REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 30th NOVEMBER 2014

Purpose of the Report

1. This report provides the Month 8 monitoring statement on the City Council's Revenue Budget and Capital Programme for November. The first section covers Revenue Budget Monitoring and the Capital Programmes are reported from paragraph 53.

REVENUE BUDGET MONITORING

Summary

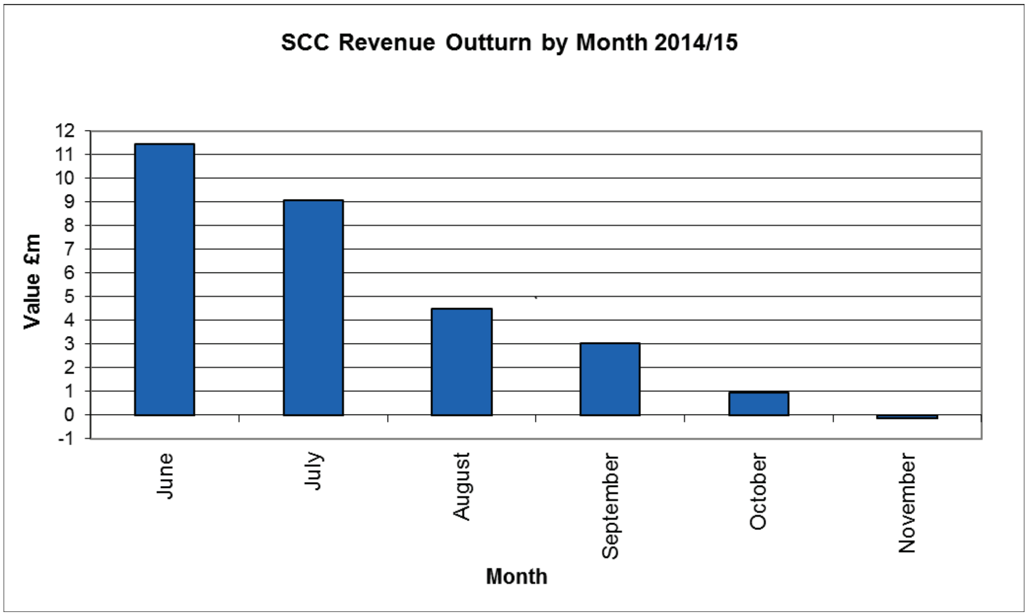
2. At month 7 the overall Council position was for a potential overspend of £949k. The position at month 8 shows an improvement of £1.6m on the previous month, with a forecast potential reduction in spending of £669k to the year end. This forecast outturn is prior to a carry-forward request being made by Children Young People and Families for £525k. If approved, the forecast outturn reported would be a reduction in spending of £144k. Details of the carry-forward request are reported in paragraph 8 and Appendix 1.

3. This forecast better reflects the ongoing corrective actions being taken by services which, until recently, were not necessarily reflected in forecast. The forecast by portfolio is summarised in the table below:

Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 7
CYPF	80,216	81,163	(947)	⇔
COMMUNITIES	166,174	163,515	2,659	⇩
PLACE	167,654	166,010	1,644	⇩
POLICY, PERFORMANCE & COMMUNICATION	3,011	2,922	89	⇔
RESOURCES	62,942	62,519	423	⇩
CORPORATE	(480,666)	(476,129)	(4,537)	⇔
GRAND TOTAL	**(669)**	**0**	**(669)**	⇩
LESS APPROVED CARRY FORWARD			525	
ADJUSTED GRAND TOTAL			**(144)**	

4. The forecast outturn shows an improving position from the £11.4m overspend reported in month 3 to the £144k reduction in spending in month 8. This improvement reflects Portfolios' attempts to reduce spending but also the receipt of additional grant income within the

Corporate budget area to help offset the significant pressures within the Communities and Place portfolios. The position month by month is shown in the following chart:



5. In terms of the month 8 overall forecast position of a £669k reduction in spending, the key reasons are:

- Children Young People and Families are forecasting a £947k reduction in spending prior to the carry forward of savings on the 100+ Apprenticeships of £525k, additional ESG income of £398k due to a delay in academy conversions and £214k within the Inclusion and Learning Service predominantly due to additional traded income. These reductions in spending are partly offset by a forecast overspend on SEN Transport of £241k. It is worth noting that the apprenticeships underspend is requested to be carried forward to 2015/16.

- Place are showing a forecast overspend of £1.6m, due mainly to an estimated £1.4m in risk associated with contract negotiations to deliver the full £3.3m waste management savings.

- Communities are showing a forecast overspend of £2.7m, due predominately to a £4.4m overspend in Care and Support relating to Learning Disability Services and the purchase of Older Peoples' care.

- Resources are showing a forecast overspend of £423k, due mainly to a £306k forecast overspend in Commercial Services (Savings) due to reduced forecast income from cashable procurement savings, a £214k overspend in Housing Benefit, mainly Rent Rebates that are forecasting a lower income from overpayment recovery. These overspends are partially off-set by a £118k reduction in spending in Human Resources due to increased income in the Moorfoot Learning centre.

- Corporate budgets are reporting a forecast reduction in spending of £4.5m, due mainly to the receipt of additional grant income awarded to the Council as compensation for business rates related measures introduced or extended in the 2013 Autumn Statement and the release of a year end provision, which is no longer required and was taken to cover any possible stamp duty liabilities resulting from the reacquisition of the Don Valley Stadium under the Major Sporting Facilities refinancing.

6. The main variations since Month 8 are:

- Children Young People and Families are forecasting an improvement of £594k, which is mainly due a reduction in spend against 100+ Apprenticeships carry forward budget which is required to fund the continuation of existing learners in 2015/16 and 2016/17.
- Communities are forecasting an improvement of £483k, which is mainly due to a reduction in forecast spend within Care and Support services of £241k and Housing Commissioning of £248k. These forecast reductions have resulted from the acceleration of new Care Purchasing strategies, revisions in service users' contributions and increased numbers of contributors in residential care and savings on Housing Related Support Contracts.
- Place are forecasting an improvement of £408k, which is due to a number of small savings across the whole service. These savings are predominantly reductions in spending on supplies and services.

