

**Committee Name and Date of Committee Meeting**

Cabinet – 07 July 2025

**Report Title**

Financial Outturn 2024/25

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

Yes

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

The report outlines the final revenue and capital outturn position for 2024/25.

The Council set a balanced budget position for 2024/25 as part of the Budget and Council Tax Report 2024/25 approved at Council 28 February 2024. A Revenue Budget of £326.1m was set for General Fund services, this excludes schools' budgets and Housing Revenue Account (HRA). The Medium-Term Financial Strategy (MTFS) contained within that report included a balanced position for 2024/25, and a funding gap of £6.6m for 2025/26. This Budget and MTFS position was based on sound financial assumptions at the time, factoring in budget contingencies for service demand pressures in particular within Social Care and Home to School Transport.

However, the Council has seen, during 2024/25, significant demand and market pressure challenges in Adult Social Care and pressures above the planned contingencies for Children's Social Care and Home to School Transport. In addition, the Council is still impacted by the inflationary pressures in the economy, which have increased the Council's base costs further.

The December Financial Monitoring Report 2024/25 submitted to Cabinet on 10 February 2025 outlined that the Council anticipated an overspend of £3.1m. This forecast position was also outlined in the Budget and Council Tax 2025/26 report which was submitted to the same Cabinet meeting and also to Council on 5 March 2025. The overspend was proposed to be funded from the Budget and Financial

Strategy Reserve. However, the report noted the Council's intention was to further improve that outturn position, if possible, which would see a lower value call on reserves.

The actual financial outturn position reflects an overspend of £0.3m for the financial year 2024/25. This was an improvement of £2.8m from the December Financial Monitoring reported to February Cabinet, as a result of service areas delivering further savings ahead of year-end, maximising grant allocations, improvements in income were recognised and the Council generated further savings in Treasury Management.

The Council's final overspend position of £0.3m has been funded by use of £0.3m of the Budget and Financial Strategy Reserve as approved within the Budget and Council Tax Report 2025/26.

Following approval of the 2024/25 Budget, the global economic position has improved with inflation easing, reducing from 11.1% in October 2022 at its peak back down to 1.7% in September 2024. Inflation has since started to rise again as the economy has slowed with inflation back at 2.6% in March 2025, highlighting that the economic uncertainty has not yet ended. The Council's base costs have continued to significantly rise across the period of high inflation and need to continue to be factored into the Budget and MTFS moving forwards. Energy prices, whilst also positively reducing, are still projected to cost the Council around 60% more in 2025/26 than the outturn position for 2022/23, prior to the significant inflationary increase. These financial challenges are being regularly reviewed as part of the Council's ongoing Medium Term Financial Planning.

Although inflation is easing, the Local Government Association (LGA) Pay Award was agreed with a financial impact £3m greater than was assumed within the Budget for 2024/25. However, the majority of this was covered by in-year savings within Treasury Management.

The Council's General Fund minimum balance has remained at £25m as planned and set out within the Council's Reserves Strategy reported in the Budget and Council Tax Report 2024/25 and 2025/26. The reserve is held to protect the Council against unforeseen events and realisation of contingent liabilities.

The Housing Revenue Account had an underspend of £4.4m. As a result of this the HRA was able to transfer to reserves £5.8m, instead of the planned £1.4m, an improvement of £4.4m. This will help the HRA to mitigate the financial challenges presented by increased maintenance requirements over the medium term.

The Capital Programme outturn position shows slippage and underspend of £31.8m against the Budget for 2024/25. Capital expenditure (programme delivery) in the year was in line with previous years at £140.6m (2023/24 outturn was £140.7m).

## **Recommendations**

That Cabinet:

1. Note the revenue outturn position for 2024/25.

2. Note the budgeted transfer to HRA reserves increased by £4.4m following the revenue and capital outturn positions.
3. Note the carry forward of the combined surplus schools balance of £2.3m in accordance with the Department for Education regulations.
4. Note the reserves position set out in paragraphs 2.52 to 2.57.
5. Note the capital outturn, funding position and programme variations as set out in paragraphs 2.58 to 2.91.
6. Approve the capital budget variations as detailed in section 2.79 to 2.82 of the report.
7. Note the position on CRSTS Revenue Grant as set out in paragraphs 2.92 to 2.94 and delegate the decision to allocate and spend the remaining grant to the Assistant Director Planning Regeneration and Transport in consultation with the Section 151 Officer and the Cabinet Member.

### **List of Appendices Included**

Appendices 1 – Capital Programme 2025/26 to 2028/29

Appendix 2 Equalities Impact Assessment

Appendix 3 Carbon Impact Assessment

### **Background Papers**

Budget and Council Tax 2024/25 Report to Council on 28<sup>th</sup> February 2024

May Budget Monitoring Report 2024/25 to Cabinet on 29<sup>th</sup> July 2024

July Budget Monitoring Report 2024/25 to Cabinet on 16<sup>th</sup> September 2024

September Budget Monitoring Report 2024/25 to Cabinet on 18<sup>th</sup> November 2024

November Budget Monitoring Report 2024/25 to Cabinet on 20<sup>th</sup> January 2025

December Budget Monitoring Report 2024/25 to Cabinet on 10<sup>th</sup> February 2025

Budget and Council Tax 2025/26 Report to Council on 5<sup>th</sup> March 2025

Finance Update to Cabinet on 9<sup>th</sup> June 2025

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

No

### **Council Approval Required**

No

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

No

## **Financial Outturn 2024/25**

### **1. Background**

- 1.1 This report sets out the Council's revenue, capital, HRA and schools outturn position in 2024/25. It also describes the details of the Council's reserves balances as at the end of the financial year. The Council set a revenue budget for 2024/25 of £326.1m and a 4-year Capital Programme of £508.964m.
- 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 final report in a series of financial monitoring reports to Cabinet for 2024/25, setting out the year end revenue budget outturn position in light of actual costs and income.

