REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 31 AUGUST 2013

Purpose of the Report

1. This report provides the Month 5 monitoring statement on the City Council's Revenue Budget and Capital Programme for August 2013. The first section covers Revenue Budget Monitoring and the Capital Programmes are reported from paragraph 65.

Revenue Budget Monitoring

Summary

2. The budget monitoring position at month 4 indicated a forecast overspend of £6.7m, based on expenditure incurred to date and forecasted trends to the year end. The latest monitoring position at month 5 shows a forecast overspend of £6.3m to the year end: i.e. a forecast improvement of £451k since last month. This is summarised in the table below:

Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 4
CYPF	89,452	89,547	(95)	⇔
PLACE	146,441	145,823	618	⇩
COMMUNITIES	183,653	171,051	12,602	⇔
POLICY, PERFORMANCE & COMMUNICATION	2,795	2,645	150	⇔
RESOURCES	64,390	65,433	(1,043)	⇧
CORPORATE	(480,442)	(474,499)	(5,943)	⇔
GRAND TOTAL	**6,289**	**-**	**6,290**	⇩

3. In terms of the month 5 overall forecast position of £6.3m overspend, the key reasons are:

   - Place are showing a forecast overspend of £618k, due mainly to risks associated with contract negotiations to deliver the full £2.1m waste management savings in the 2013/14 Budget.
   - Communities are showing a forecast overspend of £12.6m, due predominately to a £10.4m overspend in Care and Support relating to Learning Disability Services and the purchase of Older People's care and a £2.7m overspend on Mental Health purchasing budgets.
   - Policy, Performance and Communications are showing a forecast overspend of £150k, due mainly to high Election canvassing costs.

- Resources are showing a forecast reduction in spending of £1m, due to £872k savings on the housing benefits subsidy, £994k of insurance fund savings and £188k reduction in spending within the Finance Service as a result of early staff savings for the 2014/15 budget. These savings are partly offset by a £433k overspend in Business Information Solutions ICT costs, £147k of unfunded E-Business project costs, under-recovery of recharges on Bannerdale rents of £151k, a overspend on Vacant Property management of £130k and £128k within HR on employee costs.
- Corporate budgets are showing a forecast reduction in spending of £5.9m, due mainly to savings against the redundancy budget of £2m and the receipt of additional grant income totalling £3.6m.

4. The reasons for the movement from month 4 are:

- Place are forecasting an improvement £757k, due to relatively small reduction in net waste management costs of £176k, £142k of additional resources identified which offset previously forecast service cost pressures within the Markets activity, a reduction in the forecast spend on staffing across the service of £357k and external funding of £109k.
- Communities are forecasting a consistent outturn position to the month 4 report. However, there are a number of significant offsetting movements in month 5 that have resulted in the current forecast outturn. Details can be viewed within the Communities portfolio section of this report.
- Resources are forecasting an adverse movement of £363k, mainly due to £151k under recovery of income on Bannerdale rents and £130k overspend on Vacant Properties.

Non-Ringfenced Grants

5. The local authority has received two additional non-ringfenced grants from the Department of Health and Central Government, totalling £237k. To ensure consistency when dealing with non-ringfenced grants, the intension is to hold this income corporately and declare additional underspends as per the actions taken in month 3 to utilise the adoption grant to improve the forecast outturn. This additional income is not currently reported in the forecast outturn and will therefore result in a reduction of the reported deficit.

Individual Portfolio Positions

Children Young People And Families (CYPF)

Summary

6. As at month 5 the Portfolio is forecasting a full year outturn of a reduction in spending of £95k (shown in the table below), and DSG is forecast to overspend by £50k. The improvement since month 4 is £50k on the revenue budget and £21k on the DSG position. The key reasons for the forecast outturn position are:

   - **Inclusion and Learning Services** – £203k forecast overspend, due to £128k forecast overspend on faith travel passes, £247k forecast overspend on travel passes due to an increase in demand and an underspend of £105k in the Learning and Achievement Service.

   - **Lifelong Learning, Skills and Communities** – £276k forecast underspend, due to a reduction in spending on the City Skills Fund.

Financials (Non – DSG activity)

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 4
BUSINESS STRATEGY	4,624	4,648	(24)	⇧
CHILDREN & FAMILIES	67,079	67,077	2	⇔
INCLUSION & LEARNING SERVICES	5,191	4,988	203	⇩
LIFELONG LEARN, SKILL & COMMUN	12,558	12,834	(276)	⇔
GRAND TOTAL	**89,452**	**89,547**	**(95)**	⇔

Commentary

7. The following commentary concentrates on the key changes from the previous month.

Non DSG Budgets

Business Strategy

8. As at month 5, Business Strategy is forecasting a reduction in spend of £24k (shown in the table above), an adverse movement of £132k from the previous month. This movement is due to an increase in the forecast overspend on Public Health from £100k to £395k, as a result of an anticipated shortfall in savings within the sexual health contract of £300k and schools nursing of £79k.

Inclusion and Learning

9. As at month 5, ILS is currently forecasting an overspend of £203k. This is an improvement of £186k from the previous month and is due to, a reduction in staff costs as a result of delayed recruitment to vacant posts of £71k, management action taken to reduce spending within Learning Support of £54k and additional savings of £54k as a result of the early implementation of a Manage Employee Reduction programme within the Learning and Achievement Service.

DSG Budgets

10. As at month 5, DSG is forecast to overspend by £50k. This is an improvement of £21k from the previous month and is due to improvements across the Portfolio, following management action to review DSG budgets and to bring the DSG budget back into a balanced budget position.

Place

Summary

11. As at month 5 the Portfolio is forecasting a full year outturn of a £618k overspend, an improvement of £757k from the month 4 position. The key reasons for the forecast outturn position are:

    - **Business Strategy & Regulation:** £1m forecast overspend arising from risks associated with contract negotiations with the Contractor on the new service to deliver the full £2.1m waste management savings in the 2013/14 Budget.

Financials

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 4
BUSINESS STRATEGY & REGULATION	29,942	29,139	803	⇩
CAPITAL & MAJOR PROJECTS	755	696	59	⇩
CREATIVE SHEFFIELD	3,848	3,848	0	⇔
CULTURE & ENVIRONMENT	18,405	18,595	(190)	⇔
MARKETING SHEFFIELD	927	900	27	⇔
PLACE PUBLIC HEALTH	(9)	0	(9)	⇔
REGENERATION & DEVELOPMENT SER	92,573	92,644	(71)	⇩
GRAND TOTAL	**146,441**	**145,823**	**618**	⇩

Commentary

12. The following commentary concentrates on the key changes from the previous month.

Business Strategy & Regulation

13. The current forecast for this activity is a £803k overspend, an improvement of £176k this period. The improvement arises from a further relatively small reduction in net waste management costs.

