

Committee Name and Date of Committee Meeting

Cabinet – 12 February 2024

Report Title

December 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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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 December 2023 and forecast for the remainder of the financial year, based on actual costs and income for the first nine 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 fifth 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 December 2023, the Council Directorates currently estimate an overspend of £9.7m 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, further savings from the Council's Treasury Management Strategy of £3.5m have been generated and taken together, this £8.5m reported underspend in Central Services, reduces the Council's overall forecast outturn to a £1.2m 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.

Inflation has reduced significantly since September 2023, falling from 6.7% in September 2023 to 4.0% in December 2023. The sharp fall in headline inflation was driven in part by a reduction in energy regulator Ofgem's price cap, reflecting lower wholesale gas prices. Slowing food price inflation also helped bring the headline number lower. However, this doesn't mean that prices are falling, just that the rate of increase is slowing as higher prices become embedded in the base costs. The Council's assumptions around inflation have been factored into the Council's Budget and Council Tax report for 2024/25 but the position will need to 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 with 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 is 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 £1.2m.
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 use of the Local Authority Housing Fund (LAHF) should the Council's bid be successful, as set out in section 2.65.

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
November Financial Monitoring 2023-24 Report to Cabinet on 22nd January 2024

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

December 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 fifth 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 nine 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 December 2023

Directorate	Budget 2023/24	Forecast Outturn 2023/24	Forecast Variance over/under (-)
	£m	£m	£m
Children and Young People's Services	67.0	71.6	4.6
Adult Care, Housing & Public Health	119.8	120.7	0.9
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	24.3	-8.5
Directorate Forecast Outturn	302.2	303.4	1.2
Dedicated Schools Grant			-4.2
Housing Revenue Account (HRA)			-5.6

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 December 2023, the Council currently estimates a net overspend of £1.2m for the financial year 2023/24. Whilst the core directorates services have a forecast year end overspend of £9.7m 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 Inflation has been falling and 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 30 th December 2023
	£000	£000	£000
CYPS	3,713	6,385	1,649
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. Full delivery of the operational buildings savings 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.

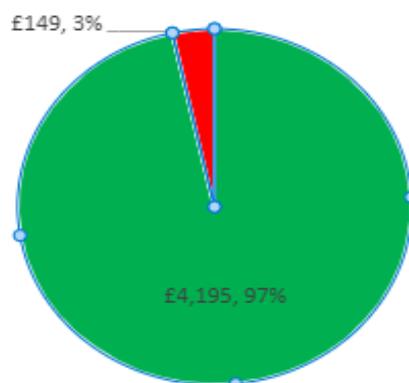
2.8 As part of the Budget and Council Tax Report 2023/24 a series of new temporary and permanent savings were approved. Table 3 shows the progress against these new savings which include a range of permanent and temporary savings with a total of **£3.797m** secured against 2023/24 total of £4.344m so 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 31 st December 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	961
Regeneration and Environment	1,161	1,001	973
Total	4,344	4,703	3,797

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

Total Savings RAG Values (£000s)



2.10 The Council has continued to deliver the new savings. In total 97% of savings are rated Green and the majority (£3.8m) of 2023/24 savings have been delivered. £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 £1.2m, the key reasons for forecast under or overspend within directorates and the progress of savings delivery.
- 2.13 Children and Young People Services Directorate (£4.6m forecast overspend)**
- 2.14** Children & Young People Services has a budget pressure of £4.6m at the end of December. The adverse movement relates to additional Children's Residential Placement pressures.
- 2.15** The main pressures relate to demands on children's placements (£5.2m), home to school transport (£1.1m), 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 December 2023 are 503. This is 48 below the December 2023 budget profile (551). However, the placement mix is showing higher than projected placements at December 2023 in external residential (21), Remand (2), offset by in-house fostering (23), IFA (18), Supported Accommodation (17), in house residential (8) in house and external emergency (3) no cost placement (1), and parent & baby (1).
- 2.17** The LAC number of 503 includes 43 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 2023/24 financial year is £185k, which includes a general fund staffing underspend of £378k, 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 have a net budget of £36.2m with an outturn projected spend of £41.4m and a projected overspend of £5.2m. The £5.2m adverse projection relates in the main to residential placements of £4.8m.
- 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) summary is as follows:

- 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 December 2023 shows an overspend of £818k (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 (£0.9m forecast overspend)

- 2.28** The overall directorate forecast is £0.9m overspent. This is based on an expected £0.9m overspend in homelessness where there has been a significant increase in demand. Adults is showing a pressure of £2.8m but it is expected that these pressures can be mitigated through additional income. This will be closely monitored over the period.
- 2.29** Cost of care packages are forecast to be £3.6m overspent before all grants are applied. 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, contributing to the overall balanced position for Adults.

- 2.30** Staffing budgets are forecast to be £205k under budget due to vacancies which have needed to be filled by agency placements that provide cover for the service and some overtime payments for staff.
- 2.31** Neighbourhood Services (Housing) is forecast to overspend by £0.9m as the Homelessness service is expected to overspend by £0.9m after accounting for grant income. The numbers seeking support are stabilising but are well in excess of previous years and therefore in excess of budget. In December there were 48 households needing hotel accommodation, a reduction from 61 in November 2022. 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 December outturn projection for the directorate indicates a forecast pressure of £4.5m for this financial year which is no change from the November 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, no change from November's reported position. The most significant pressure continues to be in respect of Home to School Transport where the forecast overspend remains at £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 £319k in Streetworks and Enforcement Services.
- 2.37** Waste Management is currently forecasting a £43k underspend, unchanged from November. There remains a lower-than-expected windfall payment from the Waste PFI contract due to reducing energy prices and a reduction in recycling income as recycling market prices are lower than expected.

- 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. The major pressure is in School Meals of £1.3m. 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. 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 is consistent with forecast as at November 2023.
- 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 £240k. 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 Inflation has reduced significantly since September 2023, falling from 6.7% in September 2023 to 4.0% in December 2023. The sharp fall in headline inflation was driven in part by a reduction in energy regulator Ofgem's price cap, reflecting lower wholesale gas prices. Slowing food price inflation also helped bring the headline number lower. However, this doesn't mean that prices are falling, just that the rate of increase is slowing as higher prices become embedded in the base costs. These financial challenges are being regularly reviewed as part of the Council's ongoing Medium Term Financial Planning. 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 has been 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. This, in addition to slippage on the Capital Programme in 2022/23, means 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 a forecast saving of £3.5m. It is not expected that the treasury management savings will be achievable moving into 2024/25 as the Council will soon have a requirement to borrow and will be doing so in a market that is a high interest rate market. This risk will be mitigated through the Council's cashflow strategies and taking small, short term local authority borrowing rather than locking into long term high rate loans.

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 £5.6m.

2.56 Since November the forecast underspend has increased by £1.2m through a further calculation of shared contract savings below and a subsequent rebasing of the prices payable.

2.57 The overall underspend largely relates to reduced energy costs for the Council's District Heating scheme £2.976m and £2.317m 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.

2.59 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.

2.60 Capital Programme Update

2.61 The Capital Programme 2023/24 has been updated to the end of December to reflect the latest information on project position and delivery plans. The revised Capital Programme for 2023/24 is £152.387m split between the General Fund £111.651m and HRA £40.736m. This is a decrease of £29.976m from the position reported to Cabinet on 22nd January 2024 as part of the November Financial Monitoring Report. The majority of changes relate 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 £30.557m, a reduction in grant funding of £0.003m and an increase in corporate funding of 0.598m linked to the capital investments proposals set out in the Budget and Council Tax Report 2024/25.