### **2. Key Issues**

- 2.1 The Council's Directorates had an overspend position of £12.8m before mitigation. This was largely due to the following overall issues:
  - Placement pressures within Children and Young People's Services (£5.7m) and Adults Social Care (£7m).
  - Home to School Transport pressures within Children and Young People's Services in relation to the Children in Care Assisted Travel Budget (£0.8m) and in Regeneration and Environment in relation to the rest of the provision of Home to School Transport (£2.9m).
  - 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 impact that these uplifts 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.
- 2.2 These pressures were offset by savings delivered from the Council's Treasury Management Strategy in Central Services and use of the corporate budget risk contingency of £6.9m. The final underspend in Central Services was £12.5m which reduced the Council's overall outturn to £0.3m overspend.
- 2.3 This Budget 2024/25 was supported by planned use of £4.2m from the Treasury Management Reserve, as approved within the Budget and Council Tax Report 2024/25. The financial outturn overspend of £0.3m was funded by the Budget & Financial Strategy Reserve. Whilst there were no plans to use the Budget and Financial Strategy Reserve in the Budget & Council Tax Report 2024/25, the final use was £2.8m less than anticipated in the approved Budget & Council Tax Report 2025/26. Overall, this reflects that whilst the Council has

faced some significant challenges, through robust management and controls and careful financial planning, the Council's overall financial position continues to improve.

## 2.4 Table 1: Revenue Outturn 2024/25

Table 1 below provides a summary of the Revenue Outturn for 2024/25. This is followed by a summary of the position by Directorate which includes an explanation of the key variances.

Directorate	Budget 2024/25	Outturn 2024/25	Variance over/under (-)
	£m	£m	£m
Children and Young People Services	70.6	75.7	5.0
Adult Care, Housing & Public Health	133.5	139.7	6.2
Regeneration and Environment Services	47.4	50.5	3.2
Finance and Customer Services	37.8	36.7	-1.1
Assistant Chief Executive	8.1	7.6	-0.5
Central Services	28.7	16.2	-12.5
<b>Directorate Forecast Outturn</b>	<b>326.1</b>	<b>326.4</b>	<b>0.3</b>
<b>Use of Reserves</b>			<b>-0.3</b>
<b>Final Outturn Position</b>			<b>0.0</b>
Dedicated Schools Grant			2.8
Housing Revenue Account (HRA)			-4.4

## 2.5 Children and Young People Services Directorate (£5.0m overspend)

- 2.6 The Children & Young People Services had a budget pressure of £5.0m at the end of March 2025. In the main the overall pressures relate to continued demands on children in care placements and home to school transport cost pressures in relation to the Children in Care Assisted Travel Budget and support with travel to post 16 and post 19 learners with Education Health Care Plan (EHCP).
- 2.7 The reported position includes the impact of £2.8m in-year budget recovery actions implemented to mitigate cost pressures. Implemented actions delivered include delay in recruitment, caps on discretionary spend, maximising or redirecting the use of grant funding. The following section summarises the key budget variances across the Children and Young Peoples Service (CYPS) directorate for the year.
- 2.8 Children Social Care was overspent by £5.7m and is mainly attributable to cost pressures within the children in care placements budget. Other cost pressures

such as Looked After Children (LAC) home to school transport and care leavers were offset by staffing underspends and budget recovery actions.

2.9 The overall children in care population number is 481 at the end of March 2025 against the assumed budget profile of 500. This continues the year-on-year reduction in children in care placements. The placements budget overspend of £5.7m can be explained as follows:

- External residential placements (overspend of £6.6m) – overspend is attributable to the high number of external residential care placements and some unanticipated high-cost placements in the year.
- In-house residential homes (underspend of £0.5m) – underspend due to slippage in the number of in-house homes operationally available and staffing vacancies / turnover.
- Foster Care placement costs (underspend of £0.3m) – underspend is due to reduced number of placements across external independent fostering agencies and the Council's in-house foster carers.
- Other placement costs (underspend of £0.1m) – relates to reduced spend across several placements' budgets e.g. supported accommodation, short breaks / respite, special guardianship orders, child arrangement, etc.

2.10 There was an underspend of £0.3m relating to staff vacancies and turnover on the Commissioning and Performance & Quality teams supported by additional grant income received.

2.11 The wider Directorate had a £0.4m underspend due to savings on strategic management costs, workforce development and training, and staffing underspend in the Safeguarding teams.

2.12 Early Help services had a £0.9m underspend, mainly attributable to staffing savings due to posts not being filled in the short term (business support; Early Help locality teams) and the maximisation of grant funding.

2.13 Education Services reported an overspend of £1.0m, which is attributable to Home to School Transport costs (post 19 learners with Education Health Care Plans (EHCP's) and staffing / agency pressures in Education Psychology and the Inclusion teams).

#### **2.14 Dedicated Schools Grant (DSG) Budgets**

2.15 A surplus balance position of £2.3m is reported for 2024/25 for all 23 maintained schools (including the PRU (Pupil Referral Unit)) with delegated budgets. There were 2 schools that reported a year-end deficit totalling £0.1m. A budget recovery plan will be agreed with these schools to bring the budget back in balance.

