Public Report
Cabinet

Committee Name and Date of Committee Meeting
Cabinet – 16 September 2024

Report Title
July 2024/25 Financial Monitoring Report

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

Strategic Director Approving Submission of the Report
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Ward(s) Affected
Borough-Wide

Report Summary
The report sets out the financial position as at the end of July 2024 and forecast for the remainder of the financial year, based on actual costs and income for the first four months of 2024/25. 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 second 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 July 2024, the Council currently estimates an overspend of £6.1m for the financial year 2024/25. This is largely due to demand led pressures on children's residential placements, adults social care packages, home to school transport and the expected impact of the Local Government Pay Award. In addition, the Council is still impacted by the inflationary pressures in the economy. Even though inflation has fallen to 2.2%, the Council's base costs have significantly increased across the recent high inflation period. Increased costs across this period are also being felt by the social care market in particular, leading to market prices increasing at above inflation levels and placing further pressures on the Council's Budget.

Whilst the Directorate overspend which stands at £17.0m is concerning, elements of this overspend were forecast and two key Budget contingencies were created as part of setting the Council's Budget and MTFS for 2024/25. The Council set a Social Care Contingency of £3.4m and a Corporate Budget Provision of £3.5m to support anticipated pressures across Social Care and Home to School Transport, whilst

detailed review work of these services is undertaken and operational improvements are delivered to reduce cost pressures and create cost avoidance.

The Council's Treasury Management Strategy continues to perform well with the Council's approach to borrowing adapted to minimise the level of borrowing and borrow short term to ultimately minimise interest costs. This position has improved due to re-profiling of capital programme delivery, pushing back the need to borrow. It is estimated that this should see the Council generate savings of at least £4m for 2024/25, though again market conditions are out of the Council's control.

As a result of these corporate provisions and savings, an underspend of £10.9m is forecast within Central Services bringing the Councils net overspend down to £6.1m. Though the £17m Directorate overspend is significantly mitigated, the residual pressure will need to be addressed in year by the Council to prevent further use of reserves. As such Directorates have been required to develop in year budget recovery plans to identify actions and opportunities to reduce the current overspend position. This work is underway but not yet at a stage where it can be factored into the current position.

There remains funding uncertainty for the local government sector beyond 2024/25. The Local Government financial settlement was only a one-year allocation and the future impact following the change in central Government at the national elections is not yet known. The challenges faced by the Council are mirrored across the UK as Councils continue to face significant challenges in regards to the funding of social care and meeting the costs of rising demand. 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.

Recommendations

That Cabinet:

1. Note the current General Fund Revenue Budget forecast overspend of £6.1m.

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 2024/25 financial position.

3. Note the updated position of the Capital Programme, including proposed capital programme variations to expenditure profiles and funding.

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

Background Papers
Budget and Council Tax 2024/25 Report to Council on 28th February 2024
Finance Update 2023/24 to Cabinet on 10th June 2024
May Budget Monitoring Report 2024/25 to Cabinet on 29th July 2024

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

Council Approval Required
No

Exempt from the Press and Public
No

July Financial Monitoring 2024/25

1. Background

1.1 As part of its performance and control framework the Council is required to produce regular and timely reports for the Strategic Leadership Team and Cabinet to keep them informed of financial performance so that, where necessary, actions can be agreed and implemented to bring expenditure in line with the approved budget for the financial year.

1.2 Delivery of the Council's Revenue Budget, Medium Term Financial Strategy (MTFS) and Capital Programme within the parameters agreed by Council is essential if the Council's objectives are to be achieved. Financial performance is a key element within the assessment of the Council's overall performance framework.

1.3 This report is the second in a series of financial monitoring reports to Cabinet for 2024/25, setting out the projected year end revenue budget financial position in light of actual costs and income for the first four months of the financial year.