14. The key risk is around securing agreement with the Contractor to deliver the full £2.1m waste management savings included in the 2013/14 Budget. Negotiations are on-going with a view to seeking a resolution.

Capital & Major Projects

15. The forecast for this activity is a £59k overspend, showing an improvement of £142k this period. The improvement primarily relates to additional resources identified which offset previously forecast service cost pressures within the Markets activity.

Regeneration & Development Services

16. The forecast for this activity is a £71k reduction in spending, an improvement this period of £455k. The improvement is largely attributable to a reduction in the forecast spend on staffing across the service (£357k), together with additional one-off income arising from a reduction in provisions / reserves held following a recent review (£109k).

Communities

Summary

17. As at month 5 the Portfolio is forecasting a full year outturn of £12.6m overspend, a position consistent with last month but not as result of all the same pressures and offsetting savings. There have been a number of significant movements within services since last month which are explained in the commentary below. The key reasons for the forecast outturn position are:

    - **Business Strategy:** Forecast reduction in spend of £363k. There is a forecast underspend of £125k due to anticipated vacancies in the second half of the year. The remainder is due to savings initiatives identified in the service, including control of other vacancies and thorough reviews of non-pay expenditure. A significant reduction of £101k is reported on expenditure on training provision.

    - **Care and Support:** Significant overspend forecast of £10.4m. This overspend is across Older People's / Physical Disabilities (together, known as "Adults") / Learning Disabilities (LD) care purchasing budgets, and is due to the full year effect of 2012/13 activity, and anticipated continued growth in 2013/14. This position includes the use of the corporate contingency, identified in the budget process, for Adult Social Care.

- **Commissioning:** a forecast £2.3m overspend due to Mental Health purchasing budgets forecasting an overspend of £2.7m, due to an increase in the number of people coming to us for care provision (predominantly using SDS Personal Budgets); alongside a Substance Misuse purchasing overspend of £65k. Other areas forecasting an overspend in this Service are; Mental Health Commissioning £152k, relating to savings on the S75 Agreement with SHSCT not being achieved and £66k unrecovered income relating to MH Resource Centres. These are, to some degree, offset by the target reduction in spend of £431k on Housing Related Support Programme (formerly Supporting People) and net reduced spending on Social Care and Housing Commissioned Services of £237k.
- **Community Services:** a forecast overspend of £228k, due mainly to a part year (rather than full year) implementation of the Community Assemblies budget saving within Locality Management of £186k.

18. There are a range of actions being taken to reduce the forecast overspend in Communities. These include:
    - Tight control over all spending.
    - Holding staff vacancies open where they are not absolutely necessary to deliver safe and effective services.
    - Providing direct support to help people maintain and regain their independence.
    - Making sure that we have an up-to-date understanding of peoples eligible needs, and that these needs are met in the most cost effective way.
    - Making sure that costs are not transferred to the Council as a result of decisions taken by other organisations.

Financials

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 4
BUSINESS STRATEGY	11,866	12,229	(363)	⇔
CARE AND SUPPORT	124,339	113,908	10,431	⇧
COMMISSIONING	36,848	34,542	2,306	⇩
COMMUNITY SERVICES	10,601	10,373	228	⇩
GRAND TOTAL	**183,653**	**171,051**	**12,602**	⇔

Commentary

19. The following commentary concentrates on the changes from the previous month.

Care and Support

20. A forecast £10.4m overspend. This is an adverse movement of £650k from the previous month and is due, primarily, to the review of a number of savings and interventions, particularly in Learning Disabilities, where the need to tender, review contracts and other implementation difficulties has led to slippage in projects and so the costs are unlikely to be reduced this year.

Commissioning

21. A forecast £2.3m overspend. This is an improvement of £318k from the previous month.

22. £166k of this improvement is due to the movement of Learning Disabilities ex-Health Accommodation Budgets between service areas within the Communities Portfolio. These budget movements transferred a pressure out of Commissioning service area and into Care and Support service area. There is also a net reduction of spend of £156k on Mental Health and Substance Misuse Purchasing Budgets. In addition to these savings there is a £149k increase in expenditure on Housing Related Support which is offset by reduction in spend in Social Care Commissioning Team as a result of review of forecast non-pay expenditure.

Community Services

23. A forecast £228k overspend, which is an improvement of £293k on the previous month and is due to management action taken in Libraries to balance expenditure to budget resulting in a favourable move of £343k partly offset by Locality Management pressures of £47k mainly due to adjustment of forecast management costs and a £10k cost of redeployment.

Resources

Summary

24. As at month 5 the Portfolio is forecasting a full year outturn of a reduction in spending of £1m, an adverse movement of £363k from the month 4 position. The key reasons for the forecast outturn position are:

- **Business Information Solutions:** £433k overspend due in the main to reduced income from project recharges of £233k.

- **Commercial Services (savings):** £147k overspend due to E-Business project costs, offset by vacancy management savings.
- **Programmes and Projects:** £107k overspend due to unfunded programme manager post and agency costs.
- **Human Resources:** £128k overspend due to forecasts on employee costs which need addressing through the service MER.
- **Transport and Facilities Management:** £251k overspend due to under-recovery of recharges on Bannerdale rents and an overspend on Vacant Property management;

Offset by:

- **Central Costs & Housing Benefit:** £1.9m reduction in spending due to the transfer of £1m of savings from the Insurance Fund and £874k reduction in net position as a result of subsidy adjustments. This subsidy adjustment represents less than 0.5% movement on a demand led £191m budget.
- **Finance:** £188k reduction in spending due to early staff savings for the 2014/15 budget.

Financials

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 4
BUSINESS INFORMATION SOLUTIONS	870	437	433	⇔
COMMERCIAL SERVICES	773	626	147	⇔
COMMERCIAL SERVICES (SAVINGS)	(888)	(820)	(68)	⇩
CUSTOMER FIRST	3,057	3,057	0	⇔
CUSTOMER SERVICES	2,806	2,793	13	⇔
FINANCE	2,132	2,320	(188)	⇔
HUMAN RESOURCES	1,270	1,142	128	⇔
LEGAL SERVICES	5,235	5,235	0	⇔
PROGRAMMES AND PROJECTS	1,298	1,191	107	⇔
TRANSPORT AND FACILITIES MGT	32,850	32,599	251	⇧
TOTAL	49,403	48,580	823	⇧
CENTRAL COSTS	14,857	15,851	(994)	⇧
HOUSING BENEFIT	130	1,002	(872)	⇔
GRAND TOTAL	**64,390**	**65,433**	**(1,043)**	⇧

Commentary

25. The following commentary concentrates on the changes from the previous month.

Commercial Services (savings)

26. A forecast £68k reduction in spending. This is an improvement of £170k from the previous month and is due mainly to a one off rebate from British Gas of £217k.