2.16 A year end overspend or deficit of £2.8m is reported across all centrally retained DSG budgets and mainly relates to high needs / Special Educational Needs and Disabilities (SEND) budget pressures although offset by underspends in other central DSG budgets (e.g. Early Years). The overspend can be explained as follows:

- High Needs (overspend of £3.7m) – the overspend relates to spend on education provision on pupils with special education needs and disabilities. It compares unfavourably to the £1.2m deficit assumed in the Safety Valve Agreement and reflects increased pressures in the SEND system, namely, inflationary costs; increase in pupils with EHCPs; and continuing placements in independent specialist settings outside the Borough.
  - Other Central DSG budgets (underspend of £0.9m) – this is mainly attributable to the Early Years DSG budgets and reflects increased funding received for the expansion of the childcare and nursery entitlement for 2-year-olds and under 2's that was implemented from September 2024.
- 2.17 The above centrally retained DSG overspend of £2.8m has been transferred into the DSG Reserve account. The closing position of the DSG reserve for 2024/25, after adjusting for Safety Valve monies received from Department of Education (DfE), was an accumulated deficit of £2.9m. This year-end deficit balance has been rolled forward into 2025/26. The current projections of the DSG Reserve for 2025/26 (which is the last year of the Safety Valve Agreement) show a forecast accumulated deficit of £3.8m.
- 2.18 Adult Care, Housing & Public Health (£6.2m overspend)**
- 2.19 The overall directorate is reporting a £6.2m overspend at the end of March 2025. This is made up of a £180k underspend in Neighbourhoods, a £6.8m overspend in Adult Social Care and a £420k underspend in Public Health.
- 2.20 The Adult Social Care (ASC) overspend of £6.8m was caused by £7m of overspend on rising demand and complexity of care packages. The main areas of overspend were older people and people with mental health need as packages increased significantly in the year. These pressures have been addressed as part of the Budget and Council Tax Report 2025/26.
- 2.21 Staffing budgets are £270k under budget due to vacancies which have eventually needed to be filled by agency placements, due to recruitment challenges, that provide cover for the service and some overtime payments for staff.
- 2.22 The Housing service (non-HRA) underspend of £180k consists of an overspend of £880k on temporary accommodation which includes the use of hotels to support the significant increase in homelessness demand seen during 2024/25, offset by increased income from the Furnished Homes programme and an increase in the volume of temporary accommodation from the Housing Revenue Account (HRA) utilised during the latter half of the year. As a result of this and increased investment in case management and prevention, the spend on hotels decreased significantly over the year with a peak of 83 households in April reducing to 17 by the end of the year.

2.23 The Public Health underspend of £420k was caused mainly by slippage in the Baby Packs programme.

#### **2.24 Regeneration and Environment Directorate (£3.2m overspend)**

2.25 The Directorate had an outturn of £3.2m in 2024/25 which was an improvement of £1.6m from the position reported as part of December's financial monitoring to Cabinet in February 2025.

2.26 Community Safety and Streetscene (CSS) was overspent by £3.7m. Demand and cost pressures in transporting Special Educational Needs (SEN) children, mainstream pupils and personal travel budgets have caused an overspend of £2.9m in Home to School Transport. Waste Management was overspent by £1.3m due to covering staff sickness, the impact of an ageing fleet and a lower resale value of recycled materials.

2.27 This position has improved by £0.9m since the last report. The Waste service has reduced its overspend by £0.3m mainly due to decreased agency costs; there has been a further £0.2m reduction in Home to School Transport's overspend as interventions have taken effect in relation to re-routing; and the Corporate Transport Unit, mainly an internal service, has improved by £0.3m mainly due to improved income.

2.28 Culture, Sport and Tourism (CST) was overspent by £0.2m which was mainly in relation to income shortfalls in the Country Parks. Whilst the service has an overspend of £0.2m, there has been an improvement of income generation during the final quarter of 2024/25.

2.29 Planning, Regeneration and Transport (PRT) was underspent by £0.6m. Under recovery of income in Planning and Building control of £0.3m and in Markets of £0.4m is offset by capitalisation of salaries across the service of £0.8m in Transportation and Regeneration, £0.2m of underspends against historic projects and £0.1m in Business Centres, owing to good occupancy.

2.30 This position has improved by £0.5m since the last report. There was a £0.2m improvement within Business Centres of £0.2m following capitalisation of repairs and improved occupancy. There was also additional capitalisation within Transportation of £0.2m and reductions in staffing costs in the Regeneration Team of £0.1m.

#### **2.31 Finance and Customer Services (£1.1m underspend)**

2.32 Corporate Services was underspent by £0.7m at year-end. There are a number of financial pressures across the services, particularly around Post and Print and recruitment within Legal Services leading to continued use of Locums. However, savings were achieved on Customer, Information and Digital Services, Financial Services and Legal disbursements, in relation to higher income in Registrars, grant maximisation, and vacancy management. These actions have mitigated the financial pressures and delivered an overall underspend to support the wider Council outturn.

2.33 Property and Facilities Services (PFS) was underspent by £0.4m. Building Cleaning was underspent by £1.0m because of income generation above budget and vacancies. In addition to this the Building Consultancy service over recovered £0.5m of income. To some extent these were offset by overspends within Facilities Management of £0.8m as a result of repairs costs and income under-recovery and Catering of £0.3m where increased costs weren't covered by income.

2.34 Overall Finance & Customer Services (FCS) position has improved since December monitoring as the service has looked to generate further savings to support the Council's attempts to balance the budget.

### **2.35 Assistant Chief Executive (£0.5m underspend)**

2.36 The underspend at outturn is the consolidated result of all services delivering underspends in year from vacancy management and non-pay controls, despite a number of underlying budget pressures. Income of £89k for the services of the Chief Executive (CEX) to Nottingham City Council along with salary sacrifice income of £102k and additional grant income of £120k have further enabled the Directorate to deliver a favourable position.

### **2.37 Central Services (£12.5m underspend)**

2.38 Central Services delivered an underspend of £12.5m resulting from the £6.9m corporate budget risk contingency approved within the Council's Budget and Council Tax Report 2024/25, along with savings made in year from the Treasury Management function. The total Treasury Management savings for 2024/25 were more than £5.6m, however, these savings have been used to offset wider Council impacts such as the Local Government Pay Award. The treasury outturn position reflects the Council's approach to only borrow for cash flow purposes when required and maximise the benefits of the local authority lending market. It is also linked to slippage on the Capital Programme that has reduced the need to borrow during 2024/25.

2.39 Central Services has continued to see pressures as a result of higher base costs following the period of high inflation, energy prices and the impact of the 2024/25 Local Government Pay Award. 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 these impacts have been controlled within the existing budgetary provision. As stated within the Budget and Council Tax Report 2025/26 uncertainty in the global and UK economy remains a significant budget risk and as such will need to continue to be closely monitored.