7. Also shown in paragraph 50 is the position on the Public Health ring-fenced grant, which is a potential £1.3m underspend. However it was approved via the month 6 monitoring report that £300k - £400k of this underspend be made available to fund food bank and fuel poverty projects. This commitment is not currently reflected within the forecast expenditure and will therefore reduce the Public Health underspend to approximately £900k. It was also approved that the balance of this underspend would be considered in the context of the 2015/16 budget savings on public health.

Carry Forwards

8. Children Young People and Families are requesting a carry forward of £525k relating to the 100+ Apprenticeship scheme. This carry forward is

required to continue with further apprenticeships in future, i.e. to cover the costs up to March 2017 of apprentices to be recruited in March 2015. More supporting details can be found in **Appendix 1**.

Individual Portfolio Positions

Children Young People and Families (CYPF)

Summary

9. As at month 8 the Portfolio is forecasting a full year outturn of a reduction in spending of £947k on cash limit, an improvement of £594k from the month 7 position (shown in the table below), and DSG is forecast to be underspent by £175k. The key reasons for the forecast outturn position are:

   - **Business Strategy:** £150k forecast reduction in spending, additional Education Services Grant (ESG) income to that budgeted of £398k and £75k on Insurance due to the timing of academy conversions and a reduced level of pump priming of £79k for Vulnerable Groups with activity now being picked up by schools. This reduction in spend is partly offset by a forecast £78k overspend on Bus Passes and £241k overspend on SEN Transport due to demand increase, redundancy costs against Music Service £58k and under recovery of traded income Advice and Conciliation Service £43k.

   - **Children and Families:** £1k forecast overspend. Over spending areas are: Management and Business Support £190k due to delay in the Business Support MER, Legal Fees £131k (based on previous year's trends), Fieldwork Service Areas and Permanence and Throughcare £536k net overspend mainly due to difficulties in achieving vacancy monitoring targets, Placements £79k due to costs being significantly greater than the external funding available, Direct Payments £89k due to parents accessing their own care arrangements. These overspends are being partially offset by reduction in spending on Contact Contracts £449k due to more efficient management using contact centres, Placements due to release of Special Guardianship Funds £213k and £331k reflecting the positive trends in the numbers and costs of placements.

   - **Inclusion and Learning Services:** £214k forecast reduction in spending due to £143k as a result of additional traded income in Educational Psychologists, £51k in Advocacy and Challenge and

£141k in SEN Placement Team due to vacancies. These are partly offset by an overspend in In City SEN Provision £106k due to additional High Risk Learners identified.

- **Lifelong Learning and Skills:** £584k forecast reduction in spending due to £525k 100+ Apprentice Scheme, funding subject to a carry forward request to support existing learners on the programme to the end of their learning outcome, £213k reduction in spend in Youth Teams which is unallocated budget partly offset by overspends in the Training Units £135k, these are under review and as delivery reflects changes in provision an MER will be undertaken.
- **DSG Budgets:** Overall a £175k reduction in spend made up of a £809k reduced spend in Business Strategy due mainly to a corresponding £914k reduction in spending on 2 Year Old FEL. A reduction in spend of £157k in Children and Families in MAST due to a saving identified on staffing. An anticipated overspend of £694k in Inclusion and Learning overall, made up of overspends of £450k in Banded Funding, £146k Independent Placements and £293k in In City SEN Provision due to demand pressures, partially offset by reduction in spends on Sensory Services £41k and £90k Inclusion and Learning Services due to vacancies and £49k in Pupil Admissions. An overspend in Lifelong Learning and Skills of £97k due mainly to increased numbers of Post 16 High Needs learner placements £130k partially offset by small reduced spending in Extended Curriculum Team £16k and Extended Learning £16k.

Financials (Non-DSG activity)

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 7
BUSINESS STRATEGY	(268)	(118)	(150)	⇔
CHILDREN & FAMILIES	64,888	64,887	1	⇔
INCLUSION & LEARNING SERVICES	5,862	6,076	(214)	⇔
LIFELONG LEARN, SKILL & COMMUN	9,734	10,318	(584)	⇩
GRAND TOTAL	**80,216**	**81,163**	**(947)**	⇩

Commentary

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

Non-DSG Budgets

11. As at month 8 the Portfolio is forecasting a full year outturn of a reduction in spending of £947k on cash limit, an improvement of £594k since last month.

Business Strategy

12. As at month 8, Business Strategy is currently forecasting a reduction in spend of £150k (shown in the table above) relating to cash limit. This is an improvement of £30k from the previous month.

13. The improvement this month is due mainly to volume of performance on the school meals contract £63k and £40k on Insurance due to timing of academy conversions. These improvements are offset by additional pressure on SEN Transport £47k due to more accurate split of cash and DSG and £38k on Bus Passes due to demand. Other movements are all minor.

Children and Families

14. As at month 8, Children and Families is currently forecasting a £1k over spend (shown in the table above) relating to cash limit. This is an improved position of £47k.

15. The improved movement this month is due to the release of the Special Guardianship Allowances budget not required in year £400k and £147k improvement in general Placement costs due to continuing positive trend in numbers offset by the re-profiling of the Successful Families Grant £578k. The Special Guardianship allowances budget will be taken forward as a risk with consideration of a provision being made.

Inclusion and Learning

16. As at month 8, Inclusion and Learning Service is currently forecasting £214k reduction in spend (shown in the table above) relating to cash limit. This is a worsened position £12k which is minor movements across a variety of business units.

Lifelong Learning and Skills

17. As at month 8, Lifelong Learning Skills and Communities Service is currently showing a £584k reduction in spend (shown in the table above) relating to cash limit. This is an improved position of £529k.

18. The key reason for the improved position is the disclosure of the reduction in spend against 100+ Apprenticeships carry forward budget required to fund the continuation of existing learners in 2015/16 and 2016/17. The base budget will fund any new learners taken onto programmes from April 2015 during the year 2015/16.

DSG Budgets

19. The month 8 position is £175k reduction in spend, which is a worsened position of £270k from the position reported at Month 7. This worsened position is predominantly due to the more robust forecast against 2 Year Old FEL following confirmation of numbers partially offset by minor reduction in spends.

Place

Summary

20. As at month 8 the Portfolio is forecasting a full year outturn of an overspend of £1.6 million, an improvement of £408k from the month 7 position. The key reasons for the forecast outturn position are:

    - **Business Strategy & Regulation:** £1.4m worse than budget due to delays in delivering the planned cost reductions to the waste contract as a result of protracted negotiations with the provider.
    - **Capital & Major Projects:** £607k over budget largely due to income and cost pressures within the markets activity.
    - **Regeneration & Development Services:** £458k under budget largely due to vacancy management of £200k and additional forecast income of £300k primarily in planning and building regulation fees.
    - **Place Public Health:** whilst the net position is balanced, forecast spend and grant income at £3.0m is £0.7m below budget, largely due to below target performance on the Stop Smoking Contract.

