Public Report
Cabinet

Committee Name and Date of Committee Meeting
Cabinet – 18 November 2024

Report Title
September 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 September 2024 and forecast for the remainder of the financial year, based on actual costs and income for the first half 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 third financial monitoring report of a series of reports for the current financial year which will continue to be brought forward to Cabinet on a regular basis.

As at September 2024, the Council currently estimates an overspend of £5.3m 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 1.7%, the Council's base costs have significantly increased across the recent high inflation period by well in excess of 20%. 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 £16.2m, 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. 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 £5.3m. Although the £16.2m 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 and some savings have been factored into the current position.

There remains funding uncertainty for the local government sector beyond 2024/25 as the Local Government financial settlement was only a one-year allocation and the national Government elections created further uncertainty. The new Government have indicated that they will provide a further one year settlement for 2025/26 with the aim of bringing in 3 year financial settlements thereafter. Indications on what that one-year settlement might look like are expected in the October 30th Budget announcement, however, it won't be specific until the provisional financial settlement in late December 2024.

The challenges faced by the Council are mirrored across the UK as Councils continue to face significant challenges regarding the funding of social care and meeting the costs of rising demand.

Recommendations

That Cabinet:

1. Note the current General Fund Revenue Budget forecast overspend of £5.3m.

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.

4. Approve the adoption of the Department for Education's procedure to help local authorities financially assess Special Guardians as part of the process for setting up Special Guardianship Orders.

5. Approve the proposed debt write off detailed at 2.44

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
September Budget Monitoring Report 2024/25 to Cabinet on 16th September 2024

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

Council Approval Required
No

Exempt from the Press and Public
No

September Financial Monitoring 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 third 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 half 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 September 2024

Directorate	Budget 2024/25	Forecast Outturn 2024/25	Forecast Variance over/under (-)
	£m	£m	£m
Children and Young People's Services	69.3	74.9	5.6
Adult Care, Housing & Public Health	130.9	136.5	5.6
Regeneration and Environment Services	45.1	50.2	5.1
Finance and Customer Services	34.0	34.0	0.0
Assistant Chief Executive	7.7	7.6	-0.1
Central Services	39.0	28.1	-10.9
Directorate Forecast Outturn	**326.0**	**331.3**	**5.3**
Dedicated Schools Grant			1.0
Housing Revenue Account (HRA)			-1.7

As at September 2024, the Council currently estimates a directorate overspend of £16.2m for the financial year 2024/25.

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 (£5.3m) and Adults Social Care (£6.2m).
- Home to School Transport pressures within Regeneration and Environment (£3.3m) 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 £5.3m.

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 and some savings have already been factored into the current position. The overall position has improved from a £6.1m overspend forecast in July, to £5.3m, the new position also includes further costs of £0.8m for Home to School Transport following the September 2024 intake. 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 taken place across the key pressure areas identified at 2.2 of this report.

2.6 The Council will continue to ensure that savings plans are delivered as quickly as possible 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, for example the Council's reserve balances at the end of

2024/25 are projected to be significantly more than they were when setting the 2023/24 budget. 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, £4.013m 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 30th September 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	1,434	564
Children's and Young Peoples Services	5,850	1,059	4,791
Regeneration and Environment	1,411	875	536
Total	**9,904**	**4,013**	**5,891**

2.8 The following sections provide further information regarding the Council's forecast outturn of £5.3m, the key reasons for forecast under or overspends within directorates and the progress of savings delivery.

Children and Young People Services Directorate (£5.6m) forecast overspend)

2.9 Children & Young People Services has a forecast budget pressure of £5.6m at the end of September 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.

2.10 The September forecast position includes the impact of £1.4m 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.

2.11 Children in care (CiC) placement is currently forecasting an overspend of £5.3m. Actual performance against the CiC placement plan and targets has fallen short in the year to date. In addition, the position has been exacerbated by a couple of high-cost placements made in the year.