2.40 Inflation has reduced significantly since September 2023. However, this doesn't mean that prices are falling, just that the rate of increase is slowing and 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.

2.41 The Council's Treasury Management functions continued to perform well during 2024/25. The Council has held significant cash balances and has been able to invest them for a greater return given current high interest rates. This, in addition to slippage on the Capital Programme in 2024/25, meant the level of financing costs for 2024/25 was less than anticipated. The benefits from the Treasury Management function were used to support wider inflationary pressures that the Council faced during 2024/25 and reduce the call on reserves.

2.42 Central Services is made up of several corporate budgets for levies and charges such as the Integrated Transport Levy (ITL), Private Finance Initiative (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 28 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. For example, the cost of levies for 2024/25 was set at £11.8m at the outset of 2024/25.

#### **2.43 Housing Revenue Account (HRA) (£4.4m underspend)**

2.44 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 has underspent by £4.4m.

2.45 The overall underspend largely relates to £1.5m increased income and £1.9m underspend in repairs and maintenance. Most of the latter was because of contract shared savings and rebased fees for maintenance costs. 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.

#### **2.46 Delivery of Savings**

2.47 A total of £9.904m of savings were scheduled to be delivered in 2024/25. This is a combination of £5.201m still outstanding from the Budget & Council Tax Report 2022/23, along with £4.703m from the Budget and Council Tax Report 2023/24. It is confirmed that £5.002m of delivery was secured in 2024/25. The biggest challenge on delivery related to CYPS Placements which has resulted in the Council being unable to fully deliver its savings programme by 31st March. It remains challenging to clearly link the positive outcomes being delivered by CYPS in terms of reduced LAC numbers to the savings targets, principally as the service has seen rising market cost pressures and a number of significantly high cost placements.

## 2.48 Table 2: Delivery of Agreed Savings:

Directorate	2024/25 Plan (Total)	Secured as at 31 <sup>st</sup> March 2025	2025/26 Still to be Delivered
FCS & ACX	645	645	-
Children's and Young Peoples Services	5,850	1,059	4,791
Adult Care, Housing and Public Health	1,998	1,998	-
Regeneration and Environment	1,411	1,300	111
<b>Total</b>	<b>9,904</b>	<b>5,002</b>	<b>4,902</b>

2.49 LAC placement savings within CYPS have not been delivered due to the following factors:

- Actual reductions in external residential placements were less than planned and budgeted for the year despite good performance in the number of steps down achieved;
- There was slippage in the In-house residential programme due to issues with the purchase and adaptation of identified properties;
- Overall net reduction in the number of in-house foster carers in the year, resulting in reduced number of internal placements. Also, increasing breakdowns of independent fostering agency (IFA) placements mean children and young people are being placed in costly residential placements.

## 2.50 Schools Outturn 2024/25

2.51 School balances at the end of 2024/25 for the Council's maintained schools was £2.357m. This represents the net surplus balances (i.e. unspent budgets), for all maintained schools including the Pupil Referral Units (PRUs). This represents a decrease of £0.093m on the previous year.

## 2.52 Reserves

2.53 The Budget and Council Tax Report 2024/25 approved the use of £4.2m from Treasury Management Savings Reserve to support the Budget Strategy. The Financial Monitoring Report 2024/25 submitted to Cabinet on 10th February 2025 was based on the financial monitoring position as at December 2024, which outlined that the Council anticipated an overspend of £3.1m. The overspend was to be funded from Reserves as approved at Council as part of the Budget and Council Tax 2025/26 report, though the report noted the Council's intention was to further improve that outturn position, if possible, which would see a lower value call on reserves.

2.54 The table below sets out the reserves position as at the outturn 2024/25 compared against the updated expected position set out in the Budget and Council Tax Report 2025/26.

The bullet points below explain the reasons for variation.

- Treasury Management Savings Reserve has increased since the 2024/25 Budget was set at Council on the 28th February 2024. This is due to an improved financial outturn position for 2023/24 and 2024/25 meaning that the Council's position required less support from treasury savings built up. Also, as the Treasury Management Strategy has continued to generate significant in year savings for the Council, these savings have been used to support in year pressures and reduce the call on the reserve for 2024/25. The Treasury Management Reserve has increased by £0.4m since the update provided in the Budget and Council Tax Report 2025/26.
- The Corporate Revenue Grants Reserve now stands at £3.1m, it is made up of ringfenced grants that are expected to be used across the MTFS period though at present the Council are unable to project specifically when.
- Whilst there were no plans to use the Budget and Financial Strategy Reserve in the original Budget & Council Tax Report 2024/25, the Budget and Council Tax Report 2025/26 approved the use of £3.1m to fund the 2024/25 outturn position. However, given the final outturn position was an overspend of £0.3m, the actual use was £2.8m less than anticipated in the approved Budget & Council Tax Report 2025/26.

2.55 In summary, this means that the total of Corporate Reserves balance at the Financial Outturn 2024/25 is £55.3m, which is £4.7m more than the £50.6m estimated in the Budget and Council Tax 2025/26 report. The individual reserve balances are shown in the table below. The Budget and Council Tax Report 2025/26 planned for £0.4m use of reserves in 2025/26. Based on the 2024/25 financial outturn position, that will leave a total of £54.9m Corporate Reserves at the end of the 2025/26 financial year.

The Corporate Reserve balances are shown in the table below.