Transport and Facilities Management

27. A forecast £251k overspend. This is an adverse movement of £293k from the previous month. This adverse movement is mainly due to £151k under recovery of income on Bannerdale and £130k overspend on Vacant Properties.

Central Costs

28. A forecast £994k reduction in spending. This is an adverse movement of £159k from the previous month, due mainly to the transfer of a planned contribution to the Invest to Save reserve which was not reflected within month 4 monitoring.

Policy, Performance and Communications

Summary

29. As at month 5 the Portfolio is forecasting a full year outturn of a £150k overspend, an adverse movement of £86k from the month 4 position. The key reasons for the forecast outturn position are:

- **Policy Performance and Communications:** £150k overspend due mainly to high Election canvassing costs.

Financials

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 4
ACCOUNTABLE BODY ORGANISATIONS	0	0	0	⇔
POLICY, PERFORMANCE & COMMUNICATION	2,930	2,780	150	⇔
PUBLIC HEALTH	(135)	(135)	0	⇔
GRAND TOTAL	**2,795**	**2,645**	**150**	⇔

Corporate items

Summary

30. The month 5 forecast position for Corporate budgets is a £5.9m reduction in spending which is an improvement of £82k on the month 4 position. The table below shows the items which are classified as Corporate and which include:

- **Corporate Budget Items:** corporate wide budgets that are not allocated to individual services / portfolios, including capital financing costs and the provision for redundancy / severance costs.
- **Corporate Savings:** the budgeted saving on review of management costs and budgeted saving from improved sundry debt collection.
- **Corporate income:** Formula Grant and Council tax income, some specific grant income and contributions from reserves.

Financials

	FY Outturn £'000	FY Budget £'000	FY Variance £'000
Corporate Budget Items	89,699	91,994	-2,295
Savings Proposals	-450	-450	0
Income from Council Tax, RSG, NNDR, other grants and reserves	-569,691	-566,043	-3,648
Total Corporate Budgets	**-480,442**	**-474,499**	**-5,943**

31. Corporate Budget items are showing a forecast reduction in spending of £2.3m, due mainly to the reassessment of the budget requirement for redundancy cost of £2m, other miscellaneous income of £175k including the recovery of previous years' National Non-Domestic Rates (NNDR) overpayments and £120k saving against the Carbon Reduction Credits budget resulting from more up to date information on the estimated 2013/14 costs. This forecast in consistent with the month 4 position.

32. Additional income accounts for the remaining £3.6m reduction in spend. This additional income includes a £1.1m RSG refund, £947k un-ringfenced adoption grant, £1.4m LACSEG refund and £271k additional Council Tax Freeze grant. This forecast in consistent with the month 4 position.

Local Growth Fund

33. The position on the Local Growth Fund is as follows:

		£m
Income	Reserves as at 31/03/13	-3.0
	13/14 NHB Grant	-4.6
	Total Income	-7.6
Expenditure	13/14 Spend to date at Month 4	0.6
	Forecast to Year End	4.8
	Future Years' Commitments	3.4
	Total Expenditure	8.7
	Funding Requirement	**1.1**

34. The Local Growth Fund is supporting a series of approved capital and revenue projects which currently total £8.7m. This is £1.1m in excess of the New Homes Bonus received to date. The New Homes Bonus, which supports the LGF, is paid in instalments over six years so the authority has earned the right to future payments totalling £4.6m per annum for the next three years at least and this should be able to meet the future expenditure commitments.

35. The Government has recently announced that it intends to bring forward proposals to divert an as yet unspecified amount of New Homes Bonus payment to the Local Enterprise Partnerships to fund projects across the City Region. The precise details are uncertain and in the circumstances no further commitments to projects are being made until the impact on the NHB funding regime is understood.

Housing Revenue Account

36. As at month 5 the full year outturn position is a forecast in-year surplus of £8.2m. At this stage, this represents a projected improvement of £2.3m from the revised budget. Overall, any predicted improvement on the account will be factored into the planned update of the Business Plan and Capital Investment Programme later in the year.

37. The main reason for the variation in the overall improved position reported above relates to a predicted reduction in capital financing costs of £1.5m. This is primarily a result of reduced interest costs arising from the Councils on-going active Treasury Management Strategy.

38. Now that that HRA is self-financing, the Council has to consider the long term risks on interest rates and ensure that its 30 year business plan includes a sustainable level of debt.

39. Other main areas contributing to the year-end forecast position include a revised forecast of service charge income £384k and a reduction in running costs mainly resulting from staff vacancies £1.1m. Offset by a forecast increase in the cost of council tax on vacant properties and provision for rent arrears £635k and a £120k reduction in overall rental income.

HOUSING REVENUE ACCOUNT	FY Outturn £'000	FY Budget £'000	FY Variance £'000
1.RENTAL INCOME	(142,459)	(142,579)	120
2.OTHER INCOME	(5,163)	(4,779)	(384)
3.FINANCING	53,059	54,581	(1,522)
4.OTHER CHARGES	3,816	3,181	635
5.REPAIRS	33,027	33,091	(64)
6.TENANT SERVICES	49,523	50,647	(1,124)
Grand Total	**(8,196)**	**(5,857)**	**(2,339)**

Community Heating

40. The budgeted position for Community Heating is a draw down from Community Heating reserves of £670k. As at month 5 the forecast position is a draw down from reserves of £249k resulting in a reduction in spending of £421k. This is largely due to a reduction in energy consumption compared to budget and a reduction in the number of vacant properties.

COMMUNITY HEATING	FY Outturn £'000	FY Budget £'000	FY Variance £'000
Income	(3,516)	(3,548)	32
Expenditure	3,766	4,218	(452)
Grand Total	**250**	**670**	**(420)**

Corporate Financial Risk Register

41. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. The most significant risks are summarised in this report for information together with a summary of the actions being undertaken to manage each of the risks.

2013/14 Budget Savings and Emerging Pressures

42. There will continue to be a robust monitoring process to ensure that the agreed budget for 2013/14 is implemented, especially given the cumulative impact of £182m of savings over the last three years. As part of the budget a number of key risk areas were identified which present the highest degree of uncertainty.