21. All Directors have now completed a review of their spending plans for the remainder of the financial year. This has identified a range of planned actions / improvements with the potential for up to £1m of cost reductions compared to the month 7 forecast, of which to date £0.4m has been forecast in the month 8 position.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 7
BUSINESS STRATEGY & REGULATION	30,640	29,262	1,378	⇔
CAPITAL & MAJOR PROJECTS	1,165	558	607	⇔
CREATIVE SHEFFIELD	2,942	3,024	(82)	⇔
CULTURE & ENVIRONMENT	45,241	45,216	25	⇩
MARKETING SHEFFIELD	979	806	173	⇔
PLACE PUBLIC HEALTH	1	0	1	⇔
REGENERATION & DEVELOPMENT SER	86,686	87,144	(458)	⇩
GRAND TOTAL	**167,654**	**166,010**	**1,644**	⇩

Commentary

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

Business Strategy & Regulation

23. The forecast for this activity is £1.4m over budget, a £53k improvement on the previous period, largely due to reductions in forecast supplies and service spend.

24. The forecast reflects an assumed £1.2m risk pending agreement with the Contractor on new terms to reflect the revised waste collection arrangements.

25. Other cost pressures have to a large extent been mitigated, 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 diversion of waste should further maintenance be required on the Energy Recovery Facility.

26. Work is progressing on developing further the range of options for negotiation with the contractor with a view to implementation towards the end of the financial year.

Capital & Major Projects

27. The forecast for this activity is £607k over budget, an improvement of £55k on the previous period, largely due to forecast reductions in supplies and services spend.

28. The forecast position largely reflects income pressures within the markets service of £700k. There may be further risk here if stall lettings cannot be held at current levels. The business model for the market is currently under review balancing lower rents against the need for more flexibility in location to ensure let space is maximised.

Culture & Environment

29. The forecast for this activity is now broadly balanced, an improvement of £127k this period, largely due to reductions in spend forecast on supplies and services activity.

30. The Service has been working with Sheffield International Venues to finalise a three year funding commitment to enable them to deliver a significant package of savings. The three year funding commitment should remove the requirement for the Council to pick up risks associated with reductions in profit at the Motorpoint Arena or trading deficits within the SCT / SIV group, which would be absorbed by the Trust as part of its 3 year plan.

31. The Director continues to work closely with SIV to ensure that these plans are progressed and risks are mitigated.

Marketing Sheffield

32. The forecast for this activity is £173k over budget, broadly in line with the previous period. The position is largely due to not securing planned reductions in subsidy for major events.

Public Health

33. The net forecast for this activity remains balanced since spend is covered from the Health grant. However, it should be noted that forecast spend and grant income at £3.0m is £0.7m below budget. This largely reflects a forecast reduction in spend on the Stop Smoking Contract due to below target performance on this contract.

Regeneration & Development Services

34. The forecast for this activity is £458k under budget, an improvement of £135k this period due to reductions in forecast spend on supplies and services activity.

Communities

Summary

35. As at month 8, Communities is forecasting a full year outturn of an overspend of £2.7 million, an improvement of £483k from the month 7 position. The key reasons for the forecast outturn position are as follows:

- **Business Strategy:** Currently reporting a forecast reduction in expenditure of £397k against the full-year budget. This can be explained by a reduction in spend on the mail and insurance SLA of £124k, an overall reduction in Executive Team pay costs of £55k and a reduction in Business Support team pay costs of £101k. £85k of unspent Care Act Implementation Grant Income has been moved to the Balance Sheet this month. The balance of the reduction in spend arises following the review of expected costs arising from the Deprivation of Liberty Safeguards legislation, as well as savings in contract costs and staffing costs across Business Strategy.
- **Care & Support:** An overspend of £3.4m 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 and the LD Commissioning Board, overseeing several initiatives to contain the overall cost of care purchasing. Recovery action has helped improve the position by £1.3m from a forecast overspend of £4.7m earlier in the year at month 4.
- Significant improvements have been made in the Adults Assessment & Care Management, which is forecasting a reduction in spend of £1m by the end of March 2015. However, this is offset by a corresponding reduction in service user income, which is currently forecasting a total shortfall of £1.1m due to numbers of contributing service users being less than had been forecast because of business demand management and appliance of eligibility criteria. The level of income from CHC is £0.9m greater than anticipated due to more joint funded cases where services are commissioned by the Council.
- There remains a significant overspend within the Learning Disabilities Service (currently standing at a forecast overspend for the year of just under £4.4m) relating to care purchasing £3.4m and in-house care provision £1m. The work on reducing the LD overspend before the year-end, is being overseen by the LD Commissioning Board and the Adult Social Care Savings Board.

- **Commissioning:** Currently reporting a reduction in forecast expenditure of £421k against the full year budget. The reduction in spend forecast by Commissioned Housing of £655k is as a result of a reduction in expenditure on Housing Related Support Contracts of £480k and surplus income from Water Rates collection services of £74k. The balance of the reduction in spend is mainly attributable to a reduction in pay-related expenditure and the release of provisions made earlier in the year. Commissioned Mental Health (MH) Services are forecasting an overspend of £143k, which is mainly due to the agreed sharing of SHSCT unachieved savings dating back to 2013/14. MH Purchasing is reporting a forecast overspend of £59k which is offset by reduction in spending on partnership contracts. Public Health funded Drug and Alcohol Services report a small overspend linked to management team pay costs. Public Health funded Community Services budgets are balanced. Social Care Commissioning Services are forecasting an overspend of £92k which are primarily as a result of pay costs of staff newly joining the LD Re-Provision Team.
- **Community Services:** Reporting a forecast overspend for the year of £76k. There is a small saving shown for Community Safety of £5k, arising from reductions in supplies budgets. There is a forecast overspend on Library Services of £148k due to increased pay-related expenditure in excess of savings target and the transitional costs of moving to independent / associate library provision. There is a forecast underspend of £67k on pay-related costs in Locality Services.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 7
BUSINESS STRATEGY	4,127	4,524	(397)	⇔
CARE AND SUPPORT	119,956	116,556	3,400	⇩
COMMISSIONING	32,345	32,766	(421)	⇩
COMMUNITY SERVICES	9,745	9,669	76	⇔
GRAND TOTAL	**166,174**	**163,515**	**2,659**	⇩