**Table 3: Total Corporate Earmarked Reserves as at 31 March 2025**

	<b>Projected Balance at 31 March 2025 (per Budget Report 25/26)</b>	<b>Actual Balance as at 31 March 2025</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>General Fund Reserves</b>			
Budget and Financial Strategy	10.8	13.6	2.8
Business Rates	4.0	4.0	0.0
PFI Reserve - Leisure	0.0	0.3	0.3
Insurance Fund Reserve	0.0	0.0	0.0

Corporate Revenue Grants Reserve	2.5	3.1	0.6
Covid Recovery Fund	0.0	0.0	0.0
Local Council Tax Support Grant	0.9	0.8	-0.1
Collection Fund Income Guarantee Grant	0.0	0.7	0.7
Treasury Management Savings	7.4	7.8	0.4
<b>Total</b>	<b>25.6</b>	<b>30.3</b>	<b>4.7</b>
<b>General Fund Minimum Balance</b>	<b>25.0</b>	<b>25.0</b>	<b>0.0</b>
<b>Total General Fund</b>	<b>50.6</b>	<b>55.3</b>	<b>4.7</b>

## 2.56 Capital Reserves

2.57 The total earmarked and un-earmarked capital reserve balances at the end of 2024/25 are shown in Table 4 below.

**Table 4 Capital Reserves as at 31 March 2025**

	Balance as at 31 March 2025	Committed Resources	Un-earmarked as at 31 March 2025
	£m	£m	£m
<b>Capital Receipts Reserve</b>			
General Fund	0.0	0.0	0.0
Housing (Corporately held)	18.1	18.1	0.0
HRA	2.3	2.3	0.0
<b>Sub-Total</b>	<b>20.4</b>	<b>20.4</b>	<b>0.0</b>
<b>Capital Grants – Unapplied</b>			
General Fund	67.8	67.8	0.0
HRA	1.7	1.7	0.0
<b>Sub-Total</b>	<b>69.5</b>	<b>69.5</b>	<b>0.0</b>
<b>Major Repairs Reserve – HRA</b>			
	8.5	8.5	0
<b>Total</b>	<b>98.4</b>	<b>98.4</b>	<b>0.0</b>

## 2.58 CAPITAL OUTTURN 2024/25

2.59 The outturn on the Capital Programme was £140.590m (2023/24 £140.7m). The final Capital Programme Budget was £172.418m split between the General Fund £115.135m and HRA £57.283m with underspend and slippage of (£31.858m). The programme was ambitious; however, the continued impact of inflation and an overloaded construction market has significantly impacted its delivery. This has been seen through restrictions to scheme delivery on contractors and the need to re-think, reengineer schemes or find new funding solutions when inflationary based cost increases have been forecast.

- 2.60 The level of slippage on the Capital Programme is reflective of the delivery challenges that the Council faces due to built up demand in the supplier market following Covid restrictions, inflation and the Council's Capital Programme being the largest it has ever been. The outturn position shows that 81.5% of the planned expenditure has been delivered. The Council is on an improvement journey in terms of Capital delivery and management with work underway to review the delivery side of the Capital Programme, in order to identify areas for improvement.

**Table 5 Capital Outturn 2024/25**

Directorate	2024/25 Budget	2024/25 Outturn	2024/25 Variance
	£m	£m	£m
<b>General Fund Capital</b>			
Children and Young Peoples Services	7.746	6.829	-0.917
Assistant Chief Executive	0.340	0.123	-0.217
Adult Care & Housing	8.998	8.414	-0.584
Finance & Customer Services	20.357	7.423	-12.934
Regeneration & Environment	77.695	62.348	-15.347
<b>Total General Fund Capital</b>	<b>115.135</b>	<b>85.137</b>	<b>-29.998</b>
<b>Total HRA Capital</b>	<b>57.283</b>	<b>55.453</b>	<b>-1.830</b>
<b>Total RMBC Capital Programme</b>	<b>172.418</b>	<b>140.590</b>	<b>-31.828</b>

## 2.61 Children and Young People's Service

- 2.62 The CYPS Capital Programme outturn has a variance of £0.917m against the approved budget of £7.746m. The main items contributing to this position are:

- Children's Residential Homes, £701k slippage. The purchase of one of these properties is now due in the summer of 2025/26 resulting in slippage of costs from 2024/25. There have been challenges in identifying suitable property types in suitable locations and then gaining necessary planning approvals.
- Primary Schools, £836k slippage. Most of this slippage relates to one project, the contract for which will be completed by July 2025. The delivery contract commenced later than expected resulting in the slippage in 2024/25.

- Special schools, £645k slippage. Budget has slipped on special schools' accessibility budget as spend and implementation of schemes by schools has been slower than anticipated as well as delays in delivery on Winterhill and Maltby resource centres causing slippage into 2025/26.
- Schools PFI Life Cycle Programme, £1.651m budget brought forward. The information on spend is only provided by the PFI provider towards year end and budget has been amended to reflect expenditure for 2024/25.

2.63 As part of the outturn position the following key outputs have been delivered.

#### **Children in Care Sufficiency**

- Peacock Lodge 2 bed children's home fully refurbished to Ofsted standards. The provision has now been registered with Ofsted.
- One new build 2 bed children's home completed for young people with complex needs. The provision is awaiting Ofsted registration and will be known as Oak Tree House.

#### **SEND Sufficiency**

- New SEND provision created at Thurcroft Junior Academy, Maltby Manor Academy, Winterhill School and Brinsworth Whitehill creating 40 new SEND places.
- Refurbishment of Herringthorpe Youth and Community Centre to re-purpose for SEND education creating 30 new special school places for Elements Academy.
- 33 successful capital accessibility small grants from mainstream schools, improving mainstream school provision for pupils with SEND.

### **2.64 Adult Care & Housing**

2.65 The Adult Care & Housing Capital Programme outturn had a variance of £0.584m against the approved budget of £8.998m. The main items contributing to this position are:

- Fair Access to All (Aids and Adaptations Privates – Disabled Facilities Grant's), acceleration of £497k. This is due to an increase in demand for the service and an increase in the cost of materials along with improved operational processing.
- Rothercare Digital Switchover, slippage of £656k. The Council's external provider did not achieve delivery plan targets, resulting in spend slipping into 2025/26.

2.66 As part of the outturn position the following key outputs have been delivered.

- 214 Disabled Facilities Grant's (DFG's) completed. Works include installation of level access showers, ramps, ceiling hoists, stairlifts, extensions, handrails, door widening and dropping of kerbs.