2.62 The Capital Programme is now extended to include 2026/27 and 2027/28, which resets the Capital Programme to five years (current year + four years). As a result, the programme now includes £62.729m of new capital investments proposals to be funded by corporate resources that are being proposed for approval as part of the Council's Budget and Council Tax Report 2024/25, at Cabinet on 12th February 2024. In addition, the programme will also now include a further two years of the HRA programme, £61.718m. Finally, in adding the two additional years to the Capital Programme further estimates of capital grant funding have been added. The overall Capital Programme for the period 2023/24 to 2027/28 is now £661.350m, General Fund programme of £460.019m and £201.331m. This includes budgets that has previously been reprofiled and this is identified in the table below.

Table 4: Variations to the Capital Programme 2023/24 to 2027/28.

	Total Impact	2023/24 Impact	Post 2023/24 Impact
	£m	£m	£m
New Corporate Funding – proposed in the Budget and Council Tax report 2024/25	62.729	0.598	62.131
Corporate funding already included in 2026/27 budgets.	1.418	0.000	1.418
HRA Programme extension to 2026/27 and 2017/28	61.718	0.000	61.718
Revised grant estimates and extension into 2026/27 and 2027/28	28.557	0.003	28.554
Grants already included in 2026/27 budgets.	3.483	0.000	3.483
Slippage / reprofiling	0.000	-30.577	30.577
Total	157.905	-29.976	187.881

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

- **Mainline Station**, £1.097m slippage. This is due to a delay in confirmation of the funding allocation for this scheme.
- **HRA Purchase of properties from developers**, £4.011m slippage due to delays in the construction of the properties by developers. This is outside the control of the Council.
- **Castle View (REACH Relocation)**, £1.900m slippage. The project had to have design changes following a cost pressure, causing a delay, the project is now due to commence construction in July 2024.

- **Riverside Infrastructure**, £1.190m slippage. Forecast expenditure has been reprofiled to reflect the latest information received from the quantity surveyors that are working with the contractor, Esh. Piling is required to secure the riverbank along which the river walk will run. The specific piling solution is being worked on by external engineers and highways.
- **Forge Island**, £6.543m slippage. This is based on an updated payment schedule from Muse. The external works are still scheduled to complete by the end of March 2024.

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

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

Directorate/Scheme	2023/24 £m	Post 2023/24 £m
Regeneration & Environment		
SYMCA Active Travel Eastwood & Herringthorpe grant correction.	0.003	0.000
(CRSTS) Maintenance Block. Extend assumed grant receipts into 26/27 and 27/28.	0.000	8.000
S106 funding. Coronation Park Play Improvement	0.000	0.040
Estimated Environment Agency Funding towards Flood Alleviation	0.000	4.300
Estimated Pothole Funding from Department for Transport across 2024/25 to 2027/28	0.000	4.000
Children & Young People		
School Basic Need. New funding assumption for 2027/28	0.000	1.000
Special Needs Budget. New funding assumptions for 2025/26 to 2027/28	0.000	6.000
School Capital Maintenance. New funding assumptions for 2025/26 to 2027/28	0.000	0.550
Schools Devolved Formula Capital. New funding assumptions for 2025/26 to 2027/28	0.000	0.300
Adult Care & Housing		
Disabled Facilities Grant.	0.000	4.364
Total	0.003	28.554

2.65 Local Authority Housing Fund (LAHF) – Grant Bid

2.66 The Council has submitted an expression of interest for £1,366,400 from the Local Authority Housing Fund (LAHF) and will be notified of the outcome shortly. If successful, the capital funding would be used to support the Council's existing housing acquisitions programme and specifically would enable the Council to increase the size of its temporary accommodation portfolio by 16 properties in line with the Homelessness Prevention and Rough Sleeping Strategy. If the Council is successful, HRA capital funding will be freed up and reinvested in housing delivery. In order to meet the requirements and tight timeframe of this potential funding stream the Council needs to have approval in place to accept the grant and its proposed use, prior to the 2023/24 financial year end.