Commentary

36. The forecast outturn position of a £2.7m overspend, is an improvement of £483k from the previous month. The improvement this month is due to:

Care & Support

- **Assessment & Care Management:** In the month, there has been a favourable movement of £210k, as a result of action being taken to accelerate care purchasing strategies.
- **Contributions to Care (income):** There has been an improvement of £227k from the previous month, due to revisions in service users' contributions and increased numbers of contributors in residential care
- **Joint Learning Disability Services:** There has been a favourable movement of £135k, arising from some improvement in care purchasing and a small improvement in in-house provider services.
- **Provider Services:** There has been an adverse movement of £426k, primarily due to a delay in the transfer of complex needs provision arising from the available capacity in the independent sector, and very high sickness levels in the team resulting in the use of overtime to cover posts.

Commissioning

- **Housing Commissioning:** There has been a £248k favourable movement in the month. This is mainly due to a reduction in expenditure on Housing Related Support Contracts, but also includes further reductions in staffing costs and the release of some provisions made earlier in the year.

Resources

Summary

37. As at month 8 the Portfolio is forecasting a full year outturn of an overspend of £423k, an improvement £185k from the month 7 position. The key reasons for the forecast outturn position are:

- £306k overspend in Commercial Services (Savings) due to reduced forecast income from cashable procurement savings;
- £214k overspend in Housing Benefit from overpayment under recovery.

Offset by:

- £118k reduction in spend in Human Resources due to increased income in the Moorfoot Learning centre.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 7
BUSINESS CHANGE & INFORMATION SOLUTIONS	248	248	0	⇔
COMMERCIAL SERVICES	1,095	1,069	26	⇔
COMMERCIAL SERVICES (SAVINGS)	(1,145)	(1,451)	306	⇔
CUSTOMER SERVICES	4,757	4,711	46	⇔
FINANCE	2,606	2,611	(5)	⇔
HUMAN RESOURCES	2,385	2,503	(118)	⇔
LEGAL SERVICES	3,959	3,933	26	⇔
RESOURCES MANAGEMENT & PLANNING	187	205	(18)	⇔
TRANSPORT AND FACILITIES MGT	34,942	34,977	(35)	⇔
TOTAL	49,034	48,806	228	⇔
CENTRAL COSTS	12,966	12,986	(20)	⇩
HOUSING BENEFIT	941	727	214	⇔
GRAND TOTAL	**62,942**	**62,519**	**423**	⇩

Policy, Performance and Communications

Summary

38. As at month 8 the Portfolio is forecasting a full year outturn of an overspend of £89k, an adverse movement of £49k from the month 7 position. The key reasons for the forecast outturn position are:

- £99k overspend in Communications mainly due to insufficient income to cover employee costs;
- £22k overspend in CEX office due to LGYH costs;
- £45k overspend in Electoral registration due to the costs of canvas staff and IT support costs consistent with previous years.

Offset by savings in:

- Savings through vacancy management & reduced supplies & services spend.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 7
ACCOUNTABLE BODY ORGANISATIONS	0	0	0	⇔
POLICY, PERFORMANCE & COMMUNICATION	3,146	3,057	89	⇔
PUBLIC HEALTH	(135)	(135)	0	⇔
GRAND TOTAL	**3,011**	**2,922**	**89**	⇔

Corporate items

Summary

39. The table below shows the items which are classified as Corporate and which include:

- **Corporate Budget Items & Corporate Savings:** (i) corporate wide budgets that are not allocated to individual services / portfolios, including capital financing costs and the provision for redundancy / severance costs, and; (ii) 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 & Savings Proposals	68,235	69,622	(1,387)
Income from Council Tax, RSG, NNDR, other grants and reserves	(548,900)	(545,751)	(3,149)
Total Corporate Budgets	**(480,666)**	**(476,129)**	**(4,537)**

Commentary

40. The £4.5m reduction in spending reported in month 8 is consistent with the month 7 forecast outturn. A breakdown of the £4.5m is detailed in the main summary section of this report.

New Homes Bonus Fund

		£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 6	2.4
	Forecast to Year End	2.4
	Future Years' Commitments	4.8
	Total Expenditure	9.6
	Funds Available for Investment	**-1.9**

41. The capital spend on the Park Hill to Norfolk Park falls as the cycle way completes replaced by new spend occurring on the remediation of the Don Valley Stadium. The Norton Aerodrome housing project is now forecast to underspend the budget this year by some £0.2m and the Grace Owen nursery project by £0.4m although a formal request to slip the budgets into 2015/16 has yet to be made.

42. The largest element of revenue spending was on activities towards the Sheffield Housing Company. The forecast this year has been reduced by £665k following a further delay in the progress of building new homes.

43. In total over £1.1m of spend is forecast to slip into next year.

44. As indicated in the Month 7 report, officers have considered a number of additional projects for new Homes Bonus funding. The capital projects have or will be brought forward for member approval under the existing processes. Appendix 2 details those projects recommended by officers for revenue budget funding and approval is sought in this report in line with the original delegation from Cabinet.

Housing Revenue Account

Summary

45. 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.

46. 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.

47. As at month 8 the full year forecast outturn is a predicted £5.3m overall improvement from budget. As such, the funding contribution to the capital investment programme will be revised from £6.9m to £12.2m (shown in the table) This has been factored into the January 2015 HRA Business Plan which sets out the council's ambitious plans and priorities for council housing over the next five years. Capital investment is to be made on improving council housing with a focus on works such as replacement heating systems, insulation and energy efficiency, new roofs, improvements to communal areas as well as building or buying new/replacement council housing.

48. The areas contributing to the improvement are: higher than budgeted net dwelling income (£977k) mainly as a result of revised year end assumptions on the profiling of the of bad debt provision; a net forecast of (£212k) on other income; a saving of (£1.8m) on repairs and maintenance which is partly due to a reduced volume of responsive repairs. This is in accordance with HRA's Business plan of increasing capital investment in properties which would result in savings on responsive repairs any further savings will be reported in due course. A (£2m) forecasted saving on overall running costs is predicted primarily due to staff vacancies and turnover , delays in some projects and lower than expected recharges; and a forecast reduction of (£283k) for interest on borrowing due to continued favourable interest rates is also expected.