2. Key Issues

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

Table 1: Forecast Revenue Outturn 2024/25 as at July 2024

Directorate	Budget 2024/25	Forecast Outturn 2024/25	Forecast Variance over/under (-)
	£m	£m	£m
Children and Young People's Services	67.4	72.9	5.5
Adult Care, Housing & Public Health	129.7	136.5	6.8
Regeneration and Environment Services	45.1	49.8	4.7
Finance and Customer Services	34.0	34.0	0.0
Assistant Chief Executive	7.7	7.7	0.0
Central Services	42.2	31.3	-10.9
Directorate Forecast Outturn	**326.1**	**332.2**	**6.1**
Dedicated Schools Grant			0.6
Housing Revenue Account (HRA)			-0.3

2.2 As at July 2024, the Council currently estimates a directorate overspend of £17.0m for the financial year 2024/25.

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 (£4.8m) and Adults Social Care (£6.6m).
- Home to School Transport pressures within Regeneration and Environment (£2.5m) and Children and Young People's Services (£1.1m).
- Provider inflation impacting Children and Young People's Services. Fostering allowances and skills payments that have been uplifted based on the national minimum allowance and the estimated impact that these uplifts may have on provider payments for Independent Fostering Agencies and external residential placements.
- Increased costs of homelessness due to increased demand.
- Pressure across waste management on staffing, vehicle costs, disposal costs and related income.
- Impact of the Local Government Association (LGA) Pay Award. The Council's current forecast assumes an increase in pay award based on the LGA pay offer above that assumed in the Budget.

2.3 Whilst the Directorate overspend is concerning, elements of this overspend were forecast and two key Budget contingencies were created as part of setting the Council's Budget and MTFS for 2024/25. The Council set a Social Care Contingency of £3.4m and a Corporate Budget Provision of £3.5m to support anticipated pressures across Social Care and Home to School Transport. In addition, the Council's Treasury Management Strategy continues to generate savings to support the Council's budget, £4m estimated for 2024/25. As a result of these corporate provisions and savings, an underspend of £10.9m is forecast within Central Services bringing the Councils net overspend down to £6.1m.

2.4 Although inflation has fallen considerably since its peak in 2023/24, the impact has been an increase in the base cost of services that remains high, and it is this cost on which future inflation is applied. As such, the Council will continue to face financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves.

2.5 Given the current forecast overspend, Directorates have been required to develop in year budget recovery plans to identify actions and opportunities to reduce costs and create cost avoidance moving forwards to mitigate the pressures faced. This work is underway but not yet at a stage where it can be factored into the current position. The forecast position will continue to be monitored closely and even with mitigations it is likely that the Council will need to call on reserves to achieve a balanced outturn. To support this, deep dive budget review sessions have been developed across the key pressure areas identified at 2.2 of this report.

2.6 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 further impact on future years Medium Term Financial Planning. The Council has shown in recent years an ability to pull back significant overspends in year, though the position is of course challenging in the current financial climate.

2.7 The Council's Budget and Council Tax report 2024/25 included the delivery of £9.904m savings, to be delivered across the Directorates. At present, £3.541m of delivery has been secured. The biggest challenges at present on delivery relate to CYPS Placements, which is forecast as a significant cost pressure again in 2024/25 indicating that the Council hasn't fully delivered the savings programme.

The table below shows the total amount of all savings to be delivered during 2024/25, and the amount that has been delivered to date.

Table 2: Delivery of Agreed Savings

Directorate	**2024/25 Saving to be delivered**	**Secured as at 31st July 2024**	**Still to be delivered**
Finance and Customer Services	238	238	0
Assistant Chief Executive	407	407	0
Adult Care, Housing and Public Health	1,998	1,320	678
Children's and Young Peoples Services	5,850	1,059	4,791
Regeneration and Environment	1,411	516	895
Total	**9,904**	**3,541**	**6,363**

2.8 The following sections provide further information regarding the Council's forecast outturn of £6.1m, the key reasons for forecast under or overspends within directorates and the progress of savings delivery.