2.67 New Corporate Borrowing

2.68 The Council's corporate borrowing budget has been increased by £62.729m to factor in the proposed capital investments as proposed for approval within the Council's Budget and Council Tax report 2024/25 and Medium Term Financial Strategy report at Cabinet February 2024.

2.69 New HRA Funding

2.70 Addition funding of £0.121m of capital receipts, £10.534 revenue contributions and £50.547m of Major Repairs Allowance have been added to the HRA capital programme, as part of extending the HRA programme into 2026/27 and 2027/28.

2.71 Programme Variations

2.72 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.

2.73 Bereavement Services

2.74 Actual project costs were higher than original estimates provided at the time of applying for initial capital funds. This is due to the market conditions and associated cost of materials for completion of works.

2.75 The total variation addresses an £85k (shortfall) between estimated costs and the actual costs for works, once the tendering and procurement exercise had been completed for 4 of the 7 schemes in this programme of works.

2.76 Non-completion of the programme of capital works could cause Health & Safety issues, see a continuation in antisocial behaviour on cemetery sites and reputational damage to Bereavement Services and the Council as a whole for non-delivery of these projects. As such it was vital that a funding solution was identified.

2.77 This budget variation can be funded from the "Fleet of MFD printers" budget of £522,956 as costs on this project are expected to be lower than available budget for this FCS scheme. In part this is due to the Council's reduction in levels of employee printing.

2.78 MCA Approvals

2.79 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. No new funding has been received since the last report but funding assumptions have been added for CRSTS Capital Maintenance in years 26/27 and 27/28.

2.80 The proposed updated Capital Programme to 2027/28 is shown by directorate in Table 6 below.

Table 6: Proposed Updated Capital Programme 2023/24 to 2027/28

Directorate	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	Total Budget £m
General Fund Capital						
Children and Young People's Services	6.760	9.955	17.719	6.360	6.310	47.104
Regeneration and Environment	94.847	144.495	64.072	16.220	13.432	333.066
Adult Care & Housing	5.722	20.893	5.427	4.827	4.827	41.696
Assistant Chief Executive	0.345	0.210	0.210	0.210	0.210	1.185
Finance and Customer Services	3.976	5.143	21.300	3.559	2.990	36.968
Total General Fund Capital	111.650	180.696	108.728	31.176	27.769	460.019
Total HRA Capital	40.736	65.601	35.268	30.321	29.404	201.331
Total RMBC Capital Programme	152.386	246.297	143.996	61.497	57.173	661.350

2.81 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.

2.82 Funding Position of Capital Programme 2023/24

The £152.387m of capital expenditure is funded as shown in the Table 7 below.

Table 7: Funding of the Approved Capital Programme

Funding Stream	2023/24 Budget £m
Grants and Contributions	46.099
Unsupported Borrowing	64.747
Capital Receipts	0.675
HRA Contribution	0.130
Total Funding - General Fund	111.651
Grants and Contributions	1.399
Unsupported Borrowing	1.230
Housing Major Repairs Allowance	31.961
Capital Receipts	4.190
Revenue Contribution	1.957
Total Funding - HRA	40.736
Total	152.387

2.83 Capital Receipts

2.84 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.

2.85 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 31st December 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

2.86 The detailed disposal programme is currently being updated. At this stage the forecast for useable capital receipts is between £1.275m and £1.5m 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.

2.87 Capital Achievements

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

- Implementation of the 'Bailey chatbot service to support residents accessing Council services online.
- In the quarter to the end of December 2023 the Council has completed the repair of 27 unclassified roads (approx. total 5km).

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 £1.2m, 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 its 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	29/01/2024
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	25/01/2024
Assistant Director of Legal Services (Deputy Monitoring Officer)	Phil Horsfield	25/01/2024

Report Author: Rob Mahon, Assistant Director – Financial Services

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