2.12 The overall children in care population number is 503 for September (504 in August). The number of external residential placements in September (43) is higher than budget profile (37), due to actual step-downs to date being less than planned and increased placements from fostering breakdowns. This issue is the key driver of the overall overspend as these placements are the most expensive. The number of children placed in-house foster care placements to date (103) is significantly lower than budget profile (131) and a contributory factor to the increased cost pressure for the year. Work is progressing to accelerate the in-house residential programme (to open more in house children's homes this year), to refocus / intensify efforts to achieve the planned number of step-downs for the year and to source more dispersed properties and accommodation options for 16+ and 18+ care leavers 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 £0.1m 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 several Education Health Care Plan (EHCP) learners (£0.8m) to their school of choice. Work is ongoing in CYPS to embed the review of transport as part of care planning, to ensure that children's journeys are appropriate and cost effective.

2.15 A net underspend of £0.9m is currently forecast across a few service areas within the directorate, in Early Help, Commissioning, Performance & Quality and Safeguarding. It relates to the impact of the budget recovery actions being implemented across the directorate (e.g. redirection of grant funding, reduced spending, recruitment delays, etc), although this has been offset by staffing pressures in children social care and Inclusion services.

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 period.

2.17 A cost pressure of £1.9m is currently forecast for central DSG budgets and relates to the SEND / High Needs budget. This is an increase in the position previously reported; and it represents an increase of £0.7m compared to the deficit 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 with 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 safety valve funding support payments from DfE) shows an overall forecast deficit of £2.1m in 2024/25 and £1.2m 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 (£5.6m forecast overspend)

2.19 The overall directorate forecast is an overspend of £5.6m, made up of pressures in Adult Social Care (£5.5m) and homelessness (£0.9m), offset by underspends from management actions to reduce the pressure and Public Health.

2.20 The cost of care packages is forecast to be £6.2m 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, 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. A high number of vacancies across the Directorate has led to forecast underspend of £700k on staffing budgets.

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.

2.22 Neighbourhood Services (Housing) is forecast to underspend by £0.1m. Homelessness is expected to overspend by £0.9m after accounting for grant income. This is a reduction since July as numbers have come down and the price per room has also reduced. At the end of September 2024 there were 39 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 11 new properties are due to come on-line in the autumn. Furnished homes income has exceeded budget by a forecast £0.7m which is offsetting the costs of hotels.

2.23 Public Health is forecast to underspend by £0.2m caused by slippage on investments.

Regeneration and Environment Directorate (£5.1m forecast overspend)

2.24 The latest projection for the directorate indicates a forecast pressure of £5.1m for this financial year. This represents an increase of £0.4m from the July monitoring position, the forecast in the main reflects the impact of ongoing demographic pressures in Home to School Transport and cost pressures within waste services. There has been an increase in the forecast overspend for Home to School Transport, resulting from an increase in passenger numbers following the September new school year. However, following detailed work within the directorate, the forecast outturn position also includes the incorporation of identified savings, that it is expected will be delivered by the end of the financial year. These savings have mitigated to a degree the impact of the £0.8m increase in the Home to School Transport forecast. Information on the forecast outturn projection and the actions taken to date are included below.

2.25 Community Safety and Street Scene (CSS) is forecasting an overall pressure of £4.9m. The most significant pressure continues to be in respect of Home to School Transport which is now reporting an overspend of £3.3m, 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. The revised forecast reflects the incorporation of data from the new cohort of passengers in September 2024. Actions taken by the Service have reduced the cost per passenger, but the Service continues to see an increase in demand.

2.26 Parking Services is forecasting a pressure of £195k, a small improvement of £18k from the last reported position. 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.

2.27 Waste Management continues to forecast 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 costs 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 partly mitigated by a forecast overachievement of income budgets and vacancies across the service. As part of the recent review of the budget position, an additional £300k income has been forecast in Highways, resulting from an increase in highway adoptions, and an additional £50k income has been forecast in Landscape delivery, resulting from additional project work fees.