43. When the Government's Business Rates Retention Scheme was introduced in April 2013, a substantial proportion of risk was transferred to local government, particularly in relation to appeals, charitable relief, tax avoidance, hardship relief and negative growth. The issue of appeals dating back to the 2005 rating list is the greatest risk causing concern across all authorities. There are properties with a rateable value of £195m under appeal currently in Sheffield, with an allowance for £14.8m of refunds in 2013/14. Officers are still working to estimate the impact of appeals, but in reality the picture will only become clearer when actual trends are monitored in year.

44. Adult social care demand pressures, plus the impact of changes in health i.e. the Right First Time programme and reductions in Continuing Health Care (CHC) funding, are presenting significant challenges on delivering the Communities portfolio budget in 2013/14. As a result of these pressures, the portfolio's forecast outturn position is an overspend of around £12.6m in 2013/14.

45. In Children Young People & Families portfolio, the key area to highlight is the changes to the Criminal Justice System for children on remand which came into effect from April 2013, with a possible impact of £700k built in as a pressure, but the exact impact is very uncertain. The £700k pressures are currently covered by efficiency savings that still have to be firmed up. There is no clarity on any funding from Central Government for this new burden.

Digital Region

46. Following the recent announcement that Digital Region will be closed down, the Council will be required to cover the cost of their share of the estimated closure costs including the potential claw back of the ERDF funding of £27m given for the original investment in the project. The Digital Region Project Group has been tasked to minimise all costs of closure through negotiation over the next 12 months however the Councils share of the maximum estimated closure costs have been provided for in the 2011/12 accounts.

Capital Receipts & Capital Programme

47. Failure to meet significant year on year capital receipts targets due to depressed market and reduced Right-to-Buys, resulting in potential over-programming / delay / cancellation of capital schemes.

Pension Fund

48. Bodies whose Pension liability is backed by the Council are likely to find the cost of the scheme a significant burden in the current economic context. If they become insolvent the resulting liability may involve significant cost to the Council.

Electric Works

49. The running costs of the business centre are not covered by rental and other income streams. The approved business plan set aside contingency monies to cover potential deficits in its early years of operation. However, there remains a risk that the occupancy of units within Electric Works might be slower (lower) than that assumed within the business case, such that the call on the contingency is greater (earlier) than planned. A report on the future of Electric Works will be brought to Members in 2013.

Contract Spend

50. The high and increasing proportion of Council budgets that are committed to major contracts impairs the Council's flexibility to reduce costs or reshape services. This is exacerbated by the fact that in general these contracts carry year-on-year inflation clauses based on RPIx which will not be available to the Council's main funding streams, e.g. Council Tax, RSG and locally retained Business Rates.

Economic Climate

51. There is potential for current adverse economic conditions to result in increased costs (e.g. increased homelessness cases) or reduced revenues. The Council seeks to maintain adequate financial reserves to mitigate the impact of unforeseen circumstances.

NHS Funding Issues

52. There are significant interfaces between NHS and Council services in both adults' and children's social care. The Council has prioritised these services in the budget process, but savings have nevertheless had to be found. Working in partnership with colleagues in the Health Service, efforts have been made to mitigate the impact of these savings on both sides. However, on-going work is required now to deliver these savings in a way that both minimises impacts on patients and customers and minimises financial risks to the NHS and the Council.

53. The Council is participating in the Right First Time (RFT) programme with the Clinical Commissioning Group (CCG) and Hospital Trust. This programme aims to shift pressures and resources from the hospital to

community settings over the longer term, which should assist the Council in managing adult social care pressures. However, there are short-term pressures from the programme changes that are adding costs to the Council.

Housing Regeneration

54. There is a risk to delivering the full scope of major schemes such as Parkhill and SWaN because of the severe downturn in the housing market. This could result in schemes 'stalling', leading to increased costs of holding the sites involved, and in the case of SWaN, potential exposure to termination payments. In addition, the ending of the Housing Market Renewal programme has caused funding pressure on the Council's capital programme, e.g. on site clearance work and in enabling further phases of commenced demolition schemes.

Trading Standards

55. There is a low risk that it is not possible to recover outstanding contributions from the other South Yorkshire Authorities. However, negotiations are in the final stages and there is an expectation that an agreement will be reached.

External Funding

56. The Council makes use of a number of grant regimes, central government and European. Delivering the projects that these grants fund involves an element of risk of grant claw back where agreed outputs are not delivered. Strong project management and financial controls are required.

Education Funding

57. In 2013/14 25 academy conversions are anticipated (20 primary / 5 secondary), of which 4 primary schools have already converted.

58. Academies are entitled to receive a proportion of the Council's central education support services budgets. Based on projected academy conversions it is estimated that:

    - up to £1.75 million of DSG funding will be given to academies to fund support services.
    - up to £3.25 million will be deducted from the Council's allocation of Education Services Grant (ESG), and given to academies.

59. If an academy is a sponsored conversion then the Council will have to bear the cost of any closing deficit balance that remains in the Council's

accounts. It is estimated that this may be up to £750k based on current projected academy conversions during 2013/14.

60. Where new independent schools (free schools) or Academies are set up and attract pupils from current maintained PFI schools, then the funding base available to pay for a fixed long term PFI contract would reduce, leaving the Council with a larger affordability gap to fund. There are also further potential risks if a school becoming an academy is a PFI school, as it is still unclear how the assets and liabilities would be transferred to the new academy and whether the Council could be left with residual PFI liabilities.

Treasury Management

61. The on-going sovereign-debt crisis is subjecting the Council to significant counterparty and interest rate risk. Counterparty risk arises where we have cash exposure to banks and financial institutions who may default on their obligations to repay to us sums invested. There is also a real risk that the Eurozone crisis could impact upon the UK's recovery, which in turn could lead to higher borrowing costs for the nation.

62. The Council is mitigating counterparty risk through a prudent investment strategy, placing the majority of surplus cash in AAA highly liquid and diversified funds. On-going monitoring of borrowing rates and forecasts will be used to manage our interest-rate exposure.

Welfare Reforms

63. The government is proposing changes to the Welfare system, phased in over the next few years, which will have a profound effect on council taxpayers and council house tenants in particular. The cumulative impact of these changes will be significant. Changes include:

- Abolition of council tax benefit – replaced by a local scheme with effect from April 2013 which is cash limited and subject to a 10% reduction from previous levels. The Council approved a replacement scheme, including a hardship fund in January 2013, but there are risks to council tax collection levels and pressures on the hardship fund.