Financial Results

HOUSING REVENUE ACCOUNT (EXC COMMUNITY HEATING)	FY Outturn £000's *	FY Budget £000's *	FY Variance £000's *	Movement from Month 7
1.NET INCOME DWELLINGS	(146,870)	(145,893)	(977)	⇔
2.OTHER INCOME	(6,533)	(6,321)	(212)	⇔
3 REPAIRS & MAINTENANCE	35,167	36,998	(1,831)	⇑
4.DEPRECIATION –CAP PROG FUNDING	37,967	37,967	0	⇔
5.TENANT SERVICES	52,996	55,047	(2,051)	⇔
6.INTEREST ON DEBT	14,994	15,277	(283)	⇔
7.CONT TO CAPITAL PROG	12,279	6,925	5,354	⇔

Community Heating

49. The budgeted position for Community Heating is a draw down from Community Heating reserves of £348k. As at month 8 the forecast position is a draw down from reserves of £169k resulting in a decrease in expenditure of (£179k) This is a movement of (£26k) from last month.

COMMUNITY HEATING	FY Outturn £000's *	FY Budget £000's *	FY Variance £000's *	Movement from Month 7
INCOME	(3,299)	(3,440)	141	⇔
EXPENDITURE	3,468	3,788	(320)	⇑
Total	**169**	**348**	**(179)**	⇑

Public Health

50. Public Health remains a ring fenced grant in 2014/15 and any reductions in spend are subject to carry forward requirements as per the grant conditions.

51. At month 8 the overall position was a forecast reduction in spend of £1.3m. The position shows an improvement of £121k on the previous month. This is summarised in the table below.

All figures £000s

Portfolio	Forecast full year expenditure	Full year expenditure budget	Full year variance	Month 7 variance	Movement from prior month
CYPF	11,251	11,281	(30)	(14)	(16)
COMMUNITIES	13,143	13,314	(171)	(64)	(107)
PLACE	2,982	3,728	(746)	(803)	57
DIRECTOR OF PUBLIC HEALTH (inc PH Intelligence)	2,155	2,519	(364)	(309)	(55)
TOTAL EXPENDITURE	**29,531**	**30,842**	**(1,311)**	**(1,190)**	**(121)**

Key reasons for the forecast reduction in spending are:

- Contract slippage in Director Public Health Office (DPHO) (£210k);
- Lower than budgeted take up on GP Health checks (£110k);
- Unallocated vacant post budget (£50k);
- £665k reduction in spend on Stop Smoking Service contracts;
- £80k staff savings in Place due to vacancy management.
- £171k reduction in spend in Communities due to staff savings in Private Sector Housing, PH Commissioning, DACT and savings on DACT contracts.

This is offset by:

- £135k savings target under DPHO to be met from planned reduction in spends across all public health spending.

52. The forecast is an improvement of £121k from month 7 and the key reasons for the movement are:

- Communities reduction in forecast of £107k due to vacancies and changes in variable supplies costs.
- £55k improvement in DPH Office mainly due to revised estimates of contract spend and vacancy management.

Offset by:

- £57k adverse movement in Place due to revised forecast spend on the Stop Smoking service.

CAPITAL PROGRAMME MONITORING 2014/15

Summary

53. At the end of November 2014, the end of year position forecasts a variance of £15.7m (8%) below the approved Capital Programme. Project managers are forecasting to deliver a capital programme of £189.4m. This has been reduced by £12.5m from the previous forecast of £201.9m. The main reductions are in the Housing Programme (£7.0m), Resources (£2.6m) and CYPF (£2.4m). The reasons for these changes are discussed below in paragraphs 61 - 63.

54. The current forecast is predicated on an increase in the rate of spend - £109m to be spent in the last four months of the year compared to £80m in the first eight – and is dependent on key projects such as NRQ, Grey-to-Green, Leisure and sport facilities, Don Valley School and site remediation delivering to budget.

55. The year to date position shows spending to be £18.8m below the approved programme profile. The programme has fallen less than £200k further behind the budget in the month – the smallest variance seen to date. The level of spend was in line with previous months and this may indicate that project managers have at last forecast a robust monthly budget which mirrors the planned physical delivery.

56. The year to date position and the forecast position are beginning to converge (year to date spend at the end of November is £18.8m below budget and the year-end forecast has increased to £15.7m below budget a difference of £3.1m – the smallest to date.

57. The Finance report last month predicted an Outturn of around £175m and the November results reinforce that view and that future forecasts will reflect the actual physical delivery position.

58. Much of the change this month reflects work done by the Finance and Capital Delivery Services to challenge forecast and remove optimistic assessments of progress generally and on block allocations in particular.

59. Slippage in the programme is still present but this is less due to poor profiling and more due to proactive work to manage costs. For example:

- part of the underspend in the CYPF programme is due to challenging the tender prices from the contractor. This has been made before building work commences thus avoiding costly standing charges, re-works and variations payable once the contractor starts on site; and;
- reductions in the Housing programme reflect a conscious review of potential projects awaiting development. This helps to inform the HRA of the likely timing and scope of the call on resources.

60. This reflects how there is an improved understanding of the programme which is starting to pay dividends.

61. The main changes in the Housing programme are £3.8 m re-profiling of schemes to increase the stock of Council Housing, £1.8m re-profiling of HRA funded block allocations and £0.7m lower applications for Housing Grants from authorities outside the Sheffield City Council boundary.

62. Resources forecast has decreased by £2.6m primarily as a result of re-evaluating the work that can be accomplished this year in the essential work to make the Council's buildings compliant with legislation and current building standards.

63. The £2.4m reduction in the CYPF programme reflects delays in delivering schemes at Norfolk Park School (£1.2m), additional pupil places at Tapton School (£0.6m) and Grace Owen nursery (£0.4m). These schemes will now slip into 2015/16.