2.28 Culture Sport and Tourism (CST) is forecasting an overall pressure of £276k, an improvement of £43k from July's reported position. There is a forecast overspend of £154k at Waleswood Caravan Park, largely resulting from a shortfall in income against budget. There are also forecast shortfalls in income at Rother Valley Country Park of £88k and Thrybergh Country Park of £62k. In addition, there is a £126k pressure on the Music Service, resulting from pressures on income and staffing costs. These pressures are partly offset by an anticipated saving on the Leisure PFI of £171k following a contractual benchmarking exercise.

2.29 Planning, Regeneration and Transport (PRT) is forecasting an overall underspend of £75k, an improvement of £401k from July's reported position. The improvement is due the proposed capitalisation of salaries in the Regeneration and Transportation teams. This is in addition to the use of grant income within these services to improve the budget position. There remains a pressure in the Markets service, as result of an ongoing forecast shortfall in 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.

Finance and Customer Services (balanced forecast)

2.30 The overall directorate is reporting a balanced position. Although there is an overspend of £65k arising from Property and Facilities Services which has transferred from Regeneration & Environment Directorate, this has been reduced from a £1.4m overspend position for 2023/24. 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 £65k, an improvement from the last report of £379k. Property Services is forecasting a pressure of £730k, an improvement of £400k, following successful work to secure a number of business rates refunds. The Service continue to face pressures on income across estates and the commercial portfolio, increased costs on cleaning, maintenance and fixtures and fittings. There is a pressure in school catering of £381k due to the continuing impact of food price inflation, this is an improved position from 2023/24 due to the forecast increase in income from increased fees and charges. This is offset by a forecast underspend on building cleaning of £1.1m due to additional contract 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 (underspend of £102k)

2.34 This is an improvement from the July forecast due to identification and delivery of in-year savings to support the Council position. Projected income of £85k 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. There are pressures relating to the Occupational Health contract (£34k) 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 1.7% (September 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. September is the first month where CPI had been below this 2% target since May 2021, and 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 £1.7m. The underspend largely relates to a gainshare on the repairs and maintenance contract.

Adoption of Department for Education's model for calculating kinship allowances for Special Guardianship Orders (SGO's)

2.42 The Council decided several years ago to calculate SGO payments according to a bespoke RMBC payment model, using a locally devised formula for the calculation of kinship allowances. The DfE has since produced a calculation form to help local authorities financially assess Special Guardians. It is known as the standardised means test model and when issued was not a statutory requirement for local authorities, though was to be used as a guide. Most Local Authorities have adopted this model, though the Council has continued to use its own model. However, recent legal challenges and best practice suggested that the means test should be undertaken using the Government's recommended allowance calculator for SGOs, Child Adoption Orders (CAOs) and Adoption. This would result in the payment of higher levels of allowance.

2.43 The adoption of the DfE calculator is likely to have a positive outcome for most special guardians and kinship carers, particularly those on a lower income. Adopting the Government calculator for all kinship allowances reflects the Government advice that the model should apply to special guardianship and adoption allowances and also helps to avoid potentially much more costly legal challenges. The estimated financial impact of the Council adopting this approach is £560k per annum, the impact of which for 2024/25 (£140k) is already factored into the CYPS forecast position. It is proposed that the Council adopts this approach from January 2025.

Debtor Write Off - Iliad

2.44 The Council proposes to write off a debtor balance in relation to Iliad (Rotherham) Ltd, to the value of £466,360.22, dating back from 27.03.2013. The debt stems from an old regeneration scheme where RMBC entered into a Development Agreement with the developer Iliad to deliver the Westgate Demonstrator Project. Under the terms of the Development Agreement just prior to commencement of construction on site Iliad and the Council would enter into a long term lease. As the buildings were completed Iliad would then pay to the Council a Lease Premium. However, Iliad got into significant financial difficulty and were unable to meet the lease premium and ultimately fell into liquidation. The invoice/debt relates to the invoice for the lease premium. The Council has pursued this debt through a variety of channels over a significant period of time, however, it is now believed that all avenues have been exhausted and the debt should be written off. The Council has used the normal debt collection routes to no avail and has sought external legal support through its contract with Greenhalgh Kerr, who lodged a case with the liquidator but have informed us that the Council is unlikely to ever see any return from this process. The Council will continue to monitor the case with the liquidator but given the unlikely ability to recover the debt it is proposed to write off the debt.