2.9 **Children and Young People Services Directorate (£5.5m) forecast overspend)**

2.10 Children & Young People Services has a forecast budget pressure of **£5.5m** at the end of July 2024 primarily driven by pressures in Children's Social Care and Education. In the main the overall pressure is due to increasing demands on children in care placements and home to school transport.

2.11 The July forecast position includes the impact of £0.9m in-year budget recovery actions agreed by CYPS management to mitigate cost pressures in the year. The recovery plan actions that are reflected in the forecast position include delay in recruitment, limits and caps on discretionary spend and maximising or redirecting the use of grant funding (where there is scope / flexibility to do so). The following section summarises the key budget variances across the CYPS directorate for the year.

2.12 Children in care placement budget is currently forecasting an overspend of £4.8m, which is an increase of £0.4m compared to the June position. The actual placement number at the end of July is 496 and compares favourably to the budget profile of 506 for the month. However, the number of external residential care placements (42), including achieved step downs in the period is higher than planned profile (39) and these continue to exert pressure against the placement budget. Work is ongoing to accelerate the in-house residential programme (to open more children's homes this year) and to identify and source alternative accommodation options for 16+ and 18+ placement cohorts. These actions should help alleviate the placement cost pressures over the medium term.

2.13 The Leaving Care service is forecasting an overspend of £0.2m mainly due to increased leaving care allowances and insufficient Government funding to cover the cost of supporting the rising number of 18+ UASC cohort.

2.14 A forecast overspend of £1.1m is currently anticipated against the CYPS home to school transport budget, which is consistent with the position previously reported. The pressure reflects demands on transporting children in care (£0.3m) and post 19 EHCP learners (£0.8m) to their school of choice. CYPS have operational groups set up to review transport costs to ensure the most appropriate method of transport is in place.

2.15 A net underspend of £0.6m is currently forecast across a number of service areas within the directorate. It mainly relates to the impact of the budget management actions been implemented in the directorate (e.g. redirection of grant funding, reduced spending, etc), although offset by staffing pressures in children social care.

Dedicated Schools Grant (DSG)

2.16 The following outlines the forecast position on the delegated and central Dedicated Schools Grant (DSG) budgets. A surplus budget balance of £0.9m is currently forecast for all 25 maintained schools in Rotherham for 2024/25 based on submitted budget plans. This is a reduction of £1.4m compared to the 2023/24 outturn schools' budget position and reflects increased cost pressures schools are facing in the current year. There are 3 schools with forecast budget deficits for 2024/25 totalling £149k. A budget recovery plan has been agreed with these schools to bring the budget back into a surplus position within an agreed timeframe.

2.17 A cost pressure of £1.5m is currently forecast for central DSG budgets and mainly relates to the SEND / High Needs budget. This is consistent with the position reported for the previous month; however, it represents an increase of £0.3m compared to the position agreed in the Safety Valve agreement. The increased deficit reflects rising pressures in the SEND system, namely; inflationary costs; increase in EHCP pupils in mainstream schools and specialist provision; and continuing placements independent specialist settings outside the Borough. Work is ongoing through the SEND sufficiency programme to create more local SEND places and provision aimed at reducing out of authority specialist placements.

2.18 The latest DSG reserve account (inclusive of the above forecast high needs deficit and safety valve funding support payments from DfE) shows an overall forecast deficit of £1.8m in 2024/25 and £0.9m in 2025/26 (final year of the Safety Valve programme). The forecast deficit in 2025/26 presents a financial risk to the Council, as the statutory override protection of DSG deficits is to be removed from the end of 2025. Mitigating options are currently being explored to alleviate the demand and financial challenges in the SEND and high needs budget and therefore the deficit in 2025/26.

Adult Care, Housing and Public Health (£6.8m forecast overspend)

2.19 The overall directorate forecast is an overspend of £6.8m, made up of pressures in Adult Social Care (£5.6m) and homelessness (£1.2m).