Financials 2014/15

Portfolio	Spend to date £000	Budget to Date £000	Variance £000	Full Year forecast £000	Full Year Budget £000	Full Year Variance £000	Change on last Month £000
CYPF	15,173	18,193	(3,020)	30,183	35,415	(5,232)	(1,111)
Place	14,438	21,581	(7,143)	48,937	49,974	(1,037)	46
Housing	13,678	18,304	(4,626)	40,363	49,102	(8,739)	(6,722)
Highways	13,765	16,682	(2,917)	29,438	29,642	(204)	(202)
Communities	1,144	1,514	(370)	1,840	1,893	(53)	296
Resources	2,467	3,142	(675)	5,757	6,187	(430)	1,334
Corporate	19,728	19,728	-	32,883	32,883	-	-
Grand Total	**80,392**	**99,144**	**(18,751)**	**189,402**	**205,096**	**(15,694)**	**(6,358)**

Capital Programme

	2014/15 £m	2015/16 £m	Future £m	Total £m
Month 6 Approved Budget	211.3	210.3	326.2	747.8
Additions	0.6	1.0	0.0	1.6
Variations	-1.7	-6.0	-14.8	-22.5
Slippage & Acceleration	-5.0	5.0		0.0
Month 7 Approved Budget	205.1	210.3	311.5	726.9

64. The five year capital programme has decreased by a net £20.9m almost wholly due to a re-appraisal of management charges on the Housing programme.

Approvals

65. A number of schemes have been submitted for approval in line with the Council's agreed capital approval process. The December report approvals include significant adjustments to the Capital Programme which will go to Special Budget Council in March and further detail will be included in the 2015/16 Capital Programme Report.

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

- 3 additions to the capital programme with a total value of £42.5m.
- 26 variations to the capital programme creating a net increase of £68.9m.
- 41 slippage requests moving £11.1m into future years and one request to accelerate £222k of spend into 2014/15.
- 2 emergency approvals committing £25k pf additional expenditure on one projects and a change of scope of £0.5m on another.
- 4 director variations resulting in a net change of £9k.

Further details of the schemes listed above can be found in **Appendix 3**.

Implications of this Report

Financial implications

67. 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

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

Legal implications

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

Property implications

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

Recommendations

71. Members are asked to:

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

(b) Approve the carry forward request for 100+ Apprenticeships Scheme within CYPF as detailed in Appendix 1

(c) Approve the next phase of New Homes Bonus projects as detailed in Appendix 2

(d) In relation to the Capital Programme:

(i) Approve the proposed additions to the capital programme listed in **Appendix 3**, 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;

(ii) Approve the proposed variations and slippage requests listed in **Appendix 3**;

and note;

(iii) The latest position on the Capital Programme including the current level of delivery;

(iv) the emergency approvals and director variations under delegated authority; and

(v) the slippage requests authorised by the Cabinet Member for Finance under his delegated authority.

Reasons for Recommendations

72. 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

73. 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

Appendix 1

Revenue Budget Carry-forward Request Pro-Forma

Portfolio	Children, Young People and Families
Service Area	Lifelong Learning Skills and Communities, Employment & Skills
Business Unit	33018 – 100+ Apprenticeships
Budget Manager	Eve Waite, Head of Employment and Skills. LLSC
Approved by Executive Director	
Date of Request	30 October 2014
Amount of Request	£525,000

Please tick which of the following principles applies to your carry-forward request:

√ The carry-forward is in line with a key Council policy

If yes, please state which one:

A Strong & Competitive Economy – more & better jobs / highly skilled workforce

Successful Young People – improving the quality of learning & Skills for all

Tackling Poverty & Increasing Social Justice – addressing the root causes of poverty

- SCC Corporate Plan 2011-14

☐ The carry-forward is part of the agreed Budget Strategy / Medium Term Finance Strategy.

If yes, please give details:

☐ The funding is from a ring-fenced grant and could lead to a loss of income for the Council if the funding is not carried forward.

If yes, please give details:

☑ The funding is for a key Council project.

If yes, please give details:

- This project is a key Council project as commissioned by the Leader and approved in Cabinet paper 24 August 2011

http://www.sheffield.gov.uk/your-city-council/council-meetings/cabinet/agendas-2011/agenda-24th-august-2011

- Youth unemployment is a priority area for the Labour administration

	• Since 2011 this project has been charged each year with creating:
	  ○ 100 apprentices in the private sector
	  ○ 20 apprentices for the Council
	• The funding provides a 50% wage subsidy for a maximum of a two year programme
	• We expect the last apprentice to start work in March 2015
	√ Is the overall budget of the Portfolio currently underspending? Yes
	If not, is it expected to be underspending by the year-end?
	Yes / No

Why is the budget not being spent this financial year?	Please give reasons: • The base budget allocated for this programme is sufficient to cover existing commitments for this scheme. However, in order for the Council to continue with further apprenticeships in future, the carry forward will be required in order to support this. It should be noted that a significant amount of this year's budget consisted of a carry forward from 2013/14. • There is future committed spend i.e. the salaries for the apprentices on programme that we have a legal obligation to pay through the contracts in place. This includes those currently on programme and those to be recruited to March 2015. • Payment of subsidies to employers is monthly in arrears & subject to evidence of attendance at work. • Apprenticeships last a maximum of 2 years from the date of commencement.
Impact if request were not approved.	Please give reasons: • If the request is not approved SCC would be able to meet is contractual obligations in relation to the current apprenticeships. However, once the current apprenticeships are complete, there would be insufficient funding to continue the apprenticeships programme.
Purpose of Specific Reserve (i.e. what will the monies be spent on).	Please give details • The monies will be spent on wage subsidies and management of the programme, in order for the programme to continue beyond March 2015.
Approved by Finance Business Partner	Name Liz Gough Date 21/12/2014

Appendix 2

NEW HOMES BONUS FUND REVENUE EXPENDITURE APPROVALS

1. The purpose of this appendix is to seek formal approval from Members for the next round of New Homes Bonus fund (NHB) allocations. The fund was originally known as the Local Growth Fund but has been renamed to avoid confusion with a central government economic regeneration initiative of the same name.

2. The original investment strategy and governance arrangements were approved by Cabinet on 29th November 2011. Cabinet approval was given for the individual expenditure decisions consistent with the Strategy to be taken by Directors of Housing Economic Regeneration Services and Development Services and Finance in consultation with the Cabinet Members for Finance and Homes and Regeneration. Subsequent management reorganisations within the Place Directorate have transferred the place making responsibilities to the Directors for Capital and Major Projects, and, Regeneration and Development Services.

Capital projects automatically come through for Member approval as part of the capital approvals process.