- Housing Benefit changes – with effect from April 2013 social housing tenants have seen their benefits cut if they are considered to have a spare bedroom, thereby impacting on their ability to pay rent.

- Introduction of universal credit – from October 2013 administered by DWP. Along with the impact of reducing amounts to individuals and the financial issues that might cause, the biggest potential impact of this change is the impact on the HRA and the collection of rent. This benefit is currently paid direct to the HRA; in future this will be paid direct to individuals. This will potentially increase the cost of collection and rent arrears. There will also be an impact on the current contract with Capita and internal client teams.

Housing Revenue Account (HRA)

64. There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. As well as the introduction of Universal Credit, outlined in the risk above, the main identified risks to the HRA are:

- Interest rates: fluctuations in the future levels of interest rates have always been recognised as a risk to the HRA, and;
- Repairs and Maintenance: existing and emerging risks within the revenue repairs budget include unexpected increased demand (for example due to adverse weather conditions).

CAPITAL PROGRAMME MONITORING 2013/14 – AS AT 31ST AUGUST 2013

Summary

65. The final report on the spend against the capital programme identified a problem in projects not being delivered according to the planned timescales and spending therefore being 40% under the budgeted level. Since then a significant amount of work has been undertaken by the Director of Capital and Major Projects in conjunction with the finance team and those project managers who are responsible for delivery and forecasting in order to review the causes of this and to recommend changes to ensure better delivery of project and better forecasting.

66. Monitoring and control of the capital programme is more complex than revenue which is a simpler under/over spend forecast against an annual budget often with a consistent rate of spend e.g. salary costs. Capital is project based spending that can span one or more years and is subject to genuine changes and delays (slippage) as well as under or over spends. There are three aspects of programme monitoring:

- projects are approved and entered to the capital programme to be delivered;
- budget profiles are entered to the finance system over one or more years: this should mirror the planned delivery of the project; and

- each month forecasts against this budget are entered to the system as well as actual spend being incurred.

67. Two main problems can occur in monitoring against the programme. Firstly, Project Managers do not properly profile the budget over the year or between years: often a significant and unrealistic proportion is left as month 12 and this does not therefore properly reflect planned delivery of project. Secondly, accurate forecasts are not entered to the system. Both of these problems are apparent in SCC and the Director has identified that a significant training and compliance exercise is required to ensure that Project Managers comply with our project management standards. As at August (month 5) some improvements are evident but further work is needed. A more centralised approach to project management is also being recommended in order to improve delivery and this will take some time to implement.

68. It is important to note that these problems are not about a lack of control on costs or problems of overspending – they are about better advanced warning of the likely spend and delivery against planned project milestones.

69. There has been some improvement in the quality of both budget profiles and forecasts. Firstly the budget for the Capital Programme in 2014/15 has reduced from £187.9m to a more realistic £158.3m as a result of project managers reviewing the current and likely future pace of progress of each scheme. Secondly, the Outturn forecast against this budget has been revised to £130m i.e. showing £28m (18%) of potential slippage against this budget. This shows a better forecast than the Month 4 position (which was £57m below budget) and reflects an improvement in the accuracy of the Budget profile.

70. Analysis of the revised forecasts shows that whilst considerable progress has been made, potentially further reductions in both the Budget and forecast may be required. Further work will now be undertaken and by Month 7 it is likely that forecast spend will be closer to £100m than £130m. The basis for this assertion is:

- The actual spend at the end of Month 5 was £35m which is £17m (one third) below budget; and

- The forecast capital spend for 2013/14 at £130m is £ £15.2m above that delivered in 2012/13 but the current rate of spend is below that seen last year particularly as some large programmes such as BSF are coming to an end.

71. The Director of Capital and Major Projects and the Finance team will continue to challenge unrealistic project managers' forecasts and the necessary adjustments will be brought forward for approval in future reports.

72. In this report, Appendix 1 contains slippage requests of £1m and reductions of almost £6m where the budget provision is no longer required due to delivering projects at lower than forecast cost. These changes are part of the improved profiles being brought forward by some project managers. If approved by Cabinet this will further reduce the projected spend against budget by £7m. The monthly approval process and the Cabinet Member for Finance's delegated authority to approve slippage, will enable the Approved Programme to be adjusted quickly once project managers have produced a revised spend profile.

73. The continuing review work aims to re-state the Capital Programme at a level which is realistic and deliverable. The work undertaken to date has three workstreams:

- The monthly monitoring routine validating new and existing project spending;
- A review of the management and control of the physical delivery of projects which is being undertaken by the Director of Capital and Major Projects. This will recommend organisational or best practice changes necessary to correct the management control weaknesses which led to the 2012/13 delivery problems; and
- A review of the Corporate Resource Pool which is used to fund projects which do not qualify for specific central government or other external funding.

Financials 2012/13

Portfolio	Spend to date £000	Budget to Date £000	Variance £000	Full Year forecast £000	Full Year Budget £000	Full Year Variance £000
CYPF	7,676	11,412	(3,736)	32,605	47,353	(14,748)
Place	6,801	13,711	(6,910)	34,158	38,830	(4,672)
Housing	16,762	23,436	(6,674)	47,046	53,204	(6,158)
Communities	322	402	(80)	2,532	2,979	(447)
Resources	3,636	3,244	392	13,883	15,918	(2,035)
Grand Total	**35,197**	**52,205**	**(17,008)**	**130,222**	**158,284**	**(28,061)**

Commentary

Children, Young People and Families Programme

74. CYPF capital expenditure is £3.7m (33%) below the profiled budget for the year to date and forecast to be £13m (29%) below the programme by the year end for the reasons set out in the table below.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	0	-1,003
Operational delays in projects due to planning, design or changes in specification	-237	0
Revised profile for Building Schools for the Future programme	-1,423	-403
Incorrect budget profiles	-50	0
No forecast entered by project managers	0	-103
Projects submitted for Approval	0	-12,126
Other variances	-2,026	-1,113
	-3,736	-14,748
Spend rate per day	72.4	128.4
Required rate to achieve Outturn	168.4	
Rate of change to achieve forecast	132.6%	

75. The £14.7m forecast variance consists primarily of projects identified with unrealistic budgets as part of the review referred to above:

- £7.1m due to re-profiling on the BSF Wave 4 programme now that the latest estimated outturn figures from the LEP (Local Education Partnership) have been incorporated;

- £5m is a proposed budget reduction variation in from this budget due to a change in strategy that will provide the additional places through the proposed new schools in the Lower Don Valley area. £1m forecast slippage on the Additional Secondary Pupil Places scheme.