2.20 The cost of care packages are forecast to be £7.0m overspent. The two main areas of pressure are older people and mental health support, due to increased numbers of people in older people’s residential and nursing care and homecare and in mental health provision. The biggest increase has been in domiciliary care where numbers of clients has increased by 10% in the last year and almost 20% since 2022. 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, additional income from Continuing Healthcare (CHC) has offset some of these costs.

2.21 A focus on preventative enablement work will look at reducing the numbers of people who go on to need long term support as part of a full review of services. A series of recovery plans that aim to help reduce the cost pressures across the Directorate are being developed, more detailed work is required to assess the viability of these options, the pace at which they could be implemented and the impact they might have. These include maximising the capacity of services ensuring best value provision of care. Direct Payments have shown an improved position since the previous report as a strong focus on auditing client accounts has allowed the Council to recoup overpayments to clients.

2.22 Neighbourhood Services (Housing) is forecast to overspend by £1.2m. Homelessness is expected to overspend by £1.2m after accounting for grant income. This is due to spend on hotels as numbers of people seeking support remain high. At the end of July 2024 there were 50 households in hotels, down from a high of 87 in April and 74 in May. Work is on-going to identify and source alternative temporary accommodation and 16 new properties are due to come on-line in the autumn. Further work is required to assess the forecast demand across the financial year.

2.23 Public Health is forecast to budget at this stage.

Regeneration and Environment Directorate (£4.7m forecast overspend)

2.24 The latest projection for the directorate indicates a forecast pressure of £4.7m for this financial year. The forecast in the main reflects the impact of ongoing demographic pressures in Home to School Transport and cost pressure within waste services. The forecast outturn projection includes the following specific budget issues.

2.25 Community Safety and Street Scene (CSS) is forecasting an overall pressure of £4m. The most significant pressure continues to be in respect of Home to School Transport where early forecasting indicates an overspend of £2.5m, 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. As such at present the forecast is based on the outturn 2023/24, as the new cohort of passengers won't be known until September 2024. It is expected that the transition process in September will see an increase in projected overspend.

2.26 Parking Services is forecasting a pressure of £213k. The ongoing economic impact on Rotherham town centre footfall continues to see a reduction in income from parking charges. The forecast will be reviewed throughout the year to assess the impact from the Forge Island development once it is fully open.

2.27 Waste Management is currently forecasting an overspend of £1.5m. There is pressure on vehicle costs due to hire and repair costs of an ageing fleet, an increase in staff costs to cover sickness absence, increase in waste disposal cost based on tonnage estimates and a forecast shortfall in income from the sale of recycling materials due to lower market prices. These pressures were mitigated in 2023/24 by the £1m overachievement of budgeted income on pellet sales driven by the increased energy prices. Pressures in the service are being mitigated by a forecast underspend of £401k in community safety and regulation services delivery due to forecast overachievement of income budgets and vacancies across the service.

2.28 Culture Sport and Tourism (CST) is forecasting an overall pressure of £319k. There is a forecast overspend of £171k at Waleswood Caravan Park following an early assessment of income levels after poor weather has impacted pitch availability. There are also expected shortfalls in income at Rother Valley Country Park of £73k and Thrybergh Country Park of £61k. In addition, there is pressure on the music service and events budgets. These pressures are offset by an anticipated saving on the Leisure PFI of £167k following the benchmarking exercise.

2.29 Planning, Regeneration and Transport (PRT) is forecasting an overall pressure of £326k. The pressure is largely due to the ongoing forecast shortfall in Markets income arising from void stalls amid ongoing difficult trading conditions and an anticipated overspend on building control driven by a shortfall in budgeted income and the forecast cost of agency staffing to cover sickness and vacancies. These pressures are partly offset by the use of grant income across the RIDO service and an expected overachievement of planning income.

