REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 31 JULY 2014

Purpose of the Report

1. This report provides the Month 4 monitoring statement on the City Council's Revenue Budget and Capital Programme for July. The first section covers Revenue Budget Monitoring and the Capital Programmes are reported from paragraph 67.

Revenue Budget Monitoring

Summary

2. At month 3 the overall Council position was for a potential overspend of £11.4m. This largely reflected areas where action is intended to be taken to implement corrective action but where the forecasts of managers do not yet reflect this. The position at month 4 shows an improvement of around £2.9m on the previous month, with a forecast potential overspend of £8.5m to the year end. This is summarised in the table below.

Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 3
CYPF	71,482	71,151	331	⇔
COMMUNITIES	161,033	155,877	5,156	⇩
PLACE	163,671	161,118	2,553	⇩
POLICY, PERFORMANCE & COMMUNICATION	2,702	2,601	101	⇔
RESOURCES	83,112	82,510	602	⇩
CORPORATE	(473,519)	(473,258)	(261)	⇔
GRAND TOTAL	**8,481**	**-**	**8,481**	⇩

3. In terms of the main variations since month 3 these are due to the following:

   - Place are forecasting an improvement of £1.6m, mainly due to additional forecast income as well as forecast cost reductions in staffing through vacancy management, contracts and local growth funded projects within Regeneration & Development Services.
   - Communities are forecasting an improvement of £713k which has arisen across most services, primarily in Care & Support due to planned action to accelerate existing strategies in Adults Purchasing, implementing the Learning Disability supported living framework in September and a continuing reduction in take-up of the Local

Assistance Scheme, offset by further shortfalls in service user contributions.

- Resources are forecasting an improvement of £566k, mainly due to the temporary use of the Invest to Save reserve to fund ICT pressures in BCIS and Customer Services which has been agreed since Month 3, pending the outcome of Capita Sourcing Strategy proposals.

Individual Portfolio Positions

Children Young People And Families (CYPF)

Summary

4. As at month 4 the Portfolio is forecasting a full year outturn of an overspend of £331k on cash limit (shown in the table below), and the position on DSG is a forecast reduction in spend of £588k. The key reasons for the forecast outturn position are:

   - **Business Strategy:** £99k forecast reduction in spending due mainly to a reduced level of pump priming of £120k for Vulnerable Groups with activity now being picked up by schools and anticipated additional Education Services Grant (ESG) income of £200k due to timing of the Academy conversion programme. This reduction in spend is partly offset by a forecast £90k overspend on Bus Passes due to demand increase and a £60k pressure as a result of redundancy costs relating to the reorganisation of the music service.
   - **Children and Families:** £627k forecast overspend, £213k overspend in Management and Business Support due to delay in the Business Support MER, £151k overspend in Legal Fees (based on previous year's trends), £130k net overspend (following some mitigation) on Fieldwork Service areas and Permanence and Throughcare mainly due to difficulties in achieving vacancy monitoring targets and £419k overspend in Adoption due to additional placements particularly via Special Guardianship Orders and Inter Agency. These overspends are being partially offset by a reduction in spend of £244k on Early Years as a result of the effective integration of Early Years and the Multi Agency Support Team including an appropriate commissioning strategy for external contracts. The service is continuing to review activities and funding streams to find mitigating action to offset the remaining overspend.

- **Inclusion and Learning Services:** £196k forecast reduction in spend, made up of £78k in Access and Pupil Services and £50k in Inclusion and Learning services due to vacancies.
- **DSG Budgets:** Overall a £588k reduction in spend made up of a £800k reduction in spend in Business Strategy overall due mainly to £872k reduction in spending on 2 Year Old FEL, as a result of numbers being lower than anticipated, and an anticipated overspend of £252k in Inclusion and Learning overall, made up of overspends of £773k in Banded Funding and £188k Independent Placements due to demand pressures, partially offset by reductions in spend on In City SEN Provision £596k and £90k access and pupil services.

Financials (Non – DSG activity)

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 3
BUSINESS STRATEGY	(2,477)	(2,378)	(99)	⇔
CHILDREN & FAMILIES	61,629	61,002	627	⇔
INCLUSION & LEARNING SERVICES	2,486	2,682	(196)	⇩
LIFELONG LEARN, SKILL & COMMUN	9,844	9,845	(1)	⇔
GRAND TOTAL	**71,482**	**71,151**	**331**	⇔

Commentary

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

Non DSG Budgets

6. As at month 4 the Portfolio is forecasting a full year outturn of an overspend of £331k on cash limit, an improvement of £74k compared with last month's position.

Business Strategy

7. As at month 4, Business Strategy is forecasting a reduction in spend of £99k (shown in the table above) relating to cash limit. This is an adverse movement of £74k from the previous month. The adverse movement this month is mainly due to the aforementioned £60k pressure as a result of redundancy costs relating to the reorganisation of the music service.

Children & Families

8. As at month 4, Children and Families is forecasting a £626k overspend (shown in the table above) relating to cash limit. The position is broadly in line with that reported at Month 3. The service is continuing to work with Finance to closely monitor the high risk budgets such as Placements.

Inclusion & Learning Services

9. As at month 4 the Service is forecasting a £196k reduction in spend, an improvement of £156k on last month's position due to staffing vacancies in Access and Pupil services and Inclusion and Learning services.

DSG Budgets

10. The month 4 position is a £588k reduction in spending, which is an improvement of £559k from the month 3 position. The main reason for this is a review of the commitment against the 2 Year Old FEL expenditure based on the first quarter activity of £651k. This is partially offset by increased volume in SEN placements of £110k.

Place

Summary

11. As at month 4 the Portfolio is forecasting a £2.6m overspend, an improvement of £1.6m from the month 3 position. The key reasons for the forecast outturn position are:

    - **Business Strategy & Regulation:** £1.3m forecast overspend largely due to risks associated with contract negotiations to deliver the full £3.3m waste management savings in the 2013/14 and 2014/15 Budgets.
    - **Capital & Major Projects:** £877k forecast overspend due to income and cost pressures within markets of £500k and commercial property £300k.
    - **Regeneration & Development Services:** £324k forecast overspend due to shortfalls in planned contract savings.