- Once the current adjustment submissions are approved, the variance in CYPF will be below £3m.

Place Programme

76. The Place portfolio programme (excluding Housing) is £6.9m (50%) below the profiled budget for the year to date and forecast to be £4.7m (14%) below the programme by the year end for the reasons set out in the table below.

77. The main reason for both the year to date (£6.9) and forecast variance (£4.7m) relates to the New Retail Quarter CPO acquisitions. This project is currently under review whilst the options for taking the development forward are evaluated.   The capital allocation is being retained within the programme as a contingency until the funding requirement of the new strategy has been developed.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	-416	0
No forecast entered by project managers	0	-5,864
Projects submitted for Approval	106	896
Overstatement of budgets		
Other variances	-6,600	296
	-6,910	-4,672
Spend rate per day	64.2	134.5
Required rate to achieve Outturn	184.8	
Rate of change to achieve forecast	188.1%	

78. The Place programme continues to expand as schemes are conceived, particularly in the Transport programme.

Housing Programme (Place Portfolio)

79. The Housing capital programme is £6.7m (28%) below the profiled budget for the year to date and forecast to be £6.2m (12%) below the programme by the year end for the reasons set out in the table below.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	-9,019	0
Operational delays in projects due to planning, design or changes in specification	-98	0
No forecast entered by project managers	0	-255
Projects submitted for Approval	-4,745	-5,820
Home Improvement grants held on behalf of other local authorities	302	-675
Items under investigation		
Underspending on project estimates	-79	0
Other variances	6,965	592
	-6,674	-6,158
Spend rate per day	158.1	185.2
Required rate to achieve Outturn	204.6	
Rate of change to achieve forecast	29.4%	

80. The budget has been reduced from last month by £23.5m following a review of the programme and slipping this spend into future years. The remaining forecast variance is a proposed workload reduction of £5.8m of which £4.9m relates to work no longer required on Housing Revenue Account (HRA) projects. This adjustment has been submitted to Cabinet for approval.

81. Once approved, the variance on the Housing programme should be £1 – 2m below budget and reflects the considerable effort to re profile the programme.

Communities

82. The year to date spend on the Communities portfolio capital programme is £80k (20%) below the profiled budget and the forecast £447k (15%) below budget. The Outturn forecast variance against budget relates to

slippage or a reduction in the anticipated cost of the new Parson Cross library (£129k) which is currently the subject of an approval request. The change is directly as a result of challenge through the monthly monitoring process.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	0	-232
Projects submitted for Approval	0	-185
Other variances	-80	-30
	-80	-447
Spend rate per day	3.0	10.0
Required rate to achieve Outturn	14.9	
Rate of change to achieve forecast	391.4%	

Resources

83. The year to date spend is £392k (12%) below the programme and forecast to be £2m (13%) below the approved budget for the whole year. £700k of the variance against budget for the full year relates to under spending on the Asset Enhancement programme where projects are being delivered below budgeted cost. Appendix 1 contains an approval request to reduce the authority for this scheme.

84. The programme has been reviewed and adjusted to an achievable level. This programme contains a significant element of reactive or contingent budget to cope with sudden mechanical plant or structure failures e.g. boiler replacement, electrical faults etc. so still shows a significant increase in the rate of spend as these events tend to occur in the coming winter months.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	0	-505
Operational delays in projects due to planning, design or changes in specification	-59	0
No forecast entered by project managers	0	135
Underspending on project estimates	0	-210
Other variances	451	-1,455
	392	-2,035
Spend rate per day	34.3	54.7
Required rate to achieve Outturn	69.2	
Rate of change to achieve forecast	101.8%	

Approvals

85. A number of schemes have been submitted for approval in line with the Council's agreed capital approval process. Below is a summary of the number and total value of schemes in each approval category.

- 9 additions to the capital programme with a total value of £4.4m;
- 14 variations to the capital programme creating a net decrease of £5.6m;
- 1 slippage request with a total value of £965k;
- 3 Procurement Strategies with a total value of £4.1m.

86. Further details of the schemes listed above can be found in Appendix 1. There were no Emergency Approvals exercised by officers under delegated powers to note.

Implications of this Report

Financial implications

87. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2013/14 and, as such it does not make any recommendations which have additional financial implications for the City Council.

Equal opportunities implications

88. There are no specific equal opportunity implications arising from the recommendations in this report.

Property implications

89. Although this report deals, in part, with the Capital Programme, it does not, in itself, contain any property implications, nor are there any arising from the recommendations in this report.

Recommendations

90. Members are asked to:

    (a) Note the updated information and management actions provided by this report on the 2013/14 budget position.

    (b) In relation to the Capital Programme Member are recommended to:

        (i) approve the proposed variations and slippage in Appendix 1 including the procurement strategies and delegations of authority to the Director of Commercial Services or his nominated officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;

        (ii) approve the acceptance of the grants in Appendix 2 and to note the condition and obligations attached to them; and to note

        (iii) the latest position on the Capital Programme including the current level of delivery and forecasting performance; and.

        (iv) the variations to approved project spend exercised by EMT and the appropriate Cabinet Member under delegated powers.

Reasons for Recommendations

91. To formally record changes to the Revenue Budget and the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.

Alternative options considered

92. A number of alternative courses of action are considered as part of the process undertaken by Officers before decisions are recommended to Members. The recommendations made to Members represent what Officers believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme.

Eugene Walker
Director of Finance

Scheme Description	Approval Type	Value £000	Procurement Route
GREAT PLACE TO LIVE			
Highways			
Penistone Road Pinch Point The A61 is the main strategic route travelling north from Sheffield towards Barnsley and the M1. At present extensive queues build up throughout most of the day especially at four key junctions which are now struggling to cope with conflicting turning movements. The mains aims of this scheme are to:- • Reduce congestion and improve journey times for all traffic • Improve access to strategic regeneration areas supporting future regeneration opportunities • Contribute to improved reliability and quality of bus operations • To assist the city in achieving its carbon reduction and air quality targets The total scheme cost is £5.1m on which a successful bid to the Department for Transport (DfT) has secured funding of £3.1m. Sainsbury's are contributing £1.2m towards highway improvements under a Section 278 agreement but will be procuring and delivering their elements of the works themselves. Further funding of 0.9m will be from the 2014/15 LTP allocation. Under the terms of the DfT grant, there may be funding risks to SCC should the Sainsbury's element of the scheme underspend, this is outlined in detail in Appendix 2 of the CPG report.	Addition	3,900	Schedule 7 of the contract to deliver the "Streets Ahead" programme

