agency placements that provide cover for the service and overtime payments for staff.

2.31 Neighbourhood Services (Housing) is forecast to overspend by £1.0m. Homelessness is expected to overspend by £1.0m after accounting for grant income. The numbers seeking support are stabilising but the forecast has built in a continued reduction in the use of hotels across the year. In November there were 61 households needing hotel accommodation. 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 November outturn projection for the directorate indicates a forecast pressure of £4.5m for this financial year which is no change from the September position. 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 £2.3m, an increase of £0.3m from September'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 £2.4m, 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 £360k. The longer term recovery post pandemic and the ongoing economic impact on town centre footfall has led to a reduction in income from parking charges. The shortfall in parking income is offset by savings from car park rates revaluations of £200k and income over-recovery of £410k in Streetworks and Enforcement Services.

2.37 Waste Management is currently forecasting a £43k underspend (£400k in September). The reduction in underspend is due to a lower than expected windfall payment from the Waste PFI contract due to reducing energy prices.

There has also been a further reduction in recycling income as recycling market prices are lower than forecast.

2.38 Culture Sport and Tourism (CST) is forecasting an overall pressure of £506k. There is a £235k pressure in Green Spaces mainly as a result of income pressures at Thrybergh Country Park 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 also a forecast overspend of £122k at Rother Valley Country Park primarily due to the poor summer weather impacting income generation and £117k 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 £1.8m which is an improvement of £0.4m since September. The major pressure is in School Meals of £1.3m, an improvement of £100k since September as inflationary pressure on food prices eases. The pressure in school meals is partially offset by additional contract income in building cleaning (£0.4m).

2.40 Asset Management is forecasting an overspend of £0.9m (down from £1.1m September). Pressures in Facilities Management include rising property costs, including repairs and maintenance and fixtures and fittings and an underachievement of external rental income. 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 £264k 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 mitigate the Markets service pressure.

2.42 Finance and Customer Services (£0.1m underspend)

2.43 The position has improved from October due to vacancies and delayed recruitment to support the Council’s wider position.

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 has been offset by over-recruitment within Customer Services contact centre to help manage the difficulties caused by previous high staff turnover in this area, which impacts on call waiting times.

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 (£8.5m forecast underspend)

2.49 Central Services has a forecast underspend of £8.5m resulting from the £5m corporate budget risk contingency approved within the Council's Budget and Council Tax Report 2023/24, along with savings made in year from the Treasury Management function of £3.5m.

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. 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 are being used to support wider inflationary pressures that the Council is facing during 2023/24 or reduce the call on reserves. The positive impact of this is forecast saving at £3.5m

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 £4.4m.

2.56 Since September the forecast underspend has decreased by £530k which is due in large part to an increase of £239k in interest payable on HRA Debt. This has been largely mitigated during 2023/24 but the Council will need to borrow during the latter part of 2023/24.

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 November to reflect the latest information on project position and delivery plans. The revised Capital Programme is £182.364m split between the General Fund £137.965m and HRA £44.398m. This is a decrease of £25.701m from the position reported to Cabinet on 20th November 2023 as part of the September 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 then 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 £25.087m and a reduction in grant funding of £0.643m.

2.61 Table 4: Variations to the Capital Programme 2023/24 to 2025/26.

	Total Impact **£m**	**2023/24 Impact** **£m**	**Post 2023/24 Impact** **£m**
Revised Grant and Funding Estimates	-27.227	-0.643	-26.584
Slippage / reprofiling	0	-25.058	25.058
Total	-27.227	-25.701	-1.526

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

- **HRA Housing Growth Programme Phase 3,** £4.227m slippage. Schemes at East Herringthorpe and Canklow have had budgets allocated ready for delivery, however, the remaining programme schemes are still in development and not expected to start this financial year so the budget has been slipped to reflect this.

- **MMC Bungalows** £1.952m slippage. This scheme is under review as due to overspends on the projects previously delivered from the Shared Ownership and Affordable Homes Programme, there is insufficient budget remaining to deliver the MMC Bungalows. The budget has been temporarily moved to 2024-25 awaiting formal the outcome of that review.