12. All directors continue to review current spending plans to prepare options to further reduce the overspend which will be reported in the Month 5 forecast.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 3
BUSINESS STRATEGY & REGULATION	29,713	28,381	1,332	⇧
CAPITAL & MAJOR PROJECTS	1,137	260	877	⇩
CREATIVE SHEFFIELD	2,620	2,685	(65)	⇔
CULTURE & ENVIRONMENT	44,377	44,429	(52)	⇩
MARKETING SHEFFIELD	916	777	139	⇔
PLACE PUBLIC HEALTH	(1)	0	(1)	⇔
REGENERATION & DEVELOPMENT SER	84,909	84,585	324	⇩
GRAND TOTAL	**163,671**	**161,118**	**2,553**	⇩

Commentary

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

Business Strategy & Regulation

14. The forecast for this activity is an overspend of £1.3m, an adverse movement of £250k this period. This reflects an assumed £1.1m risk around securing agreement with the Contractor to deliver the full £3.3m waste management savings included within the 2013/14 and 2014/15 budget plans. Other cost pressures have largely been mitigated to date, through one-off savings / additional income including the finalisation of the prior year sale of heat income due to the council. However, risks remain around underlying waste volumes and additional costs associated with diversion of waste should further maintenance be required on the Energy Recovery Facility.

15. Work is progressing on developing further the range of options for negotiation with the contractor with a view to implementation by October. Should there be slippage on this timescale this may result in a further adverse movement.

Capital & Major Projects

16. The forecast for this activity is an overspend of £877k, an improvement this period of £172k. The improvement largely arises from an £137k increase in forecast income within the commercial estate activity.

17. There may be further risk here if more market traders leave once the full rents are demanded. The business model for the market is under review as is the balance between rent and service charges to traders.

Culture & Environment

18. The forecast for this activity is a reduction in spending of £52k, an improvement of £551k this period. The improvement largely reflects

recognition of planned actions being progressed within SIV to address a previously forecast £0.5m pressure arising from difficult trading conditions. The Director continues to work closely with SIV to ensure that these plans are progressed and the risk is mitigated.

Regeneration & Development Services

19. The forecast for this activity is an overspend of £324k, an improvement of £1m this period. The improvement arises from additional forecast income within the City Development and Sustainable City activities of £400k and forecast cost reductions in staffing through vacancy management £400k, contracts £100k and local growth funded projects £100k.

20. A key strand of the 2014/15 business plan was to deliver £4.2m reductions in contract spend on the Sheffield City Region Local Transport Body (SCRLTB) levy and Streets Ahead Programme. Whilst savings of £2.9m have been secured on the SCRLTB levy, only £100k are included in the forecast for Streets Ahead Programme at this stage. Based on the work done to date, it is unlikely that any significant savings will be delivered this year. However, the current £1.2m shortfall is reduced by around £900k of one-off performance / milestone related cost reductions to leave a net forecast shortfall of £400k. Mitigation of this shortfall will be dependent on continuing shortfalls in contractor performance.

Communities

Summary

21. As at month 4 the Portfolio is forecasting a full year outturn of £5.2m overspend. The key reasons for the forecast outturn position are:

- **Business Strategy:** Overspend of £188k. Executive & Portfolio-wide Services shows £162k overspend. This is mainly due to the savings target for the Leadership Structure being held here – at Month 4 the actual savings are distributed across the Portfolio. Budget virements for Month 5 reporting will reset budgets and eliminate the savings target. Planning and Performance Services forecast a reduction in pay spend of £77k and Quality and Safeguarding Services report a forecast £103k overspend as a result of additional spend on Deprivation of Liberty (DoLs) cases driven by implementation of revised legislation.
- **Care and Support:** An overspend of £4.7m is currently forecast due to ongoing pressures and issues in Adult Social Care primarily

relating to care purchasing budgets. These budgets are currently the focus of recovery action led by the Adult Social Care Savings Board, overseeing several initiatives to contain the overall cost of care purchasing. Significant improvements have been made in the Adults Service care purchasing which is forecasting a reduction in spend of £445k by year-end. However this is offset by a further £618k reduction in service user income which is currently forecasting a total shortfall of £1.6m due to numbers of contributing service users falling more significantly than anticipated. Also significant overspends are forecast within the Learning Disabilities Service (currently standing at £4.9m overspent) relating to care purchasing and in-house care provision.

- **Commissioning:** Reporting a forecast overspend of £296k due mainly to cost pressures in the Adult Mental Health Partnership budgets, specifically an increase in Pension liabilities and an agreed share of Sheffield Health & Social Care Trust's (SHSCT) unachieved savings dating back to 2013/14. A joint plan is being implemented to mitigate these unachieved savings. Forecast overspends on pay in Social Care Commissioning Services are more than offset by reduced spending in Housing Commissioning Services, specifically reduction in spend on Housing Related Support contracts and over-recovery of income received from collection of water rates from Housing tenants.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 3
BUSINESS STRATEGY	4,035	3,847	188	⇩
CARE AND SUPPORT	116,167	111,447	4,720	⇩
COMMISSIONING	32,293	31,996	296	⇔
COMMUNITY SERVICES	8,539	8,587	(47)	⇩
GRAND TOTAL	**161,033**	**155,877**	**5,156**	⇩

Commentary

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

Business Strategy

23. An improvement of £203k mainly due to the elimination of Portfolio-wide Business Support savings targets through transfer in of Portfolio-wide BS budgets.

Care and Support

24. An improvement of £306k due to a continuing reduction in take-up of the Local Assistance Scheme of £174k, planned action to accelerate existing strategies in Adults Purchasing of £445k, implementing the LD supported living framework in September (£338k), offset by further shortfalls in service user contributions £618k.

Community Services

25. An improvement of £210k as a result of a review of Library Service's financial risk related to the achievement of the savings target. This is mainly due to a number of VER / VS leavers who are leaving ahead of the MER implementation date.

Resources

Summary

26. As at month 4 the Portfolio is forecasting a full year outturn of an overspend of £602k, an improvement of £566k from the month 3 position. The key reasons for the forecast outturn position are:

    - **Commercial Services (savings):** £317k overspend due to reduced forecast income from cashable procurement savings, in particular £135k from British Gas.
    - **Legal Services:** £102k overspend in Legal Services owing to the under recovery of fee-earning income.

27. The Resources Leadership Team have identified actions to mitigate the forecast overspend and these will be reflected in the month 5 forecast.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 3
BUSINESS CHANGE & INFORMATION SOLUTIONS	416	363	53	⇩
COMMERCIAL SERVICES	838	866	(28)	⇔
COMMERCIAL SERVICES (SAVINGS)	(1,134)	(1,451)	317	⇧
CUSTOMER SERVICES	3,179	3,158	21	⇩
FINANCE	5,432	5,441	(9)	⇔
HUMAN RESOURCES	3,568	3,649	(81)	⇔
LEGAL SERVICES	3,499	3,397	102	⇔
RESOURCES MANAGEMENT & PLANNING	184	205	(21)	⇔
TRANSPORT AND FACILITIES MGT	41,399	41,329	70	⇩
TOTAL	57,381	56,957	424	⇩
CENTRAL COSTS	24,976	24,826	150	⇔
HOUSING BENEFIT	755	727	28	⇔
GRAND TOTAL	**83,112**	**82,510**	**602**	⇩

Commentary

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

Customer Services

29. A forecast £21k overspend. This is an improvement of £344k from the previous month, which is due to the temporary use of the Invest to Save reserve to fund ICT pressures which has been agreed since Month 3, pending the outcome of Capita Sourcing Strategy proposals.