Parking Enforcement Equipment This project is for the purchase of 40 handheld devices to be used by Parking Services to improve the speed and efficiency of issuing of penalty charge notices (£102k) and one roof mounted camera that will fitted to an existing Parking Services vehicle (£38k). A successful bid to the Safety Camera Partnership secured £40k which is being currently held by SYITA and the remainder of the funding (£102k) is via LTP. The annual support costs for the handhelds are £4k which is similar to the figure already budgeted within in the TTAPS budget for existing equipment. Any additional running costs of the camera enforcement vehicle will be funded from additional penalty notices issued.	Addition	142	Waiver of Standing Orders through Systems Engineering Assessment Ltd (SEA) and in-house provider (Capita)
Accident Saving Schemes This project is part of the Road Safety block of the SY Integrated Transport Plan and its aim is to reduce personal injury accidents by implementing road safety measures at sites with the highest injury collision rates in the city. Works carried out under the scheme include updating the citywide accident savings priority list and the design of new schemes identified from the list. It also includes the installation of SID's (speed indication devices) which to maximise their effect, are periodically moved around the city. There are currently 23 SID's in the programme. The project has approved slippage of £41k and approval is being sought to increase the scheme by £109k funded from the 2013 / 14 LTP allocation to enable these works to continue.	Variation	109	
HGV Routing Strategy This project is essentially to encourage larger vehicles to use the most appropriate routes and implementing local interventions to assist.	Variation	95.5	Schedule 7 of the contract to deliver the "Streets Ahead"

Approval is being sought to increase the value of the scheme by £95.5k from the 2013/14 LTP funding allocation. This will result on overall funding of £107k for 2013/14. The increase funding will provide the following:- 1. Increase functionality of Parkmap (database of Parking/Waiting restriction) to include moving orders. (£30k) 2. Proposal to reclassify Routes. (£3k) 3. Undertake studies of HGV issues, design and consult on proposal, implement scheme in Mayfield Valley, Attercliffe, Twentywell Lane, quarry traffic and City Wide issues including re-classifying routes (£35k) 4. Bocking Lane Works (£30k)			programme In-house provide for design Waiver for Parkmap
Chaucer School Wordsworth Avenue This project is part of the Road Safety block of the SY Integrated Transport Plan and is to deliver traffic calming measures on Wordsworth Avenue by Chaucer School by March 2014. Approval is being sought to increase the value of the scheme by £130k from the approved 2013/14 LTP allocation. The increased funding will be used to complete the implementation of the scheme in the area by way of building speed cushions, signing and parking restrictions.	Cabinet Member Variation	130	N/A
Attercliffe HGV Signing This project is being funded by monies received from the former Sheffield Development Corporation.	Addition	19	Schedule 7 of the contract to deliver the “Streets Ahead” programme

The scope of the project is to provide a system of advisory signs located on the main approaches to the centre of Attercliffe aimed at directing HGV's on to other routes following a city wide review of HGV routing. A total of six signs will be installed with the removal of 4 existing signs.			
Key Bus Route, Sheffield to Woodhouse The key bus route project is part of the 'Public Transport Measures block (SY Integrated Transport Plan) delivering a combination of traffic management schemes and bus stop improvements, funded by LSFT (Local Sustainable Transport Fund). The project has been re-profiled to reflect a realistic project delivery with feasibility, consultation and design being carried out in 2013/14 and construction in late 2013/14. Approval is being sought to slip £965k into 2014/15.	Slippage	965	n/a
Homes			
Arbourthorne 5Ms Refurbishment This variation is to draw down additional resources of £47,466 to this project as agreed by HRA Board on 14th June 2013. 1x Housing Officer Posts - £23,733, 1x Estate Officer Post – £23, 733, Total – £47,466. The general housing management tasks will include rehousing of customers, support with rehousing and will include site visits to ensure that the site is safe and secure for those customers still in situ.	EMT Variation	47	N/A
Long Term Empty's Purchase and Repair (Commissioned) The scheme is was approved by Cabinet 10tth April 2013 and aims to bring 31 homes previously empty for more than 6 months back into use to reduce the housing shortage in the city. The Council will be able to claim New Homes Bonus reward form the government.	EMT Variation	109	Existing Contract

An opportunity has arisen to refurbish 3 additional bungalows to increase the property's brought back into use to 34 The Regeneration Team are working with Adult Social Care Services in order to provide affordable accommodation for 3 people who are currently housed out of the city with high levels of care needs. The variation will be funded by: £50k from the HCA £34k from the Housing Capital Block Allocation £25k form the HRA Invest to Save Budget			
Block Allocation HRA funding This variation is to reduce the block allocation by the amounts below to the following schemes • £47k to fund fees for Arbourthorne 5M • £34k for fees for Long Term Empties	EMT Variation	(81)	N/A
Parks			
Chelsea Park Improvements This project will deliver a new footpath link in Chelsea Park from the Brincliffe Edge Road entrance to the playground in addition to installing additional seating in the park In line with the Green and Open Spaces Strategy, this project will contribute towards providing good quality local recreation space and address the factors that limit their use by local communities. Specifically, the project will address issues identified in the Jan 2013 Sheffield Standard assessment: "further development of path network to improve all weather access" & "aim to standardise street furniture (bins & benches) on	Addition	19	In house providers (Playgrounds team). Procurement strategy not required due to the value of the project

replacement to make upkeep simpler." Consultation has been carried out by Nether Edge Neighbourhood Group and Parks and Countryside, which highlighted the new footpath link and seating as priorities for improvement in the park. The project is fully funded by S106 funding.			
INFRASTRUCTURE :-			
Abbeydale Industrial Hamlet – Structural Defects This project will carry out major repair work to the dam wall adjacent to Abbeydale Industrial Hamlet, which is required urgently to arrest leaking and prevent further damage. Failure to carry out the repairs to stem the flow of escaping water could result in the total collapse of the dam wall and the potential collapse and loss of the buildings. The scope will include the temporary removal of marine life along with the water and will provide a pond liner as agreed with English Heritage. Maintaining heritage buildings is a substantial technical challenge and this work follows on from previous work in 2003 where a different leak was plugged. The project will be funded by £153.5k from the capital block allocation for Emergency Risk Mitigation (using approved Corporate Resource Pool funding slipped into 2013/14) and a £2k revenue contribution to capital from the Minor Works budget	Addition	156	Single stage Tender using YOR-Civils Framework
Emergency Risk Mitigation (Block Allocation) Variation to use the remaining balance of funding on this block allocation to part fund the Abbeydale Industrial Hamlet – Structural Defects project above.	Variation	(154)	N/A
Asset Enhancement Programme (five projects)	Variation	(731.5)	n/a