## **2.67 Assistant Chief Executive**

2.68 The Assistant Chief Executive Capital Programme outturn had £217k of underspend and slippage against the approved budget of £340k.

2.69 As part of the outturn position the following key outputs have been delivered:

- 34 projects supported across the borough through the ward allocations, broken down as follows:-
  - North – 10 projects
  - South – 9 projects
  - Central – 15 projects

## **2.70 Finance and Customer Services**

2.71 The Finance & Customer Services Capital Programme outturn had £12.934m of underspend and slippage against the approved budget of £20.357m. The main items contributing to this position are:

- Building Decarbonisation, slippage of £5.066m. This is due to issues with gaining a third party heat network provider which have delayed the project until 2026/27.
- Electric Vehicle charging infrastructure, slippage of £935k. This is due to a move to cheaper more robust chargers as well as delays caused by legal issues relating to subsidy control and its complicated concession structure.
- Facilities Management and Operational Buildings, slippage of £3.324m. This is due to the service needing to improve its approach to Capital Programme planning and move towards a survey based, structured capital repairs and maintenance programme.

2.72 As part of the outturn position the following key outputs have been delivered:

- Implementation of a corporate online booking system for resident services such as sports pitches, pest control, 'healthy holidays', bike and water sports hire.
- Procurement of a visitor management system for self-service check-in of visitors to Riverside House and Rockingham Professional Development Centre (PDC).
- Implementation of 'care cubed' to better manage adult care packages to save the Council money.
- Delivered circa 1,000 digital inclusion sessions and distributed over 1,500 free sim cards.
- Provided free public WiFi access in an additional 6 neighbourhood centres and 5 Children's homes.
- Upgraded network security to improve business continuity in the event of network loss – due for implementation in Summer 2025.
- Provided networking capability for CCTV and parking provision at Forge Island.
- Extended our 'WiFi first' networking to 9 sites.

## **2.73 Regeneration & Environment**

2.74 The Regeneration & Environment Capital Programme outturn had slippage of £15.347m against the approved budget of £77.695m. The main variances contributing to this position were:

- Rotherham Markets redevelopment (including Community Hub), slippage of £1.633m. The project was delayed whilst awaiting approval of a Section 73 planning submission.
- Forge Island Commercial Development, slippage of £2.594m. The project is substantively complete and this slippage relates to the final retention payment which will be released through to July 2025.
- Century 1 – Roof Replacement, slippage of £0.600m. Work is ongoing on this project at the procurement stage. The expectation is that works will be undertaken within 2025/26.
- Towns and Villages Fund, slippage of £726k. Includes £490k of slippage on Our Places Fund as per timescales approved by Cabinet in December 2024.
- Sheffield Road, underspend of £0.552m. Approval is being sought from the funders to reallocate remaining budget to other projects to maximise its impact in the borough.
- Strategic Acquisitions Fund, slippage of £1.300m. This is due to a lack of appropriate properties for acquisition being identified and acquired in year.

## **Community Safety & Streetscene**

- Drainage flood alleviation programme, slippage of £908k. This has been caused by unexpected complexities in the design process and ongoing negotiations for access to land for surveys.
- 2020-2024 Roads Programme, slippage of £739k. There were 132 Unclassified (estate) roads included in the 2024 - 2025 Highway Repair Programme. 121 Schemes were completed by the end of the 2024/25 financial year. The 11 projects that are still to be completed were affected by winter conditions in January 2025 and road space availability. These roads will be delivered during the 2025 – 2026 financial year.
- Pavement improvements, slippage of £519k. Footway Repairs Programme 2024/25 included patch repairs and planned micro-asphalt surface treatment which is a weather dependant process and was affected by poor weather during the spring / summer of 2024. Surface treatment schemes carried over will be completed during Summer 2025.

- Fleet Asset Improvements, slippage of £500k. 9 vehicles are awaiting refurb with an estimated completion time of 72 weeks. The slippage is therefore due to the length of the refurbishment process for waste collection vehicles.
- Treeton St Helen Church Yard, slippage of £589k. This slippage is due to delays in obtaining the necessary permissions from nearby property owners. Works are underway with completion expected in June 2025.
- Plant Equipment refresh – Grounds and Streets, slippage of £841k. This is due to a delay in the lead time with the manufacturers, the 10 ride-ons should be received in June 2025.

2.75 As part of the outturn position the following key outputs have been delivered:

- Forge Island has reached a practical completion and the Travelodge and Vetro Lounge are now open to the public.
- Swinton Library & Neighbourhood Hub officially opened to the public in July 2024. The new facility is located adjacent to the Civic Hall and forms part of the wider Swinton Town Centre redevelopment. The project has delivered a relocated library and neighbourhood hub, designed to provide a modern, accessible space for the local community and has seen an increase of 140% and 187% in adult and children's footfall respectively.
- Waterloo Kiln was restored in October 2024 following a £187k refurbishment with support from Rotherham Council Capital and funding from Historic England. The project involved improving the structure by replacing damaged brickwork, repointing the external mortar and installing new oak lintels. To improve access to the site, a new path has been installed as well as a wider doorway and level access into the kiln.
- 19 footway schemes were completed during 2024-2025 financial year.
- The condition of all classifications of Rotherham's roads continues to be better than the national average due to the ongoing Council Capital investment, specifically in the unclassified network (mainly estate type roads). The Council's unclassified road network had deteriorated below national average prior to Capital investment. The Council investment from 2020 arrested the deterioration and the £24m to 2024 Roads Programme Investment has achieved the Council's objective to improve the condition of the estate roads to better than National average. The current Investment of £12m over four years (which commenced 2024-2025) together with £1m from Department for Transport (DfT) funding, will continue to manage the condition at current state.