Finance and Customer Services (balanced forecast)

2.30 The overall directorate is reporting a balanced position. Although there is an overspend of £444k arising from Property and Facilities Services which has transferred from Regeneration & Environment Directorate, the Finance and Customer Services Directorate intends to resolve those cost pressures in year where possible. The remaining services within the Directorate are forecasting a net balanced outturn position. Whilst there are some financial challenges within the wider directorate, projected savings on Legal disbursements and Bereavement Services income along with robust budget management are expected to offset those pressures.

2.31 The forecast position for Property & Facilities Services is an overspend of £444k (outturn for these services in 2023/24 was an overspend of £1.268m). Property services is forecasting a pressure of £1.1m with forecast shortfalls on income across estates and the commercial portfolio, increased costs on business rates, cleaning, maintenance and fixtures and fittings. There is pressure in school catering of £390k due to the continuing impact of inflation, this is an improved position from 2023/24 due to the forecast increase in income from the increased fees and charges. This is offset by a forecast underspend on building cleaning of £1m due to additional income.

2.32 Within Customer, Information and Digital Services, increased costs on postage and print are under review. Ongoing recruitment challenges are creating a temporary cost reduction, which is offset by over-recruitment within Customer Services contact centre to help manage the difficulties caused by high staff turnover in this area, that impacts on call waiting times.

2.33 Legal Services faces continued demand for legal support with child protection hearings and court case costs relating to Looked After Children. Ongoing difficulties in recruiting to key posts are currently resulting in the extended use of locum solicitors and external suppliers. However, the number of cases remains volatile and will continue to be monitored closely.

Assistant Chief Executive (balanced forecast)

2.34 Projected income of £90k for the services of the Chief Executive (CEX) to Nottingham City Council (2 days per week for the full year), along with £35k of additional income from salary sacrifice schemes are mitigating cost pressures across the Directorate. These are pressures relating to the Occupational Health contract (£40k) and HR & Payroll system (£51k). There are other minor variances across the directorate primarily relating to staffing and vacancy control, all of which are contained within the overall budget.

Central Services (£10.9m underspend)

2.35 Central Services has a £10.9m forecast underspend, made up of budget provisions set aside when the Budget was approved. A Social Care Contingency of £3.4m and a Corporate Budget Provision of £3.5m to support anticipated pressures across Social Care and Home to School Transport are being used to support the wider Directorates forecast position, along with a £4m forecast underspend from Treasury Management.

2.36 There continues to be significant financial challenges as a result of increased costs, energy prices and the potential impact of the 2024/25 Local Government Pay Award. The impact on base costs of high inflation in recent years 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 MTFS. However, the Council was able to build into the Council's Budget and Council Tax Report 2024/25 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.

2.37 The current economic climate remains turbulent, with challenges in projecting where inflation will move and the pace at which it moves. Though the recent trajectory has seen inflation fall to 2.2% (July 2024), this is not negative inflation and as such the Council's costs are still significantly higher than they were when inflation first started to spike above the Bank of England's 2% target. CPI had been above this 2% target since May 2021, seeing the CPI index increase by 23.4 points in that period. Although inflation has fallen considerably since its peak in 2023/24, the impact was that the resulting increased base cost of services remains high, and it is this cost on which future inflation is applied. As such, the Council will continue to face financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves.

2.38 However, energy prices have reduced which will help support the Council's Budget position for 2024/25, though it is too early in the financial year to be clear on its full benefit.

2.39 The Council's Treasury Management functions are expected to continue to perform well for the bulk of 2024/25. The Council still holds cash balances and is able to invest them for a greater return given current high interest rates, additional slippage on the Capital programme in 2023/24 means that the level of financing costs for 2024/25 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 2024/25, however it should be noted that as the Capital programme progresses, these short-term opportunities will diminish.

2.40 The Central Services budgets are made up of a number of corporate budgets for levies and charges such as the Integrated Transport Levy (ITA), PFI Financing, and Treasury Management. A list of the main budget areas within Central Services was provided as part of the Council's Budget and Council Tax Report

2024/25, approved at Council 28th February 2024. 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.