2.45 Provision has previously been made in the Council's accounts for the potential that this would need to be written off and hence there is no impact on the Council's reported financial position of the write off.

Capital Programme Update

2.46 The revised Capital Programme for 2024/25 is £202.052m split between the General Fund £145.929m and HRA £56.123m. This is an increase of £2.967m from the position as at the end of July reported to Cabinet on 16th September 2024. The movement is based on the latest profiles of expenditure against schemes, including slippage and re-profiles of £1.971m and new grant funding added to the programme of £0.996m.

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	-2.004	0.996	-3.000
Slippage / reprofiling	0.000	1.971	-1.971
Borrowing adjustment HRA	-6.447	0.000	-6.447
Total	-8.451	2.967	-11.418

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

- **Waverley Medical Centre** £3.721m. The budget has been brought forward into 2024/25 to match the revised accelerated spend profile.
- **Thrybergh Country Park** -£0.758m, slippage. This is due to a change in the design of the scheme from a new build to a refurbishment of the current building. The programme delivery is now expected to commence in Q4 2024/25 and complete Q1 2025/26.
- **HRA Boswell Street** £0.150m. The budget has been brought forward for delivery of the scheme in 2024/25.

- **Renewable Energy Proof of Concept** -£0.970m, slippage. The previously identified site is no longer suitable so discussions are taking place to identify a new site. A decision on the next steps of the project is expected Q3 2024/25.
- **Electrical Vehicle Charge Infrastructure** -£0.540m, slippage. The procurement is being done by Barnsley Council and the contract required a variation with regards to pricing. This has now been resolved and the works are being arranged.
- **Rowan Childrens Home** £0.117m. Budget brought forward to meet cost pressure identified in tender, the additional costs for these homes can be contained within the overall programme.
- **Upgrade to HR Payroll system** £0.105m. Budget brought forward as the scheme has been completed in 2024/25.
- **Computer Refresh** £0.126m. Budget brought forward to facilitate the roll out of Windows 11 in 2024/25.

2.47 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 4: New Grant/HRA Funded Schemes added to the programme

Directorate/Scheme	**2024/25 £m**	**Post 2024/25 £m**
Regeneration & Environment		
City Region Sustainable Transport Settlements (CRSTS) Maintenance Block. Funding removed to match the grant allocation for Roads Programme	-1.000	-3.000
South Yorkshire Mayoral Combined Authority (SYMCA)funding provided by Department for Transport (DFT) for road resurfacing.	1.162	0.000
Police & Crime Commissioner funding towards purchasing CCTV in high risk areas of the borough.	0.023	0.000
CRSTS Maintenance Block and DFT funding. New funding for traffic signals	0.594	0.000
Assistant Chief Executive		
Ward CIL allocation for Keppel	0.104	0.000
Ward CIL allocation for Hoober	0.011	0.000
Finance & Customer Services		
Contribution from Doncaster Council to HR system Upgrade	0.102	0.000
Total	**0.996**	**-3.000**

Corporate Borrowing

2.48 There has been a reduction of £6.447m on HRA borrowing to align budgets to the HRA business plan. In addition there is a proposed change to the use of corporate borrowing on the Fleet Replacement Programme, funding can be released from this program as 3 Jet Vac Gulley tankers with an estimated cost of £300k each have come back with an actual price of £225.14k, a saving £74.86k per vehicle. It is proposed to use this saving to support estimated overspends on the Plant Refresh Programme of £111k due to having to pull forward replacements planned for phase 3 into phase 2 due to continual breakdowns affecting service delivery i.e. tractors and ride on mowers. It is also proposed that £86k will be used to support an estimated overspend on the acquisition of Narrow Access Vehicles, delays in the scoping of the vehicle specification, material cost increases, supplier identification and requirement to increase the warranty period given the complexity of the vehicle have lead to the additional costs. The residual saving will remain within the Fleet Replacement Programme budget.