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

2.77 The HRA Capital Programme outturn had a variance of £1.830m against the approved budget of £57.283m. The main variances contributing to this position were:

- Electricals, £544k overspend. Pressure is due to decision to purge electrical work in progress whilst contractor has capacity in order to reduce the backlog going into 2025/26.
- Major Voids, £1.151m overspend. This spend is required to bring properties back to a lettable standard. The overspend is due to higher void costs than anticipated due to a need to replace high value items such as kitchens and bathrooms.
- Strategic Acquisitions, £3.484m underspend. Due to 58 section 106 units at Brampton Vale which are now expected to be handed over in 2025/26. In addition, several properties in phase 1 of the Market acquisitions are in advanced stages of the purchase process and are expected to complete in early 2025/26.
- Aids and Adaptations, £591k overspend. This is a demand led service delivering mandatory public major adaptations. Demand has been higher than budgeted and has also seen an increase in material costs and the complexity of jobs.

2.78 As part of the outturn position the following key outputs have been delivered:

- Housing delivered £32.444m of investment in the Councils existing stock during 2024/25. The programme is split into multiple schemes for example, investing in external elements including window and roof renewals, fascia and soffit along with internal upgrades to boilers, improving communal areas, improving major elements in properties when they become void, increasing the energy efficiency of homes, and upgrading the fire doors to flats.
- 156 new Council homes delivered through the Council's Housing Delivery programme in the 2024/25 Financial Year, with a further 15.6% of our overall 1,000 homes target delivered in year, consisting of:
  - 10 new build homes at our award-winning scheme at East Herringthorpe.
  - 7 new homes through our Small Sites Homebuilding Initiative with a strong pipeline of delivery established for future years.
  - 64 homes acquired through the Market Acquisitions workstreams, including 20 for temporary accommodation.
  - 75 new homes acquired through S.106 agreements including a range of property types and areas, meeting the diverse needs of the Borough.
  - Activity started on 27 Council owned sites which will see further delivery in the 2025/26 financial year.
- 224 properties had replacement kitchens and/or bathrooms and associated electric works.

- A total of 1,715 properties have had replacement boilers and/or central heating systems. 1,003 of those were programmed to be delivered and 712 were delivered on an ad-hoc basis.
- 517 properties had their thermal efficiency increased by loft insulation top ups.
- 421 properties received over £5k investment to bring them back to a lettable standard via the major void process.
- 350 properties have had roofs replaced while 342 have had window and/or door replacements.
- 31 properties were renovated following flood damage at Catcliffe.
- The Environmental programme delivered 13 schemes across the borough. These included redesigning paths and steps around stock, repairing of boundary walls, resurfacing housing owned parking areas, landscaping of communal planting and relocation of bin pads away from properties to reduce potential fire spread to properties.

## **2.79 Capital Programme Variations**

2.80 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.

## **2.81 Bereavement Services – Benches and Installation of Qibla Stone**

Capital funding had previously been approved for the installation of additional benches across cemetery sites and for the installation of a Qibla stone.

### **Cemetery Benches (£10k)**

Following a review of current practices and site needs, it has been determined that there is no operational requirement for additional benches at this time. Following the Council's proposals for benches, memorial benches were introduced by Dignity and have been provided at various sites. Introducing new, non-memorial benches could lead to inconsistency and potential dissatisfaction among families who have invested in memorial placements and unauthorised memorialisation of Council benches.

### **Qibla Stone installation (£8k)**

Community feedback has indicated that there was the potential for perceived disrespect or confusion. In light of this, and in consultation with the former portfolio holder it is suggested that the project should not proceed. This position remains supported by current feedback from community groups and operational considerations.

Cabinet approval is therefore sought for the non-utilisation of allocated capital budgets for these two bereavement service schemes. The total budget currently allocated to these schemes is £18k.

## 2.82 Riverside Gardens and Corporation Street

This variation proposes two changes; consolidation of “Pathfinder” grant funding to allow it to be reallocated and adjustment to the Riverside Garden and Corporation St project.

“Pathfinder” refers to the simplification and consolidation of numerous previously awarded central government capital grants into one pot. Two of the projects this has been allocated to are underspent, so it is proposed to hold this centrally until suitable alternatives are identified. The variation will create a £3,081k fund - £2,403k from 3-7 Corporation Street and £678k from Riverside Residential Quarter Acquisitions.

The second part of this variation proposes to combine additional works at the Ship Hill junction, fund additional demolition costs and to make improvements to paving and street lighting. This will increase the project’s budget to £10,889k from £9,439k by utilising several available funding streams - £400k from Town Centre Investment Fund, £390k from Pathfinder (as above), £550k from South Yorkshire Mayoral Combined Authority (SYMCA)’s Transforming Cities grant and £110k from Highways Capitalisation Lighting project.

## 2.83 Funding of the Capital Programme 2024/25

2.84 £140.590m of capital expenditure was funded as shown in the table below:

**Table 6 Funding of the Capital Programme 2024/25**

<b>Funding Stream</b>	<b>Outturn £m</b>
Grants and Contributions	52.681
Unsupported Borrowing	32.274
Capital Receipts	0.025
Revenue Contributions	0.157
<b>Total Funding - General Fund</b>	<b>85.137</b>
Grants and Contributions	3.540
Unsupported Borrowing	6.537
Housing Major Repairs Allowance	26.454
Useable Capital Receipts	13.102
Revenue Contributions	5.820
<b>Total Funding - HRA</b>	<b>55.453</b>
<b>Total</b>	<b>140.590</b>

## 2.85 Capital Receipts Outturn 2024/25

2.86 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.

- 2.87 In 2024/25 General Fund Capital receipts of £0.936m have been generated as shown in the table below. Although £0.249m of this was for loan repayments, these cannot be used to support the revenue budget as only those receipts for the disposal of property, plant and equipment can be used in that way.

**Table 7 – General Fund Capital Receipts Received in 2024/25**

<b>Description</b>	<b>Total as at 31<sup>st</sup> March 2025 £m</b>
Miscellaneous	-0.687
<b>Total Capital Receipts (Excluding loan repayments)</b>	<b>-0.687</b>
Repayment of Loans	-0.249
<b>Total Capital Receipts</b>	<b>-0.936</b>

- 2.88 Although capital receipts were generated in this financial year they were utilised to fund the expenditure on short life assets in order to reduce borrowing costs which is a more favourable overall outcome for the Council.