There are five projects within the Asset Enhancement Programme funded by prudential borrowing to be repaid by Capital Receipts on disposal. The 2013/14 budgets for each project has been reassessed and revised by the sponsor and have been collectively reduced by £731.5k. The reductions are due to efficiency savings on the external design costs and KAPS costs, use of internal design and no master-planning work required.			
SUCCESSFUL CHILDREN & YOUNG PEOPLE :-			
Primary School Expansions – (4 schemes) The following approvals are to cover the initial feasibility and scope of works at the specific locations listed below. This sum does not include any provision for the construction of the recommended solution. A further approval will be brought for this amount once the cost has been estimated Continued monitoring of future pupil place demand has identified a need for 650 places in the areas listed below. This approval will authorise the feasibility and design works to provide solutions to meet these requirements to fulfil the Council's statutory duty to provide sufficient suitable pupil places. The £30k cost is indicative for each site and may be varied between sites within the total estimate of £120k Funding is to be drawn from DfE Basic Need grant allocation.			In house providers (Capital Delivery Service) - feasibility & design stage only
- **Greystones Expansion**	Addition	30	(see above)
- **Hallam Reconfiguration**	Addition	30	(see above)

- **New Primary – North East 3**	Addition	30	(see above)
- **Wybourn Expansion**	Addition	30	(see above)
Basic Need – Population Growth Phase 2 Variation on this block allocation to fund the feasibility and design stage of the above four primary school projects.	Variation	(120)	N/A
BSF Programme Following a review of the demand for additional secondary school places it is proposed to provide the additional school places in the Lower Don Valley area using the targeted Basic Need Funding programme monies.	Variation	(5,000)	
PROCUREMENT STRATEGY			
Castle Markets Decommissioning The initial project was first approved by Cabinet in October 2012, when it was stated that a detailed plan would be worked up for the procurement. This work has now been done and it has been decided to request approval for a two stage tender process in which contractors are to be invited to express an interest and six will be subsequently selected utilising the City Council's approved list of Contractors on Constructionline and by an evaluation process of a completed pre-qualification questionnaire (PQQ). The Procurement Strategy will cover £2.97m of the total project budget of £4.4m, with £2.1m specifically related to main contractor fees, £200k for fees and £600k for client costs.	Procurement Strategy	2,970	Two stage Tender Process

Path Resurfacing Programme This is as scheme for the renovation of paths and vehicular access roads not covered under the Highways PFI contract, across multiple sites at the city's cemeteries and crematoria. The scheme has an approved, slipped remaining budget of £204k. The work is essential to provide safe walking routes and reduce the risk of personal injury (and subsequent claims against the Council). The project is based on a prioritised list of 12 sites, to be agreed upon, subject to surveys, by Service Managers within the relevant service areas. The procurement route going forward will use the YORcivil framework (to select from a range of pre-qualified suppliers), using a mini tender process.	Procurement Strategy	204	YORcivil framework
Balfour House Decent Homes Sheltered Scheme Refurbishment This Project is for the conversion of 12 bedsits into 6 one-bedroom flats, the refurbishment of the existing warden's accommodation and guest room, as well as the communal kitchen, toilets and laundry room. This work is located in the first block of the scheme. In the second block work will include the refurbishment of a further 22 one bedroom flats including some minor remodelling to the existing bathrooms to make them larger and more user friendly. The scope of work to all properties includes new kitchens, replaces the bathrooms with level access shower rooms, full re-wires, renewal of heat metering and new hot water provision through the installation of heat plates as well undertaking work to communal facilities in line with building regulations such as improvements to fire detection and emergency lighting systems where required. The project also includes the renewal of the existing passenger lift located in the first block which provides access to the second floor and the bridge link (walkway) which connects to the second block at ground level only. The existing walkway is to have an extension built on top of the existing, to create a second floor to enable full access to the second block. This additional walkway will provide full access from the new lift to	Procurement Strategy	896	competitive tender

the second floor of the second block which currently only accessible by two flights of stairs. The new lift will provide access to the second walkway. This work will form part of a new CAF submission when the project has been fully planned. The budget, £895,919, for the project is split between two cost centres, Balfour regeneration Project £875k and, Adaptations £98,825 which are funded by the HRA. Both these projects have been previously approved			

Grant Awarding Body	**Name of the Grant**	**Project to be funded by the Grant**	**Conditions and Obligations**	**Value £000**
Department for Transport (DfT)	Local Pinch Point Funding	93116 Penistone Road Pinch Point	Main Conditions to fulfil ○ The Grant may only be used for capital expenditure - signed declaration from Internal Audit to be provided as confirmation ○ Ministers reserve the right to reconsider the funding decision if there are "significant" changes to the scheme or scope ○ Any savings on total scheme cost to be shared with DfT proportional to their funding of scheme (59%) ○ Quarterly Monitoring reports to the DfT ○ DfT publicity requirements to be met Clawback • Failure to comply with any of the grant conditions may result in the grant being reduced, suspended, withheld or repaid. Risks • The DfT funding offer is based on total project spend of £5.131M of which £1.2M is to be incurred by Sainsbury's. The associated risks are as follows: a) An excellent relationship will be required with	3,031

			Sainsbury's to ensure they provide evidence of their expenditure on the scheme in a format to meet DfT requirements. b) Should Sainsbury's underspend on their element of the works it is possible that this will reduce the overall cost of the scheme and by extension the funding made available from DfT leading to a potential underfunding of the project.	
Homes and Communities Agency (HCA)	Long Term Empties Funding	Long Term Empties Purchase & Repair	Additional funding up to £930k has been verbally offered to SCC as an extension to a previously approved funding agreement for £570k. Written confirmation, in the form of an e-mail only, has been received from HCA of an offer of £50k of this £930k. A full contract variation will only be provided when SCC confirm the value of all eligible projects. There are extensive references to claw back in the grant agreement. This can be triggered by: - In the event that a tenant exercised a “Right to Buy” on a property improved by the grant, the council will be obliged to repay a proportion of the funding capped at £17,366 per property. - Demolition of the properties - Failure to acquire/improve the required number of properties	50

			- Failure to meet monitoring, record retention Risks • Risk of claw back if any of conditions above apply. • No formal offer of additional funding yet received	

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