Commercial Services (Savings)

30. A forecast £317k overspend. This is an adverse movement of £135k from the previous month, which is due to a reconciliation payment received from British Gas being £135k lower than expected.

Transport & Facilities Management

31. A forecast £70k overspend. This is an improvement of £149k from the previous month.

32. The improvement this month is due to:

- £144k improvement on Burngreave New Deal as a result of a transfer of income from Place.
- £40k improvement on Asset Management.
- £70k improvement on Utilities as a result of realigning budgets from Community Buildings.

- £80k improvement on Transport Fleet Passenger Services as a result of an increase in income from self-hires.

Policy, Performance and Communications

Summary

33. As at month 4 the Portfolio is forecasting a full year outturn of an overspend of £101k, an improvement of £10k from the month 3 position. The key reasons for the forecast outturn position are:

- £85k overspend in Communications mainly due to employee costs.
- £22k overspend in CEX office due to LGYH costs.
- £48k overspend in Electoral registration due to the costs of canvas staff and IT support costs.

Offset by:

- £36k reduction in spend in Business Support due to salary costs & training expenditure.
- £25k reduction in spend in Policy and Improvement is due to £27k overspend in supplies & services.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 3
ACCOUNTABLE BODY ORGANISATIONS	0	0	0	⇔
POLICY, PERFORMANCE & COMMUNICATION	2,837	2,736	101	⇔
PUBLIC HEALTH	(135)	(135)	0	⇔
GRAND TOTAL	**2,702**	**2,601**	**101**	⇔

Corporate items

Summary

34. The month 4 forecast position for Corporate budgets is a £261k reduction in spend, which is broadly unchanged from the month 3 position. The key reason for the forecast outturn position is a reduction in spend of £210k on capital financing costs.

35. 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 the review of enhancements and the budgeted saving from improved sundry debt collection.
- **Corporate income:** Revenue Support Grant, locally retained business rates and Council tax income, some specific grant income and contributions to/from reserves.

Financials

	FY Outturn £'000	FY Budget £'000	FY Variance £'000
Corporate Budget Items	71,527	71,737	-210
Savings Proposals	-1,550	-1,550	0
Income from Council Tax, RSG, NNDR, other grants and reserves	-543,497	-543,445	-52
Total Corporate Budgets	**-473,519**	**-473,258**	**-261**

Collection Fund - 2014/15 - Quarter 1

Introduction

36. Following the implementation of the Government's Business Rates Retention Scheme on 1 April 2013, steps have been taken to monitor the Collection Fund more closely however the overall position is subject to change due to the impact of national austerity measures on Business Rates income and the impact of the introduction of the local Council Tax Support (CTS) Scheme on Council Tax collection rates.

37. There have also been a variety of challenges accurately forecasting the collection fund in 2014/15 to date; some of these are new issues, some longer term. These include, in brief, difficulty in capturing information around changes to appeals and CTS, challenges in reconciling Capita reports to each other and therefore OEO and difficulties over the formatting of reports. Officers are working with Capita to resolve these issues. The figures that follow therefore need to be caveated by the above.

Summary

38. In 2014/15 approximately £271m of our expenditure is forecast to be financed directly through locally collected taxation, out of a total of £456m. This taxation is initially collected by the Council and credited to

the Collection Fund. The Government receives 50% of the business rates collected (the "Central Share") and uses this to finance grant allocations to local authorities. The Fire Authority receives 1% of Business Rates collected and the Council retain the remaining 49% as below:

Income Stream	2014/15 Budget £m	Amounts Collected in First Quarter £m	Forecast Year End Position £m	Forecast Year End Surplus £m
Council Tax	-164.38	-47.38	-165.91	-1.53
Business Rates Locally Retained	-103.35	-32.20	-104.77	-1.41
	-267.73	-79.58	-270.68	-2.94
RSG/Business Rates Top Up Grant	-185.80	-46.45	-185.80	0.00
TOTAL	**-453.53**	**-126.03**	**-456.48**	**-2.94**

39. As at the end of quarter 1 the collection fund is forecasting a £1.5m year-end surplus on Council Tax primarily due to student exemptions showing a £0.9m reduction in spend against budget and an increase in properties since the tax base was set (£0.4m).

40. As at the end of quarter 1 the collection fund is forecasting a £1.4m year-end surplus on locally retained Business Rates primarily due to Empty Property relief showing a significant reduction in spend. This is partly due to a prudent budget position on empty properties and partly as a result of a reduction in Compulsory Purchase Order properties owned by the Council.

41. However, due to the volatility in several areas of the fund, these surpluses should not be assumed to be available for use in 2015/16.

Business Rates

42. The following table shows in more detail the elements involved in the determination of the business rate position. This examines the current position and then compares the resultant year end forecast with the 2014/15 budget for business rates income.

Collection Fund - Business Rates	Budget 2014/15 £m	Year to Date £m	Forecast Year End Position £m	Variance £m
Gross Business Rates income yield	-249.96	-250.65	-249.74	0.22
-Additional yield from small business supplement	-5.12	-5.17	-5.17	-0.05
	-255.08	-255.82	-254.91	0.17
LESS Estimated Reliefs	36.89	30.71	33.83	-3.06
Losses and Cost of Collection	2.24	0.98	2.24	0.00
Losses on Appeals re Current Year Bills	5.03	0.66	5.03	0.00
Net Collectable Business rates	**-210.93**	**-223.48**	**-213.81**	**-2.88**
Appropriation of net business rates:				
1% SY Fire Authority	-2.11	-2.23	-2.14	-0.03
50% Government	-105.46	-111.74	-106.91	-1.44
49% Sheffield City Council	-103.35	-109.50	-104.77	-1.41
Additional SCC Income from Government:				
Section 31 Grant Income	-4.20	-3.80	-4.28	-0.09
Enterprise Zone retained income	-0.06	0.00	0.00	0.06
Cost of collection allowance	-0.78	-0.78	-0.78	0.00
Total SCC Appropriations	**-108.38**	**-114.08**	**-109.83**	**-1.44**

Gross Rate Yield

43. The Gross Rate Yield (GRY) represents the Rateable Value of the City multiplied by the Business Rates Multiplier. This is a measure of the total business rates billed in the city before taking account of reliefs, discounts and other adjustments.

44. The rateable value of the city is broadly forecast to be in line with budget. More detailed cross-portfolio work is now being done to forecast business rates going forward.