Housing Revenue Account (HRA)

2.41 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 £274k.

2.42 The underspend largely relates to increased rental income as there have been fewer right to buy purchases than budgeted for

Capital Programme Update

2.43 The Capital Programme 2024/25 has been updated following the 2023/24 outturn and the latest information on project position and delivery plans. The revised Capital Programme is £199.085m split between the General Fund £143.111m and HRA £55.973m. This is a decrease of £2.310m from the position reported to Cabinet on 29th July 2024 as part of the Council's 2023/24 Financial Outturn 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 (£4.548m) and new grant funding added to the programme of £2.244m.

2.44 **Table 3: Variations to the Capital Programme 2024/25 to 2027/28.**

	Total Impact £m	2024/25 Impact £m	Post 2024/25 Impact £m
Revised Grant and Funding Estimates	4.181	2.244	1.937
Slippage / reprofiling	0.000	-4.548	4.548
HRA RTB receipts adjustment	-0.006	-0.006	0.000
Total	4.175	-2.310	6.485

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

- **Ickles Roundabout Improvement**, £0.945m slippage. The scheme has been delayed following internal scoping discussions due to the challenging location of the scheme. This has delayed the submission of the Strategic

Outline Business Case, which has now been approved by SYMCA. The Strategic Outline Business Case also highlighted significant cost increases for the original intended scheme and reduced anticipated benefits, meaning that further evaluation work is required. The Outline Business Case will seek to explore these options. The budget has been reprofiled in line with the expected programme delivery.

- **Replacement Classrooms at Aston Academy,** £0.581m saving. The project is complete and has spent less than the budget. The remaining budget has been reprofiled to future years to support other service priorities.

- **Mainline Station**, £4.357m slippage. Site investigations to assist land negotiations are ongoing resulting in a delay to key site acquisitions which are now expected to be in December 2025.

- **Riverside Infrastructure (Water Lane and Riverside Walk to Main Street)**, £1.075m slippage. Spend profile reforecast to reflect delay in contract commencement of approximately 1 quarter, with commencement on 29th July 2024 rather than the previously forecast March 2024. The delay is mainly down to the time it has taken to agree to the principals for the piling solution for the river walk. A piling solution is required to secure the land behind the existing river wall which the walk will be located on when complete to enable it to be adopted by Highways. As a result, spend has been reprofiled back by one quarter to reflect the delayed start.

- **Riverside Gardens**, £1.585m slippage. The Council's delivery partner has updated the design stage and have now provided a revised Pre-Construction Services Agreement (PCSA) programme. This is behind the original schedule due to stage 3 redesign works and an unchartered YW sewer added further to the delays. Start on site now likely to be end of September 2024.

2.46 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	**2024/25 £m**	**Post 2024/25 £m**
Regeneration & Environment		
Police & Crime Commissioner funding for CCTV upgrade at multiple sites	0.016	0.000
Historic England Grant for Waterloo Kiln, correction	(0.002)	0.000

S106 Funding for Mushroom Roundabout improvement works.	0.028	0.000
City Region Sustainable Transport Settlements (CRSTS) Local Neighborhood Roads Safety	0.088	1.102
CRSTS & S106 funding for Wath Road Brampton Crossing	0.045	0.180
Children & Young People		
Family Hubs & Start for Life Grants (providing support to parents and carers to improve health and education outcomes for families)	0.063	0.000
School Basic Need Funding, correction following confirmation of allocation	(0.018)	0.000
Special School Targeted Basic Need Funding, correction following confirmation of allocation	0.045	0.000
Education Fund – LA Maintained correction following confirmation of allocation	0.059	0.001
Devolved Formula Capital correction following confirmation of allocation	0.021	0.000
WiFi for Classroom Grant correction following confirmation of allocation (Government backed initiative offering funding to schools to upgrade and improve their connectivity and WiFi)	0.027	0.000
S106 funding for Waverley Primary School to facilitate the expansion to create a three-form entry school	1.872	0.654
Total	**2.244**	**1.937**

Programme Variations

2.47 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.