- **Rotherham Markets Redevelopment** £3.440m slippage. The forecast has been updated to reflect the revised expenditure profile as per the pathfinder submission and following significant work to address cost pressures on the scheme as reported to Cabinet in November 2023.

- **Riverside Gardens** £2.253m slippage**.** The forecast has been updated to reflect the revised expenditure profile as per the pathfinder submission. There has been significant delay in expenditure following the procurement process which failed to conclude in a successful contract award. A direct award design and build contract is now being undertaken and is expected to complete in early 2024 with the physical delivery expected to commence later in 2024.

- **Riverside Infrastructure,** £2.797m slippage. The forecast has been updated to reflect the revised expenditure profile as per the pathfinder submission. Forecast expenditure has been reprofiled to reflect a delay in contract award due to protracted design detailing in relation to piling of the river wall.

- **Forge Island,** £3.066m slippage. This represents the fit out costs that will be incurred during 2024/25.

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 September Cabinet report are listed below:

Table 5: New Grant/HRA Funded Schemes added to the programme

Directorate/Scheme	**2023/24 £m**	**Post 2023/24 £m**
Regeneration & Environment		
City Region Sustainable Transport Settlement (CRSTS) Grant for Pedestrian Crossings	0.023	0.440
SYMCA DFT funding Pedestrian Crossing	0.000	0.118
SYMCA Transforming Cities Manvers Way	-0.262	0.000
(CRSTS) Removal of funding to match allocation received. Funds will be reinstated following Full Business Case approval for construction. This is following clarification of the funding release process, effectively a small element of funding is released on project approval and then the full project budget on FBC approval.	-0.414	-27.681
CIL allocation to be used for the delivery of new park fencing at Brampton.	0.008	0.000
Children & Young People		
Early Education Place Grant	0.000	0.539
HRA		
Ward budget Allocation Elm Grove play area	0.002	0.000
Total	**-0.643**	**-26.584**

2.64 **Corporate Borrowing Changes/ RTB Receipts**

There have been no changes to the level of corporate borrowing or right to buy receipts within the capital programme.

2.65 Programme Variations

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

2.66 **Pedestrian Crossings Programme**: The overall budget for the 6 pedestrian crossings on the transport capital programme was over budget by £685k.

A number of options have been explored and discussed with the Cabinet Member and Leader. The preferred course of action is to not use council capital at this time and seek alternative funding. The Transport Capital Programme has an allocation in 2026/27 of £685k that is currently not allocated to any specific named scheme(s)

2.67 The proposal is therefore to bring forward this money to enable these crossing to be delivered in this financial year.

2.68 **Forge Island Bridge**:- SYMCA have awarded the Council grant of £1m towards funding the footbridge at Forge Island. This £1m has been added to the Forge Island budget to replace corporate funding. Overall the £1m of corporate funding released has been transferred to the inflation contingency budget.

2.69 **Pathfinder Pilots**:- the Council was invited by DLUHC to participate in the Simplification Pathfinder Pilot (Pathfinder) programme. Local authorities in receipt of capital funding through the Future High Streets Fund, Towns Deal and Levelling Up Fund Round One were eligible to apply to join the Pathfinder, which aims to delegate decision making over the three previously separate programmes, based on the following principles:

- A single aggregate allocation (replacing three programme allocations)
- A combined set of outcomes
- A streamlined reporting process
- A simplified change request process
- A single point of contact within DLUHC for any queries about funding or the pilot

2.70 A key benefit of the Pathfinder is that, alongside the above simplification and streamlining, the programme extends the delivery timescale for expenditure of awarded DLUHC funds to 31st March 2026, which represents a two-year extension for completion of projects previously funded through the Future High Streets Fund and Levelling Up Fund Round One.

2.71 The Council applied to join the Pathfinder by submitting its Investment Plan in August ’23. This Investment Plan was approved by DLUHC in November ’23, which will be reflected in due course through the issuing of a new Memorandum of Understanding that will supersede those issued for the three previously separate funding programmes.

2.72 The Investment Plan set out the Council's proposals for aggregating the outputs and outcomes from the three previously separate programmes as well as consolidating and reprofiling spend of DLUHC funds.