Reliefs and Discounts

	Budget 2014/15 £m	Year to Date Quarter 1 £m	Forecast Year-End Outturn £m	Variance £m
Small Business Rates Relief	5.06	5.16	5.70	0.64
Mandatory Charity Relief	18.98	17.69	18.20	-0.78
Discretionary Relief	0.51	0.19	0.70	0.19
Empty Property / Statutory Exemption	9.79	7.20	7.70	-2.09
Partly Occupied Premises Relief	1.34	0.18	0.33	-1.01
New discretionary reliefs	1.20	0.29	1.20	0.00
	36.89	**30.71**	**33.83**	**-3.06**

45. Most reliefs and discounts are awarded in full at the point of billing at the start of the year. The total level of reliefs awarded in the first quarter amounts to £30.7m which is below the £36.9m assumed in the budget.

Reliefs are forecast to rise to £33.8m by the end of the year, still £3m under budget.

46. There is a high degree of volatility in empty property reliefs. A prudent position was established during budget setting due to the potential for businesses to manipulate this relief. To date, year-end forecasts are £2.6m below budget leaving us in a potentially beneficial position. For year end this has been reduced to £2.1m. Part of this forecast reduction is due to a decline in Compulsory Purchase Order properties owned by the Council as they revert back to Hammerson's ownership.

47. The level of reliefs and discounts awarded can be affected by economic conditions, court rulings and businesses' behaviour and will be closely monitored throughout the remainder of the year.

Appeals

48. Appeals are notoriously difficult to forecast due to the lack of available information. The way that appeals are applied and then recognised in the system is significantly undermining the collection fund monitoring framework. If refunds due to appeals were always paid in cash to tax payers at the point of award, then the system would be straight forward. However, the system of refunds is more complicated and refunds due to appeal are awarded through a variety of means.

49. The 2014/15 Council budget anticipates £5m of refunds in year resulting from appeals. This is based on historical trend analysis. So far in year the Council have paid out £0.7m refunds as a result of appeals but this has been forecast to the full £5m by year end whilst detailed analysis alongside the VOA is ongoing.

50. There is also a prudent provision of £13.6m carried forward into 2014/15. This should cover the back dated element of any appeals refunds in 2014/15 or later years which relate to 2013/14 income or earlier. The Business Rates Retention Scheme brought with it a requirement to account for these back dated appeals.

Collection Rates

51. The Net Collectable Debit (NCD) is the Gross Rate Yield less any discounts and reliefs applied. The amount of Business Rates collected at the end of quarter one stands at £65.7m, of which £32.2m is the Council's share. This represents a collection rate of 29.9% of the Net Collectable Debt. This is comparable to previous year's figures so we are well placed to achieve budgeted levels of collection.

Losses in Collection

52. Write offs to date amount to £0.2m. This is forecast to increase to £1.5m which will bring us in line with the budgeted figure for Losses in Collection. We will be able to forecast this more accurately as the year progresses but avoidance remains a significant risk to business rates income. This is in addition to the £0.8m cost of collection calculated by the government.

Overall Forecast Outturn for Business Rates

53. Bringing together the elements identified above results in an improvement of £1.4m compared to budget. If this position materialises it would result in an additional surplus to the £1.3m SCC surplus already carried forward from 2013/14 on the Collection Fund so £2.7m would be available for use in 2015/16. However, given the inherent uncertainty around appeals and reliefs, no assumptions should be made at this stage about availability of resources in 2015/16.

Council Tax

54. Council Tax is being monitored closely by the Revenues and Benefits team. This monitoring involves analysis of the discounts and exemptions, movements on the tax base and collection rates. Deductions for elements such as student exemptions can swing the year end forecast significantly from month to month.

55. The number of student exemptions currently awarded is around 1500 below the prudent level assumed in the budget. This means there is the potential for more council tax income to be collected. It is anticipated that the number of exemptions granted will increase to similar levels to previous years due to student numbers increasing throughout the remainder of the year but this will remain under the number budgeted for in the tax base.

Collection Rates

56. Council Tax collected to quarter one of this financial year stands at £55.0m of which £47.4m is the Councils share. This represents a collection rate of 26.8%. This is slightly down on the same point last year due to issues with Council Tax Support collection and related bailiff costs. Recovery policy is being reviewed in light of this.

Overall Forecast Outturn for Council Tax

57. The forecast shows that outturn will be a £1.5m surplus compared to budget. If this position materialises it would result in an additional surplus to the £2m SCC surplus already carried forward from 2013/14 on

the Collection Fund so £3.5m would be available for use in 2015/16. However, given the uncertainty around Council Tax Support no assumptions should be made at this stage about availability of resources in 2015/16.

New Homes Bonus Fund

58. The position on the New Homes Bonus Fund is as follows:

		£m
Income	Reserves as at 1/04/14	-5.1
	2014/15 NHB Grant Received	-1.9
	14/15 Anticipated NHB Grant	-4.5
	Total Income	-11.5
Expenditure	2014/15 Spend to date at Month 4	1.1
	Forecast to Year End	4.3
	Future Years' Commitments	1.9
	Total Expenditure	7.3
	Funds Available for Investment	**-4.2**

59. The majority of the spend this period had been invested in completing the cycle path between Park Square and Norfolk Park. This project is expected to encourage the development of housing along the route.

60. If the anticipated New Homes Bonus arrives this year there will be £4.2m of funds available for investment in other projects.

Housing Revenue Account

61. The HRA Business Plan is based on the principle of ensuring that investment and services required for council housing is met by income raised in the HRA.

62. The 2014/15 budget is based on an assumed in year surplus of £6.9m which is to be used to fund the HRA capital investment programme. In accordance with the HRA's financial strategy any further in- year revenue surplus / savings generated by the account will be used to provide further funding for the future HRA capital investment programme.

63. As at month 4 the full year forecast outturn is a predicted £2.5m overall improvement from budget. As such, funding for the capital investment

programme will be revised from £6.9m to £9.4m (shown in the table below) and this will be factored into the planned update of the Business Plan and capital investment programme later in the year.

64. The areas contributing to the improvement are a forecast reduction of £283k in capital financing costs due to a small reduction in the interest rate, lower than budgeted for bad debt provision mainly resulting from revised predictions of year-end debt bandings (£228k) and a saving of £401k on repairs. The main area of saving is a forecast £1.2m overall reduction in running costs primarily due to staff vacancies and lower than expected recharges to the HRA budget. A forecast improvement from budget of £224k in relation to rental income and £176k of other income is predicted at this stage.

65. During the latter part of 2014/15 there may be a need to spend on IT equipment and systems in relation to reshaping the Housing service. Once firmer timescales and costs are known these will be factored into budget and outturn forecasts later in the year.