## 2.89 Updated Capital Programme 2025/26 to 2028/29

- 2.90 The Capital Programme 2025/26 has been reset at £211.024m split between the General Fund £149.275m and HRA £61.749m.

- 2.91 The 2025/26 programme has decreased overall by £30.969m from the position reported to Cabinet in March 2025. The movement is based on the latest profiles of expenditure against schemes, following the 2024/25 outturn position, factoring in slippage from 2024/25 and new grant funding.

**Table 8: Updated Capital Programme 2025/26 to 2028/29**

<b>Directorate</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>General Fund Capital</b>					
Children and Young People's Services	14.879	9.403	6.836	17.120	48.238
Regeneration and Environment	104.493	47.835	12.473	14.140	178.941
Adult Care & Housing	13.902	4.924	8.969	6.927	34.721

Assistant Chief Executive	0.441	0.210	0.210	0.210	1.071
Finance and Customer Services	15.561	16.825	7.629	19.423	59.438
<b>Total General Fund Capital</b>	<b>149.275</b>	<b>79.197</b>	<b>36.116</b>	<b>57.820</b>	<b>322.408</b>
<b>Total HRA Capital</b>	<b>61.749</b>	<b>76.843</b>	<b>49.153</b>	<b>106.595</b>	<b>294.339</b>
<b>Total RMBC Capital Programme</b>	<b>211.024</b>	<b>156.040</b>	<b>85.269</b>	<b>164.415</b>	<b>616.748</b>

**Table 9: Funding of the approved Capital Programme**

<b>Funding Stream</b>	<b>2025/26 Budget</b>	<b>2026/27 Budget</b>	<b>2027/28 Budget</b>	<b>2028/29 Budget</b>	<b>Total Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Grants and Contributions	70.858	33.379	10.054	16.762	131.053
Unsupported Borrowing	77.729	45.678	25.919	40.912	190.239
Capital Receipts	0.551	0.000	0.000	0.000	0.551
HRA Contribution	0.137	0.140	0.143	0.146	0.566
<b>Total Funding - General Fund</b>	<b>149.275</b>	<b>79.197</b>	<b>36.116</b>	<b>57.820</b>	<b>322.408</b>
Grants and Contributions	2.837	2.883	0.816	27.847	34.384
Unsupported Borrowing	14.059	31.007	11.325	25.181	81.572
Housing Major Repairs Allowance	36.964	25.256	27.803	28.669	118.693
Capital Receipts	4.705	4.773	3.208	18.387	31.073
Revenue Contribution	3.183	12.924	6.000	6.511	28.617
<b>Total Funding - HRA</b>	<b>61.749</b>	<b>76.843</b>	<b>49.153</b>	<b>106.595</b>	<b>294.339</b>
<b>Total</b>	<b>211.024</b>	<b>156.040</b>	<b>85.269</b>	<b>164.415</b>	<b>616.748</b>

## **2.92 CRSTS Revenue Grant**

2.93 City Regions Sustainable Transport Settlement (CRSTS) is a grant with both revenue and capital elements distributed via SYMCA. In order to support the delivery of its capital element, a total of £2,360,599 has been awarded, of which £873,109 has been spent up to 31<sup>st</sup> March 2025. Spend to date includes:

- Feasibility studies and research (including data collection)
- Training
- Specialist software
- Associated Council staffing costs and overheads
- Contribution to the Cycle Hub
- Development of the Mainline Station business case (to be reimbursed in the event that the next stage of the funding is successful)

2.94 There is £1,487,490 remaining, which is yet to be allocated. A delegation is sought to utilise the balance, as per recommendation 7.

## **3. Options considered and recommended proposal**

3.1 This detail is set out in Section 2 above.

## **4. Consultation on proposal**

4.1 None identified.

## **5. Timetable and Accountability for Implementing this Decision**

5.1 The Strategic Director - Finance and Customer Services is responsible for implementing any actions arising from the supported recommendations in this report.

5.2 These should be actioned at the earliest opportunity to aid the monitoring of the 2025/26 Revenue Budget and Capital Programme.

## **6. Financial and Procurement Advice and Implications**

6.1 As set out in the sections above.

6.2 Project specific procurement implications are included in the main body of this report. There are no direct procurement implications arising from the recommendations detailed in this report.

## **7. Legal Advice and Implications**

7.1 No direct implications.

## **8. Human Resources Advice and Implications**

8.1 No direct implications.

## **9. Implications for Children and Young People and Vulnerable Adults**

9.1 No direct implications.

## **10. Equalities and Human Rights Advice and Implications**

10.1 This is a finance update report, providing a review of the Council's outturn position for 2024/25. Any equalities and human rights impacts from service delivery have been or are detailed as service budgets, capital projects are pulled together for inclusion within the Council's revenue budget or Capital Programme.

10.2 An Initial Equality Screening Assessment (Part A) has been completed and is attached as Appendix 2.

## **11. Implications for CO2 Emissions and Climate Change**

11.1 No direct implications.

## **12. Implications for Partners**

12.1 No direct implications.

## **13. Risks and Mitigation**

13.1 There are increasing cost pressures associated with the rising demand for social care services. The Council will continue to closely monitor its financial position throughout the year and if required management will implement appropriate mitigations.

13.2 The Council's Medium Term Financial Strategy will be revised and updated later in the year to reflect the estimated outcomes of any economic pressures that are impacting the Council's costs such as inflation and energy prices along with revised resources.

## **14. Accountable Officers**

Rob Mahon, Assistant Director – Financial Services

Approvals obtained on behalf of Statutory Officers: -

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp OBE	23/06/25
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	19/06/25
Assistant Director of Legal Services (Monitoring Officer)	Phil Horsfield	19/06/25

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