3. The cabinet report also provided for all schemes to be endorsed by the Great Place to Live Strategic Outcome Board as being consistent with delivering the strategic outcome objectives of the Council. The Board has considered a number of projects and recommends that the following be brought forward for approval:

- Attercliffe Growth Zone

- City Centre Housing Restart

- Woodside Locality Plan

- Custom Build Project

-Reducing Long Term Empties

- Milton Street Property development

- Purchase of Land for Affordable Housing

- Funding the Introduction of the Community Infrastructure Levy

The purpose and benefit of each of the projects is set out below.

4. <u>Attercliffe Growth Zone (£300k)</u>

The objective of the project is to regenerate the Attercliffe area, specifically by creating housing development sites which will complement the substantial regeneration work at the site of the former Don Valley Stadium. That project will remediate the site to facilitate the construction of a through 2 – 18 school and a

University Technology College with subsequent opportunities to develop the remainder of the site for commercial and sporting facilities.

The NHB funding will be in two parts. Approximately £600k of capital investment will be invested in public realm improvements in the current shopping area, and, £300k revenue budget funding will be used to undertake preliminary feasibility work on six potential housing sites which if successfully developed have the capacity to create 813 homes. The feasibility studies will assess the topography and level of ground contamination from the heavy industries that were once the mainstay of the area's economy. This will reduce the risk for potential developers and may accelerate the development of the sites. Even so, the development is unlikely to start before 2017.

5. City Centre Housing Restart (£120k)

The Housing Delivery Plan has identified the potential for approximately 6,800 homes within the city centre over the next ten years. This would be a mixed development including family homes as well as the traditional city centre flat development model.

The project will work on a number of strategic city centre sites which are currently stalled and investigate how the schemes can be restarted either by repackaging the project to be more commercial or to attract new public or institutional investment or attracting new developers. Some new ones may also be identified as confidence returns.

The areas which have been targeted with clusters of sites and schemes at Neepsend; Kelham; Wicker Riverside; St Vincent's; Devonshire Quarter; Cultural Industries Quarter (CIQ) and St Mary's Gate. Examples of advanced but not yet completed interventions include Eye Witness site (Devonshire Quarter) and Matilda St (CIQ).

These sites are a mix of some which are identified in the SHLAA and others which are not. In total the 34 sites have the potential to deliver over 3,000 new homes. It is not anticipated that this project will succeed in re-starting all of them at once so it is proposed to set a new target of 500 new starts over the next two years.

The commitment is for £120k of NHB to be used over the next three years - £90k to support council officer interventions and £30k for external consultancy support.

6. Woodside Locality Plan (£140k)

This project will develop a local plan for the Greater Woodside area which will deliver an estimated 150 new homes (with potential to stimulate further delivery on neighbouring sites) to help meet the city's considerable need for new housing and deliver safe and thriving neighbourhoods. The New Homes Bonus funding will support Council staff in developing the plan for the area.

Additional funding for some £660k of capital works to develop a new open space to enable the delivery of around 150 new homes at Woodside (£1.08m NHB over 6 years) will be brought forward under the capital approvals process when the plan has been developed and the detailed requirements are known. The new homes are proposed on some of the open space called 'Stanley Fields' (labelled 1, Fig.1). This site, proposed by a master planning project currently underway, is much flatter than the existing housing site that has been allocated and marketed for housing during the last ten years but without success (labelled no.2, Fig. 1). The open space lost at Stanley Fields would be replaced on the existing housing site but, in order to do so successfully, capital investment is needed to create a unique facility that responds the site's topography.

7. Custom Build Project (£50k)

This initiative aims to accelerate housing development by supporting individuals who wish to construct their own properties. The money will be used to undertake site feasibility works to help the Council identify those sites which would be suitable for Custom Build. The NHB funding will be used as matched funding to secure a further £100k of central government funding.

The project aims to generate 441 homes.

8. Reducing Long term Empties

This is a successful project which has been running for two years and has brought back over 1,733 homes as at 31st March 2014 which had been previously unoccupied for more than six months. The budget allocation will be used to fund a team for the next three years to enable the Council to work with the property owners to bring the homes back into use. This confirms funding of approximately £395k per annum through to the end of 2016/17 in line with the initial NHB approvals.

9. Milton Street Property Development

The principle of this scheme was approved by Cabinet on 16th April 2014. It involves the exchange of properties between a manufacturer who will move out from a Victorian multi-storey workshop in the city centre to a more suitable modern single story building off the Parkway. The NHB funding will be used to pay the stamp duty and legal fees associated with the exchange of property titles and future running costs. The Council owns other sites in the immediate vicinity and the City centre Regeneration team believe that combining these with this city centre building will create an attractive site for housing. Around 60 homes could be created.

10. Purchase of Sites for Affordable Housing Developments

The Council owns a number of sites across the city which are suitable for housing development. By selling these properties to developers the Council generates a capital receipt which is used to fund capital projects which are not eligible for external or central government funding.

Opportunities do arise where third parties (typically Housing Associations can obtain grants to fund the construction of affordable housing schemes that would otherwise not go ahead. In order to make the project viable for the housing association, the land has to be given at nil value so the Council loses the capital receipt. The Council will however earn New Homes Bonus on the construction of the dwellings increasing the value of the NHB fund.

This scheme will provide the facility to repay the capital programme for the land value out of NHB earned on the development.

11. Flood Management Programme £1.8m

Sheffield Flood and Water Management Capital Investment Programme 2015 to 2021report to Cabinet in June 2014 set out the Council's approach to discharging its flood management responsibilities and set out an ambitious programme to secure up to £53m of funding to overhaul and strengthen the city's flood defences. Apart from preventing the damage, disruption and misery wrought by flooding, it will improve the development potential for sites across the city for use in economic regeneration or housing. £18m has already ben secured for the Lower Don Valley flood defences project.

This allocation of NHB is to fund site investigation, feasibility works and funding bids over the next five years.

12 Funding the Introduction of the Community Infrastructure Levy (CIL) (£52k)

CIL is a charge to be levied on building developments in the city. The charge rates vary with the type of development and the area in which it takes place. The policy has been approved in a report to Cabinet dated 19th February 2014.

It is intended to introduce the CIL regime from July 2015. In order to do this efficiently the Council will need to purchase computer software to track CIL liabilities and provide management information on the income raised from CIL.

NHB fund is regarded as a suitable source of funding given that CIL will be generated from some housing developments.