HOUSING REVENUE ACCOUNT (EXC COMMUNITY HEATING)	FY Outturn £000's *	FY Budget £000's *	FY Variance £000's *	Movement from Month 3
1.RENTAL INCOME	(149,894)	(149,670)	(224)	⇔
2.OTHER INCOME	(4,894)	(4,718)	(176)	⇑
3.FINANCING & DEPRECIATION	52,528	52,811	(283)	⇔
4.OTHER CHARGES	5,543	5,771	(228)	⇔
5.REPAIRS	36,597	36,998	(401)	⇑
6.TENANT SERVICES	50,712	51,883	(1,171)	⇓
7.CONT TO CAPITAL PROG	9,408	6,925	2,483	⇑

*subject to roundings

Community Heating

66. The budgeted position for Community Heating is a draw down from Community Heating reserves of £348k. As at month 4 the forecast position is a draw down from reserves of £469k resulting in an increase in expenditure of £121k. This is a movement of £50k from last month mainly due to higher than expected gas bills and other revised forecasts. The table below summarises the position as at month 4.

COMMUNITY HEATING	FY Outturn £000's *	FY Budget £000's *	FY Variance £000's *	Movement from Month 3
INCOME	(3,285)	(3,440)	155	⇔
EXPENDITURE	3,754	3,788	(34)	⇓
Total	**469**	**348**	**121**	⇓

CAPITAL PROGRAMME MONITORING

Summary

67. At the end of July 2014, the end of year position forecasts a variance of £9.1m (4%) below the approved Capital Programme. There have been significant changes to the Schools and Housing programmes as a few key projects have slipped behind schedule and the reasons are discussed below.

68. The forecast is now in line with the Year to Date position which shows spending to be £9.5m below the approved programme profile. The Highways and Housing programmes are, respectively, over 30% and 48% below budget.

69. Of the £9.5m Year to date variance, £5.7m (60%) is identified as being caused by operational delays where delivery has fallen behind the original project plan due to planning, design, procurement or scope changes. These represent genuine variations to the plan and show that project managers are pro- actively monitoring and forecasting project delivery. Only £1.5m (16%) is due to “incorrect budget profiles” and project managers are working on revising the profiles.

70. Finance and the Capital Delivery Service are working together to review financial results, relate this to physical progress in order to gain an informed understanding of capital delivery performance and in doing so identify areas for improvement e.g. contractor performance appears to be a recurring theme in the explanation of variances this month. This may reflect the increasing buoyancy in the construction sector where contractors can be more selective in bidding for work. This has implications for the future programme as prices are expected to rise.

71. The degree of participation in forecasting and reporting financial progress is improving (now at just under 93%) but more remains to be done on the quality of forecasting. There is still a propensity to park expenditure in Period 12 rather than input a profile which mirrors the physical project plan. This shows the degree of competence in current project management, most of which is done in service. The Place portfolio has started to split commissioning from project management and is looking to transfer project management staff into the CDS so that all project management is done by a dedicated group where best practice can be developed and easily shared.

72. So the reconstruction work is not yet complete but significant progress has been made and this can be shown by the respective positions over the last three years at Month 4:

Total	Spend to date at Month 4 £m	Budget to Date at Month 4 £m	Variance from Budget at Month 4 %	Full Year Forecast £m	Full Year Budget £m	Forecast Full Year Variance %	Actual Full Year Outturn £m	% of Month 4 Forecast Delivered %
2012-13	34.3	50.4	-32%	185.8	210.8	-12%	115.6	55%
2013-14	24.8	40.9	-39%	130.8	187.9	-30%	116.5	62%
2014-15	21.8	31.3	-30%	213.8	222.9	-4%	*152.0*	*68%*

Note: *2014-15 Outturn figures are a Finance forecast of the likely outturn*

Financials 2014/15

All figures reported in £000

<u>Portfolio</u>	**Spend to date £000**	**Budget to Date £000**	**Variance £000**	**Full Year forecast £000**	**Full Year Budget £000**	**Full Year Variance £000**
CYPF	8,171	9,089	(918)	34,621	43,001	(8,379)
Place	2,840	3,852	(1,012)	51,392	52,066	(675)
Housing	4,654	8,929	(4,275)	49,480	56,900	(7,420)
Highways	4,344	6,202	(1,857)	33,651	25,954	7,697
Communities	456	1,308	(852)	1,934	2,123	(190)
Resources	1,319	1,946	(627)	9,834	10,014	(179)
Corporate	-	-	-	32,883	32,883	-
Grand Total	**21,785**	**31,327**	**(9,542)**	**213,794**	**222,941**	**(9,146)**

Capital Programme

	2014-15 £m	2015-16 £m	Future £m	Total £m
Month 3 Approved Budget	198.0	155.3	314.5	667.9
Additions	24.8	0.1	0.0	24.9
Variations	0.1	0.0	0.0	0.1
Month 4 Approved Budget	222.9	155.4	314.5	692.9

73. The major addition to the programme since the Month 3 Budget is the New Retail Quarter project to purchase land and buildings in the city centre to facilitate the key strategic project of regenerating the city's retail and office accommodation.

Children, Young People and Families Programme

74. CYPF capital expenditure is £0.9m (10%) below the profiled budget for the year to date and forecast to be £8.4m (19%) 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	-7,235
Operational delays in projects due to planning, design or changes in specification	-202	0
Revised Budget profile required	-252	0
No forecast entered by project managers		33
Projects submitted for Approval	0	-252
Underspending on project estimates	-303	-754
Other variances	-161	-171
	-918	-8,379
Spend rate per day	97.3	136.8
Required rate to achieve Forecast	156.5	
Rate of change to achieve Forecast:		
- compared to budget profile	63.7%	
- compared to year to date spend	60.9%	

75. The main causes of the year to date variance are delays in the completion of Longley and Stocksbridge schools as a result of contractor performance which means works will be completed later than required, delays in spend on the school meals programme and in the Primary Maintenance Programme which includes some of the projects in the process of being re-profiled and re-programmed.

76. The forecast variance for the year includes a £5.5m re-profiled delivery on the schools expansion programme, which reflects the time that it has taken to identify, and consult on, proposals for additional capacity It is expected that the necessary places should still be available in time for the relevant academic year's intake.

77. Further delays in expenditure have occurred on Gleadless Primary rebuild (£1.1m) where the client is considering revised design proposals from the contractor to meet the target cost and £575k slippage on the Fire Risk Assessment programme where the work has had to be retendered because the initial submissions did not meet the quality threshold.

Place Programme

78. The Place portfolio programme (excluding Housing and Highways) is £1.0m (26% - double last month position) below the profiled budget for the year to date and forecast to be £675k (1%) 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
Operational delays in projects due to planning, design or changes in specification	-698	0
No forecast entered by project managers	0	-379
Revised Budget profile required	-190	193
Other variances	-124	-489
	-1,012	-675
Spend rate per day	33.8	203.1
Required rate to achieve Forecast	287.3	
Rate of change to achieve Forecast:		
- compared to budget profile	569.5%	
- compared to year to date spend	749.7%	

79. The Year to date variance arises on £577k of reduced spend on three Asset Enhancement schemes which is as a result of the planned enhancement costs being less than originally anticipated and a delay to the remedial works on the River Porterbrook due to the scale of survey work exceeding the planning permission.