- **Fleet Replacement Plan**

It is proposed to reallocate some of the budget for the Fleet Replacement Plan to a proposal that will deliver essential repairs on 16 refuse collection vehicles ensuring that the assets remain fit for purpose until the end 2028.

On the Fleet Replacement Plan there is a saving of £370k due to 4 vehicles being identified that no longer need replacing. Also £290k has been saved due to a reduced price for the purchase of 16 plate vehicles.

This proposed variation recommends that the identified saving of £660k is moved from the current Fleet Replacement Plan budget to a new allocation for

‘Fleet asset improvements’, whereby through refurbishment programmes, the spending will improve and extend the life of existing assets ensuring they meet their expected end-of-life cycles in accordance with the asset register.

- **Corporate Acquisitions Programme**

To support the Council’s budget recovery plans it is possible that the Council may require the acquisition of properties to support service delivery, such as properties to support the provision of accommodation for social care placements or temporary accommodation. In order to allow the Council to operate at pace should an opportunity present itself, it is proposed to create a £1m corporate acquisitions programme. This acquisitions budget will be used only to support strategic acquisitions that have a direct benefit on reducing the Council’s pressures or create cost avoidance. The ability to access this funding for any proposed acquisition will therefore be gained through the Council’s Strategic Director Finance Customer Services (Section 151), in consultation with the Leader and Cabinet Member for Transport, Jobs and the Local Economy.

MCA Approvals

2.48 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 £69k CRSTS funding for Wath Road Brampton Crossing, £1.190m CRSTS funding for Local Neigbourhood road safety.

2.49 **The proposed updated Capital Programme to 2027/28 is shown by directorate in Table 5 below.**

Table 5: Proposed Updated Capital Programme 2024/25 to 2027/28

Directorate	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	12.485	16.895	6.360	7.070	42.809
Regeneration and Environment	99.032	96.138	27.546	11.196	233.911
Adult Care & Housing	11.205	12.705	4.827	8.969	37.706
Assistant Chief Executive	0.228	0.210	0.210	0.210	0.858
Finance and Customer Services	20.161	27.329	5.644	5.656	58.790

Capitalisation Direction					
Total General Fund Capital	**143.111**	**153.277**	**44.586**	**33.101**	**374.075**
Total HRA Capital	**55.973**	**52.284**	**97.593**	**31.174**	**237.024**
Total RMBC Capital Programme	**199.085**	**205.560**	**142.179**	**64.275**	**611.099**

The Capital Programme for 2024/25 remains ambitious even with a significant level of re-profiling of schemes into 2025/26. The Council will therefore need to keep close control of project spend profiles and delivery milestones to keep these projects on track. The Council will also need to review the deliverability of this significantly increased capital programme and potentially, re-profile some schemes into future financial years.

Funding Position of capital programme 2024/25

2.50 The £199.085m of capital expenditure is funded as shown in Table 6 below

Table 6: Funding of the Approved Capital Programme

Funding Stream	**2024/25 Budget £m**
Grants and Contributions	74.145
Unsupported Borrowing	68.833
HRA Contribution	0.134
Total Funding - General Fund	**143.111**
Grants and Contributions	1.366
Unsupported Borrowing	8.436
Housing Major Repairs Allowance	25.796
Capital Receipts	14.555
Revenue Contribution	5.820
Total Funding - HRA	**55.973**
Total	**199.085**

Capital Receipts

2.51 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.

2.52 To date General Fund useable capital receipts of £0.194m have been generated. Although loan repayments will be received during the financial year, these cannot be used to support the revenue budget as only those receipts by the disposal of property, plant and equipment can be used in that way.