2.73 To enable implementation of the Pathfinder approach a variation is required to reprofile spend of the now consolidated DLUHC capital funds in line with the Investment Plan's delivery plan and timescales

2.74 **Levelling Up Leisure and Cultural Quarter Strategic Acquisitions Fund,** £1.485m slippage and project variation. The Council agreed a value of £2m to be allocated from Levelling Up Fund for the acquisition and demolition of properties on Corporation Street to open up access to Forge Island from the town centre. The Council were successful in acquiring and demolishing 4 Corporation Street (former Wilkinson premises), however, were not able to secure other properties.

2.75 Concurrently, the exercise to procure contractors for the Riverside Gardens scheme proved unsuccessful, with the sole bidder submitting a tender price £1.5m in excess of the approved budget and above the lot threshold. Alongside this, the cost plan for Corporation Street/Upper Millgate public realm works indicated a viability gap in the order of £0.8m. Following a review of options, it is considered more attractive to the market and more efficient to package together the Riverside Gardens and Corporation Street/Upper Millgate schemes, thereby offering the contractor greater flexibility to explore innovative solutions to address identified viability gaps.

2.76 To support this approach the unspent acquisitions fund of £1.485m will be transferred to the now combined Riverside Gardens & Corporation Street/Upper Millgate project. Due to the market challenges on cost, the expected scheme delivery is no longer in 2023/24 as such slippage of the budget is also required. This has all been included within the Council's pathfinder submission and approval.

2.77 **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 Department of Transport via SYMCA is £118k to support the delivery of pedestrian crossings.

2.78 **The proposed updated Capital Programme to 2025/26 is shown by directorate in Table 6 below.**

Table 6: 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
General Fund Capital				
Children and Young People's Services	7.639	8.775	15.856	32.269

Regeneration and Environment	120.297	108.546	47.441	276.284
Adult Care & Housing	5.124	19.239	4.273	28.637
Assistant Chief Executive	0.360	0.210	0.210	0.780
Finance and Customer Services	4.545	3.681	19.526	27.752
Total General Fund Capital	**137.965**	**140.451**	**87.306**	**365.722**
Total HRA Capital	**44.398**	**59.808**	**33.494**	**137.701**
Total RMBC Capital Programme	**182.364**	**200.259**	**120.800**	**503.423**

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.

2.79 Funding Position of Capital Programme 2023/24

The £182.364m of capital expenditure is funded as shown in the Table 6 below.

Table 7: Funding of the Approved Capital Programme

Funding Stream	**2023/24 Budget £m**
Grants and Contributions	58.043
Unsupported Borrowing	79.118
Capital Receipts	0.675
HRA Contribution	0.130
Total Funding - General Fund	**137.965**
Grants and Contributions	1.399
Unsupported Borrowing	1.643
Housing Major Repairs Allowance	34.368
Capital Receipts	5.031
Revenue Contribution	1.957
Total Funding - HRA	**44.398**
Total	**182.364**

2.80 Capital Receipts

2.81 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.

2.82 To date General Fund useable capital receipts of £1.309m 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 November 2023 £m**
Land at Kiveton Park	-1.236
Miscellaneous	-0.039
Total Capital Receipts (Excluding loan repayments)	**-1.275**
Repayment of Loans	-0.034
Total Capital Receipts	**-1.309**

2.83 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. 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.

2.84 Capital Achievements

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

- Completion of Cen2ury Business Centre took place in November. 13/16 office units and 5/20 workshops now let.
- Completed on the acquisition of 3-7 Corporation Street, a long term blighted property in the town centre.
- Enabling works started on the Markets & Library in September.
- Public realm works on Frederick St and Howard St now complete.
- Building works started on Gullivers Skills Street in October.
- Swinton Civic Hall works completed in September.

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 £1.1m, management actions are being identified with the clear aim of ensuring that 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 1st 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 in early 2024. 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:-

	Named Officer	**Date**
Chief Executive	Sharon Kemp	08/01/24
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	02/01/24
Assistant Director of Legal Services (Deputy Monitoring Officer)	Phil Horsfield	03/01/24

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