80. The Porterbrook slippage is expected to be recovered by year-end.

Transport & Highways Programme

81. The Transport & Highways programme is £1.9m (30%) below the profiled budget for the year to date and forecast to be £7.7m (30%) above 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**
Operational delays in projects due to planning, design or changes in specification	-245	0
No forecast entered by project managers	0	0
Revised Budget profile required	-1,086	
Projects submitted for Approval		2,968
Overspending on project estimates	-19	4,707
Other variances	-507	21
	-1,857	7,697

Spend rate per day	51.7	133.0
Required rate to achieve Forecast	173.4	
Rate of change to achieve Forecast:		
- compared to budget profile	79.3%	
- compared to year to date spend	235.3%	

82. The Year to date position shows a substantial underspend. The key reasons for this are:

- £700k lower than profiled spend on Penistone Road Pinch Points which relates to a later timing of the forecast commuted sum and the re-profile has been submitted for approval.
- £520k underspend on Sheffield – Woodhouse Key Bus Route which is the subject of an approval submission to reduce the overall budget by £724k reflecting an initial over estimation of project costs.

83. The forecast Outturn position shows a considerable increase over the approved programme because of a projected overspend on the Bus Rapid Transit North scheme (£4.8m). This is due to significant delays on the scheme arising from the need to divert an unidentified sewer main and significant levels of land that is contaminated by asbestos and requires specialist removal. Management attention is currently focussed on devising solutions to minimise the overall delay which is causing part of the cost increase whilst reviewing opportunities for reducing scheme costs. Simultaneously the Council is examining its contractual positions to see if any of the increased costs can be recovered. However, the service needs to develop an effective mitigation plan to cover the potential overspend.

84. A further £2.9m of projects have been included in the forecast and are submitted for approval as project managers attempt to reflect the physical programme in their budget submissions.

Housing Programme

85. The Housing capital programme is £4.3m (46%) below the profiled budget for the year to date and forecast to be £7.4m (13%) 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	-239	0
Operational delays in projects due to planning, design or changes in specification	-3,814	-3,633
Revised Budget profile required		
Projects submitted for Approval	-190	-4,050
Underspending on project estimates	-81	0
Other variances	49	262
	-4,275	-7,420
Spend rate per day	55.4	195.6
Required rate to achieve Forecast	265.2	
Rate of change to achieve forecast:		
- compared to budget profile	306.5%	
- compared to year to date spend	378.7%	

86. The Year To Date position shows a £4.3m underspend. The key reasons for this are:

- £953k – Obsolete Heating / Heating Breakdowns – delay in award of contracts.
- £704k Council Housing Environmental Programme. Contractor has not yet commenced work, expected to start in April.
- £560k District Heating Metering – delays due to contractor performance.
- £310k – Adaptations – Project slipped behind original delivery programme for a variety of minor delays.

87. The forecast for the year has been reduced by £1.3m from the previous month. The key reasons for this are reduced forecasts of expenditure on Obsolete Heating, Heating Breakdowns and District Heat Metering.

88. The largest variance is due to schemes submitted for revised approvals. This includes new schemes to be added to the programme such as £1.9m to acquire new Council Homes, offset by reductions in the Flat Roofing contract and Heating Programmes.

89. The Roofing contract has been delayed following a re-appraisal of the proposed scheme. Housing Services believe that an alternative specification using more durable materials could result in future maintenance savings. Progress with the project has been put on hold pending evaluation of this option. It is estimated that £6.56m will slip from 2014/15 into future years as result of this change. The project is progressing on other workstreams including leaseholder consultation.

90. The Heating Programme works are behind schedule due to contractor performance which has necessitated the production of a revised work programme. It is hoped the contractor will provide this in September to allow for an accurate re-profiling of the works.

Communities

91. The year to date spend on the Communities portfolio capital programme is £0.9m (65%) below the profiled budget and the forecast is £190k (9%) below budget.

Cause of Change on Budget	**Year to Date £000**	**Full Year Forecast £000**
Operational delays in projects due to planning, design or changes in specification	-495	0
No forecast entered by project managers	0	-155
Other variances	-357	-34
	-852	-190
Spend rate per day	5.4	7.6
Required rate to achieve Forecast	8.7	
Rate of change to achieve Forecast:		
- compared to budget profile	-29.4%	
- compared to year to date spend	61.2%	

92. The main element of the Communities programme is an IT system to deliver mobile working for care assessment staff. The scope of the project is currently being redefined with the IT contractor and is

expected to be recovered by the end of the year. A re-profiled budget which reflects the new project plan will be submitted in due course.

93. The forecast variance has halved from last month but most of the remaining variance arises from incomplete forecasts input from project managers.

Resources

94. The year to date spend is £627k (32%) below the programme and forecast to be £179k (2%) below the approved budget for the whole year.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Operational delays in projects due to planning, design or changes in specification	-274	0
No forecast entered by project managers	0	-100
Projects submitted for Approval	-75	0
Other variances	-278	-79
	-627	-179
Spend rate per day	15.7	38.9
Required rate to achieve Forecast	50.4	
Rate of change to achieve forecast:		
- compared to budget profile	141.1%	
- compared to year to date spend	220.7%	

95. Four projects account for over 50% of the shortfall to date. These are: Abbeydale Industrial Hamlet watermill (£98k) where having drained the dam, the extent of the work required to plug the leak is far more extensive than envisaged and alternative solutions have had to be developed which has delayed the completion of the works, £110k delay on the Pathway resurfacing programme where the condition survey has not been completed and is being reprogrammed, £75k on the Wincobank Community centre which is on hold subject to agreement as to how to proceed given that the costs of the retendered reduced scope scheme still exceed the spending authority and £66k slippage on the Fire Risk Assessment project.

Approvals

96. A number of schemes have been submitted for approval in line with the Council's agreed capital approval process.

97. Below is a summary of the number and total value of schemes in each approval category:

- 4 additions to the capital programme with a total value of £17.5m.
- 6 variations to the capital programme creating a net reduction of £7.5m.
- No slippage requests.
- 2 contract awards with a total value of £0.04m.
- No emergency approvals.
- 2 director variations with a total value of £30k.

98. Further details of the schemes listed above can be found in Appendix 1.

Implications of this Report

Financial implications

99. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2014/15 and, as such it does not make any recommendations which have additional financial implications for the City Council.