Description	**Total as at 31st July 2024 £m**
Falding Street Chapel Masbrough	-0.131
Covenantt release	-0.045
Miscellaneous	-0.006
Total Capital Receipts (Excluding loan repayments)	**-0.182**
Repayment of Loans	-0.012
Total Capital Receipts	**-0.194**

2.53 The detailed disposal programme is currently being updated. At this stage the forecast for useable capital receipts is between £0.75m and £1.25m 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.

Capital Achievements

2.54 The following outputs have been achieved during the 2024/25 financial year to date.

- Forge Island has reached Practical Completion and the Travelodge is now open to the public.
- Contracts have been signed for the Riverside Residential Quarter enabling works. This project will see reinforcement of the river wall and realignment of Water Lane and culvert taking place from July 2024.
- Demolition of 7 Corporation Street has completed with the remainder of the site being demolished from September 24.

- Works to Swinton Library have completed and the building is now open to the public.

- Works to Maltby Grammar School and Magna Science and Adventure Centre have completed.

- Works to Snail Yard began in June 2024.

- A contract has been awarded for the creation of a new play space at Eldon Road in Eastwood, works are due to start after the school summer holidays.

- A further 51 new homes have been purchased under the strategic acquisitions programme and have been made available for rent. The homes have been delivered in Harthill, Thorpe Hesley, Treeton, Dinnington, Brecks, Wath, Waverley, Eastwood and Kimberworth.

- Ten direct delivery new build properties at East Herringthorpe have been completed. All properties will be made available for Social Rent. These homes have been designed to meet the Future Homes Standard due to be introduced in 2025 meaning they are highly thermally efficient achieving an EPC rating of A.

- Contracts were exchanged on the first scheme to be brought through the Council's Small Sites Homebuilder Initiative, with the seven new homes due to be handed over to the Council in August, whilst the Council further committed to acquire 30 homes in Waverley under 'Section 106' affordable housing planning provisions.

3. Options considered and recommended proposal

3.1 With regard to the current forecast net revenue budget the directorates are forecasting an overspend of £17m, further management actions continue to be identified with the clear aim of ensuring a balanced budget position can be achieved. It is currently assumed that to achieve a balanced outturn position there will be a need to utilise an element of the Council's reserves given the significant pressures that are being faced. This is in recognition that there are still financial implications that need to be fully understood and that may not be fully known until later in the financial year. It is nationally recognised best practice to monitor the performance against the agreed revenue budgets and the Capital Programme throughout the year.

4. Consultation on proposal

4.1 The Council consulted on the proposed budget for 2024/25, as part of producing the Budget and Council Tax Report 2024/25. Details of the consultation are set out in the Budget and Council Tax 2024/25 report approved by Council on 28th February 2024.

5. Timetable and Accountability for Implementing this Decision

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

5.2 Financial Monitoring reports are taken to Cabinet meetings during the year. The Financial Outturn report for 2024/25 will be taken to Cabinet in July 2025.

6. Financial and Procurement Advice and Implications

6.1 The Council's overspend position is detailed within the report along with the estimated impact of current financial pressures from 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 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. Legal Advice and Implications

7.1 No direct legal implications.

8. Human Resources Advice and Implications

8.1 No direct implications.

9. Implications for Children and Young People and Vulnerable Adults

9.1 The report includes reference to the cost pressures on both Children's and Adult Social care budget.

10. Equalities and Human Rights Advice and Implications

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

11 Implications for CO2 Emissions and Climate Change

11.1 No direct implications.

12. Implications for Partners

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

13. Accountable Officers

Rob Mahon, Assistant Director – Financial Services

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	**Date**
Chief Executive	Sharon Kemp OBE	02/09/24
Assistant Director, Financial Services (Deputy S.151 Officer)	Rob Mahon	27/08/24
Assistant Director, Legal Services (Monitoring Officer)	Phillip Horsfield	25/08/24

Report Author: Rob Mahon, Assistant Director – Financial Services

This report is published on the Council's website.