MCA Approvals

2.49 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 £1.162m from the DFT for the Network North Fund. £0.5m from the DFT and £0.092m from CRSTS Maintenance for traffic signals. £4m has been removed from the CRSTS maintenance block to match the grant allocation for the roads programme across 2024/25 to 2027/28.

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	12.615	16.764	6.360	7.070	42.809
Regeneration and Environment	99.054	95.896	26.546	10.196	231.692
Adult Care & Housing	11.205	12.705	4.827	8.969	37.706
Assistant Chief Executive	0.341	0.210	0.210	0.210	0.971
Finance and Customer Services	22.713	24.887	5.644	5.648	58.892
Capitalisation Direction					

Total General Fund Capital	**145.929**	**150.464**	**43.586**	**32.093**	**372.072**
Total HRA Capital	**56.123**	**57.907**	**83.008**	**33.539**	**230.577**
Total RMBC Capital Programme	**202.052**	**208.371**	**126.594**	**65.632**	**602.649**

2.50 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

2.51 The £202.052m 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	77.911
Unsupported Borrowing	67.884
HRA Contribution	0.134
Total Funding - General Fund	**145.929**
Grants and Contributions	1.366
Unsupported Borrowing	8.586
Housing Major Repairs Allowance	25.796
Capital Receipts	14.555
Revenue Contribution	5.820
Total Funding - HRA	**56.123**
Total	**202.052**

Capital Receipts

2.52 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.

2.53 To date General Fund useable capital receipts of £0.326m have been generated. Although loan repayments will be received during the financial year, these cannot be used to support the revenue budget as only those receipts by the disposal of property, plant and equipment can be used in that way.

Description	**Total as at 30th September 2024 £m**
Falding Street Chapel Masbrough	-0.131
Covenant release	-0.045
Woodlands Farm Land	-0.089
241 Canklow Road	-0.055
Miscellaneous	-0.006
Total Capital Receipts (Excluding loan repayments)	**-0.326**
Repayment of Loans	-0.015
Total Capital Receipts	**-0.341**

2.54 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

2.55 The following outputs have been achieved since the end of July 2024.

- Three additional parking machines have been installed at Rother Valley Country Park.
- An online bookings system has been procured and is in the process of being implemented, which will offer self-service booking for services, activities, facilities, and events.
- Works to Eldon Rd Playing field have been completed.
- Works to Rother Valley Country Park have started on site.
- Works to the river wall have started on site.

- Arc Cinema has opened to the public.
- Infirmary Road – Council's first Small Sites Homebuilder scheme, has now completed with the seven new homes handed over to the Council mid-September, awaiting some final costs but forecasting actual spend at 85% of budget.
- East Herringthorpe – 10 new homes for Council rent, reported as complete last period, subsequent cost assessment confirms costs came in at c. 93% of budget.
- Market Acquisitions Housing – 23 properties acquired to date at an average cost per property of less than £140k compared to a budgeted cost of £180k per property.

3. Options considered and recommended proposal

3.1 With regard to the current forecast net revenue budget the directorates are forecasting an overspend of £16.2m, 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.

3.2 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 Provision has previously been made in the Council's accounts for the write off referred to in paragraph 2.44 and hence there is no impact on the Council's reported financial position of formally writing off this debt. Also, this decision does not prevent the Council recovering monies should the position change in relation to the liquidation process.

6.4 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 The standardised mean test model in respect of financially assessing Special Guardians is now considered best practice and will help to avoid legal challenge, therefore it would be appropriate to adopt this model as recommended in Recommendation 4. Other than this there are 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	04/11/24
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	29/10/24
Assistant Director, Legal Services (Monitoring Officer)	Phillip Horsfield	30/10/24

Report Author: *Rob Mahon, Assistant Director – Financial Services*
This report is published on the Council's website.