Equal opportunities implications

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

Legal implications

101. There are no specific legal implications arising from the recommendations in this report.

Property implications

102. 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

103. Members are asked to:

(a) Note the updated information and management actions provided by this report on the 2014/15 Revenue budget position;

(b) In relation to the Capital Programme, Members are asked to:

(i) Approve the proposed variations and slippage in Appendix 1 within its delegated authority;

(ii) Submit the report for approval at Cabinet, noting that Cabinet will approve

- The proposed additions to the capital programme listed in Appendix 1, including the procurement strategies and delegations of authority to the Director of Commercial Services or nominated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;
- The proposed variations and slippage in Appendix 1;
- The acceptance of the grants in Appendix 2 and to note the conditions and obligations attached to them;

and note;

- The latest position on the Capital Programme including the current level of delivery and forecasting performance; and
- The exercise of delegated authority to vary approved amounts by directors of service.

Reasons for Recommendations

104. 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

105. 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.

Andrew Eckford
Interim Director of Finance

Scheme Description	Approval Type	Value £000	Procurement Route
GREAT PLACE TO LIVE			
Highways			
Streets Ahead Complementary Works The project is to carry out highway works not included in the Streets Ahead projects but which are required to comply with highway legislation especially road safety. Works will be undertaken at various locations across the city and wherever possible link with the Streets Ahead Programme. Example works include signing and lining and the installation of pedestrian guard rails. One area identified is Charter Square with the installation of guard rails at an approximate cost of £10k. The remainder of the funding will be spent in areas identified from advice taken from AMEY / TTAPS during the Streets Ahead pre-work inspections. The project is being funded from LTP allocation which must be spent within 2014/15.	Addition	30	Schedule 7 Streets Ahead
Homes			
New Build Council Housing Phase 1 This submission is for an addition of £7.475m to the Housing Capital Programme to build 57 new homes funded by the Housing Revenue Account. The project is part of a wider Stock Increase Programme that aims to deliver around	Addition	7,475	Competitive tender submitted this month

<table>
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<td>600 additional council homes by 2020. The other projects in the programme are covered by separate business cases:
• Sheffield Housing Company Acquisitions (BU 97550)
• LTEs Purchase and Repair (BU 97429)
• Council Housing Acquisitions Project (BU 97551)

The programme was approved by Cabinet on 19 February 2014 and governance will be through the HRA Homes Board. The HRA Business Plan Board has approved the outline business case.

In line with the HRA Business Plan, the New Build project aims to deliver 90 new homes, with at least 45 of those to be completed by March 2016. Phase 1 of three HRA sites has been proposed to meet this deadline.

Phase 1 is currently projected to deliver 57 homes by March 2016, subject to further detailed design work to finally establish site capacity.

Phase 1 of the Project includes the following sites:
• Ouse Road, Darnall (36 homes, site valuation £300k)
• Scotia Drive, Manor (18 homes, site valuation £160k)
• Westfield Crescent, Mosborough (3 homes, site valuation £120k)

The New Build Project received Gateway 2 approval at SPCIG (Strategic Property & Capital investment Group) on 20 May 2014, Gateway 3 approval was given at the HRA Homes Board on 18 August. A funding mix of HRA borrowing and up to 30% ring-fenced RTB 1-4-1 Receipts is proposed.

The project is requesting approval of a budget of £7.475m to be funded from £2.242m of 1-4-1 Right to Buy receipts(government funding given based on a calculation of the</td>
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types and numbers of council homes sold by the authority, to use at a maximum rate of 30% of a projects funding on new build or replacement council homes that can only be spent for this purpose) to the value of and £5.232m from Housing Revenue Account Depreciation. The guiding financial principle for the Stock Increase Programme is that any individual Acquisitions or schemes should be self-financing. That is, they should have the capacity, through the rental income they generate, to break even within the 30 year Planning horizon of the HRA Business Plan. The average build cost of each home is £131k and will Provide predominately larger sized houses (e.g. 4+ bedrooms).			
Block Allocation – Housing Retained Budgets To fund the project above	Variation	-7,475	N/A
Spital Hill This variation is to include £30k of funding from a future New Homes Bonus allocation for Manor Top, increasing the overall budget for Spital Hill to £330k. This scheme is to deliver a facelift to the front elevation on 82 independent businesses, complementing the public realm works currently being carried out by SCC to the street scene and local green spaces. The extra £30k will not produce more outputs but is required to meet the increased cost due to the exceptionally poor state of the buildings, and additional storeys which have required more scaffolding.	EMT Variation	30	Competitive tender
COMPETITIVE CITY:-			
Don Valley Stadium Site Remediation The Council resolved to close the Don Valley Stadium (DVS) as part of the 2012-13 Budget saving £700k per year and has already funded the demolition of the stadium	Addition	6,194	Consultants: YORconsult; professional

and site feasibility works. The cleared site is contaminated from the time it was used for heavy manufacturing which has left a toxic legacy along with mine workings, historic watercourse and sewers. This project will reclaim 7.6 hectares of land including approximately 4 to 4.8 hectares (10-12 acres) available for immediate development. This will improve the attractiveness of a key access route into the City of Sheffield and create a high quality and safe environment. It will increase the value of the land and is seen as a key component in the strategy to create the appropriate environment for Attercliffe to be redeveloped. The main project works include:- • Remove of ground contamination • Removal of ground obstructions • Land re-profiling • Installation of stone capping layer, topsoil and seeding • Purchase of an adjacent property to create a contiguous site The project costs are being funded as follows:- 000's ERDF 2,322 Corporate Resource Pool 2,000 New Homes Bonus 1,872 6,194			consultants appointed via CDS Delivery Partner Framework Construction: YORcivils
Grey to Green The Grey to Green scheme proposes to transform the public realm area of the Castlegate / Riverside Business District area of the City and improve links from the City Centre. The proposal is to transform 0.512km of redundant road surface and infrastructure into	Addition	3,790	YORCivils

a new linear public space incorporating sustainable drainage, rain gardens, walking and cycling routes. The project is expected to provide an improved level of connectivity and facilities for those living and working in the area as well as attracting new inward investment to the City. The proposed landscape solutions will provide a sustainable solution for drainage helping to mitigate flood risk from surface water. The total project cost is £3.8m and the proposed funding is as follows:- ERDF 1,426 SCRIF 1,639 LSTF 500 NHB 225 (design for the next stage of the project) 3,790 The SCRIF and LSTF contributions are subject to approval by the Sheffield City Region Combined Authority. The decision is expected in October. In the event that the SCRIF bid is not approved, the council will utilise its New Homes Bonus to make good shortfall. A further approval to accept the SCRIF funding may be required once the detailed conditions of the grant are known.			
SUCCESSFUL CHILDREN & YOUNG PEOPLE :-			
Schools Access Initiative This project is an ongoing one, having an annual review and budget provision agreed by the CYPF Capital Commissioning Group, which supports the continuing provision of specialist equipment to assist in improving pupil access within schools. The	Variation	94	N/A

expenditure is controlled by challenge from a dedicated officer who assesses and reviews the specific needs across all Sheffield schools. This variation seeks to add £94k of funding from the 2014/15 Department of Education Capital Maintenance Grant, to bring the total funded expenditure level for the year 2014/15 to £100k.			
Capital Maintenance Block Allocation: decrease to fund the 2014/15 allocation described above.	Variation	-94	N/A
Owler Brook Primary School This project will extend and transform the Owler Brook Primary School site by raising standards through creating outstanding purpose-built, eco-friendly classrooms and facilities. The project was originally funded from a DfE (Department for Education) Standards Fund for £3,673k. The £72k (2%) variation is to be funded from the DfE Basic Need block allocation and will pay for additional sensory classroom costs associated with the expansion. The additional work is being done as a PFI (Private Finance Initiative) additional request/service which follows the original procurement route.	Variation (EMT)	72	N/A
Basic Need Block Allocation: decrease to fund additional works as above.	Variation (EMT)	-72	N/A

PROCUREMENT STRATEGIES			
SUCCESSFUL CHILDREN & YOUNG PEOPLE			
Fire Risk Assessment Programme 14/15 This project provides for the required fire prevention works, including automatic fire alarm detection, emergency lighting, fire doors and fire barrier upgrades to 4 Primary schools (Shooters Grove, Malin Bridge, Woodseats and Acres Hill), following recommendations received from Fire Risk Assessments. The works will ensure that the schools are compliant with the Fire Safety Regulations and can continue in full operation. This approval submission seeks authority for a change in the Procurement Strategy to one of competitive tender, following an unsuccessful YORBuild process of tendering using general building contractors, as all the potential contractors returned valid tender submissions, but failed to meet the required quality criteria.	Change of Procurement Strategy	-	Change of Procurement Strategy only: from YORBuild to Competitive Tender to match revised Procurement Strategy.
Adaptations – Provision of Stair Lifts This project is for the design, manufacture and installation of straight or curved Stair lifts to a variety of properties, including taking measurements, surveying, design in accordance with the performance specification, manufacture of bespoke units and installation together with all necessary builder's work, making good, maintenance, removing and restocking units. The provision of stair lifts will greatly enhance accessibility for vulnerable tenants and residents, increasing their mobility and general quality of life The total approved budget for Adaptations over the period 2015/16 to 2018/19 is £8.3mThe estimated proportion of this budget that will be spent through the stair-lift contract is £1.2m. This project is funded from the Housing Revenue Depreciation fund. There are a wide range of contractors that would be able to manage and deliver this	Change of Procurement Strategy	1,200	Competitive Tender

project. A competitive tender process is expected to achieve the greatest value for money. Contractors who are registered on Constructionline are to be invited to express an interest with up to 6 being shortlisted through a PQQ (pre qualification questionnaire) process. A competitive tender process would then be undertaken combining Price and Quality to ensure value for money. The Quality criteria will be agreed between members of the Client / Design Team. It is anticipated that the evaluation criteria will be split 80% Price, 20% Quality.			
EMERGENCY APPROVALS:- (Note only)			
None to report this period			
DIRECTOR VARIATIONS:- (Note only)			
SUCCESSFUL CHILDREN & YOUNG PEOPLE			
Primary Maintenance – WCs This project provides replacement toilets to various sites across the Sheffield schools' estate. . A Director Variation was authorised to allow for the additional costs of Firs Hill Primary School toilets to be incorporated within this general scheme. The works cost £24k and will be funded from the DfE Department for Education Basic Need Grant block allocation. An underspend of £10k on the original project will be returned to the CYPF Maintenance budget.	Director Variation	14	N/A

Capital Maintenance Block Allocation: increase for funds added back as above. **Basic Need Block Allocation**: decrease to fund additional works as above.	Director Variation Director Variation	10 -24	N/A N/A
Fire Strategy Works This project covers mandatory fire regulation work required at the Fir Vale Centre and Park Library, to carry out works identified by the latest fire risk assessment. These works have been identified as a priority by the fire risk assessment. The works include the design and build of a new fire alert, detection and illumination system, renewal of fire doors; and installation of adequate compartmentalisation. A Director Variation was authorised to meet the budget increase of £17k required to cover additional contractor final certificate costs of £32k, after having used up £15k of remaining budget. The original project, totalling £350k, was funded from the Corporate Resource Pool and the £17k additional cost is fully funded by a revenue contribution to capital.	Director Variation	17	N/A

Grant Awarding Body	Name of the Grant	Project to be funded by the Grant	Conditions and Obligations	Value £000
DCLG (ERDF)	**European Regional Development Fund**	**Grey to Green**	Subject to receiving the finalised funding agreement from the DCLG. **<u>Main Conditions to fulfil</u> :** - The project must achieve the key milestones by dates identified. This is a high risk given the tight DCLG deadlines for the project's completion (November 2015). - Match funding must be committed and evidenced. - Expenditure must be in line with agreed profiles so delivering to the project plan is essential. - SCC will act as the lead beneficiary for a consortium with the University of Sheffield and is required to enter into a legally binding agreement on materially similar terms to the DCLG funding agreement. - ERDF compliant procurement and record keeping **<u>Risks</u>** In any of the events below, the Council will become liable to increase its own contribution to the project. This may also be true for the SCRIF and LSTF funding but will not be known until that grant offer is made: • The project is not complete by the ERDF deadlines, any unspent project cost thereafter would fall 100% on the Council;	**1,426**

			• If the Council incurs ineligible expenditure, acts in a non-compliant way, overspends on the construction budget (beyond the allowed contingency), the resulting claw back and penalties will be payable by the Council • The Council fails to deliver the projected outputs of 512m of improved public realm. The Council has no reserves to mitigate this event and would need to prioritise this project over projects in order to cover the loss. **<u>Clawback</u>** - There is a high risk to up to £1.426 million of ERDF grant being clawed back if the strict terms and conditions of the grant (as above) are not complied with.	
DCLG (ERDF)	**European Regional Development Fund**	**Don Valley Site Remediation**	No contract has yet been received the detail will be covered in correspondence prior to the submission to CMT. **<u>Expected Main Conditions to fulfil based on previous ERDF agreements</u> :** - The project must achieve the key milestones by dates identified. This is a high risk given the tight DCLG deadlines for the project's completion. - Match funding must be committed and evidenced. - Expenditure must be in line with agreed profiles.	**2,322**

			- ERDF compliant procurement and record keeping **<u>Risks</u>** -Failure to comply with grant terms and conditions as identified above. - The proposed end use of the site has not yet been confirmed as eligible by DCLG which may yet lead to funding being withdrawn **<u>Clawback</u>** - There is a high risk to up to £2,322 million of ERDF grant being clawed back if the strict terms and conditions of the grant (as above) are not complied with. - If eligibility of expenditure is allowed by DCLG there will remain a risk that EU auditors may disagree.	

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