Scheme Description	Approval Type	Value £000	Procurement Route
GREAT PLACE TO LIVE			
Homes			
Note – for full details of the movements on the Housing Programme, please see **Appendix 3.**	Additions Variations Slippage Accelerated Spend	42,504 68,945 (7,289) 222	(see Appendix 3)
SUCCESSFUL CHILDREN & YOUNG PEOPLE :-			
Norfolk Park Primary Replacement This project was established to refurbish and adapt the Standhouse Centre to accommodate the permanent relocation of Norfolk Park Primary School. The total project cost stands at £4,760k and is funded from the Capital Maintenance Block Allocations for 14/15 and 15/16. Slippage of £1,248k is required as a result of a revised contractor profile and separate delay on-site due to poor weather. Specific Groundworks	Slippage	-1,248	N/A -covered by the original strategy
Grace Owen Nursery This project was set up to relocate Grace Owen Nursery into new unit at Park Hill with appropriate external play space. It is a 39 place Nursery with 35 Childcare places and is a well-respected provision, previously rated as ‘outstanding’ by OfSted. Relocation of the nursery within the Park Hill complex is the desired outcome as this will lead to further attractiveness of homes for local people. The developer, Urban Splash, has identified an available unit for relocation and the	Slippage	-837	N/A -covered by the original strategy

project seeks to fit out and transfer the nursery into this unit. The £895k project total is funded by: • New Homes Bonus Fund, £700k; • contribution from Grace Owen devolved formula capital grant £73k; and • local community ('Great Place') funding, £122k. Urban Splash, as the developers of Park Hill estate are contracted to deliver the fit-out and relocation and the procurement strategy reflects this position. Slippage of £837k (all previously planned for 14/15) is now requested, due to a revised delivery plan, agreed in conjunction with Urban Splash, to deliver the project in 15/16.			
Thornbridge Accessible Unit This project was established for the creation of a new Outdoor Education Centre at Thornbridge Outdoors, Great Longstone, Derbyshire. The project will erect an outdoor classroom with additional ancillary accommodation for a disabled child to stay overnight when not being used for teaching. The new centre will therefore create expanded opportunity for disabled children and their families to access Thornbridge and the Peak District either as part of a residential visit with school or as a family short break. The building will be a model exemplar and resource of environmentally friendly design which will be used to teach school groups about sustainability. Funding is split between Aiming High Funds already received of £416k and £484k from Capital Maintenance Grant funds in 14/15 and 15/16. Slippage of £651k is required due to delays in starting on-site as a result of finding protected wildlife species in the location.	Slippage	-651	N/A -covered by the original strategy

Feasibility & Design -Schools This project was set up to provide for initial feasibility and design works in scoping out capital projects across the Council's school estate. The £100k increase is required to enable feasibility works at various schools as required in the remainder of 2014/15, with the increase being funded from the DfE Basic Need Grant Block Allocation.	Variation	100	N/A -covered by the original strategy
Rowan Special School Expansion Sheffield City Council has chosen The Rowan Primary School in Dore, for expansion as this particular school, an Autism Spectrum Disorder (ASD) Special School, is significantly oversubscribed and there is a growing demand for places. This project aims to mitigate the demand on the 4-11 year old provision in the area by creating a total of 23 additional places for pupils with ASDs. An increase of £186k is requested to cover additional costs due to planning requirements for a green roof and additional flood risk measures, which has also resulted in later start date than originally anticipated, resulting in the corresponding slippage request for £260k to move into 15/6. The total project cost is now £1,886k and is funded as follows: £693k from Targeted Basic Need; the remaining £1,007k and the extra £186k from the "standard" Basic Need Block Grant Block Allocation for 14/15 and 15/16.	Slippage / Variation	Slippage -260 Variation 186	N/A -covered by the original strategy
Basic Need Block Grant Block Allocation Draw down on this Block Allocation to fund Feasibility & Design works (£100k) and Rowan Special School Expansion works (£186k) as outlined above.	Variation	-286	N/A – Block Allocation
Gleadless Primary Rebuild Gleadless Primary exists on a split site, separated by a main road. This project exists to design new Infant and Junior blocks at the existing Gleadless Primary School site and construct a new Infant block on space currently available adjacent to the Junior site. The Infant site has significant condition issues which need correction.	Slippage	-299	N/A -covered by the original strategy

Concurrent design of a new Junior block is to take place to allow future build if funding permits at a later date. Slippage of £299k into 15/16 is required due to delays in starting on-site as a result of negotiations to agree a suitable design with the contractor within the available budget. The project is funded from the Basic Need Block Grant Block Allocation for 14/15 and 15/16.			
Devolved Formula Capital (DFC) This scheme covers the cost of minor capital works at Sheffield schools, paid out on a criteria-weighted basis from a grant allocated to the council by the Department for Education (DfE) for the purpose of addressing the backlog of repairs and maintenance in schools. The schools are directly responsible for the procurement of goods or services covered by this scheme. The funds can be rolled forward by schools for up to 3 years and slippage of £250k is required as a result of schools spending more slowly than anticipated in the Summer period of 2014.	Slippage	-250	N/A -covered by the original strategy
Hallam Reconfiguration This project covers the reconfiguration and redesign of buildings at Hallam Primary School. Continued monitoring of future pupil place demand identified a need in the Hallam area and feasibility and scope of works have now been completed to design a solution to these requirements. Additional places need to be available from September 2015. The scheme comprises the demolition of the existing infant block at Hallam primary school and the construction of a new classroom block of approximately 900m2, together with associated external works. The total project cost stands at £3,010k and is funded from the Basic Need Block Grant Block Allocation for 14/15 and 15/16. Slippage of £302k into 15/16 is required due to delays in starting on site as a result of being late in receiving planning	Slippage	-302	N/A -covered by the original strategy

approval.			
PROCUREMENT STRATEGIES			
Housing Investment Projects 2015/19 – Improvements to Communal Areas to Flats and Maisonettes The works comprise improvements and refurbishment to communal areas in flats and maisonettes across the City, including new flooring, windows and doors, provision of door entry systems, where these do not exist and sundry associated works. The project will be split into three contracts, one open via OJEU approximately £10m (Contract 1), one utilising the new Efficiency North(EN) Procure Framework approximately £6.7m (Contract 2) and one specifically configured to engage with SME Contractors worth £300k. This will give more contractors the chance to apply for the tender opportunities. This will also provide a robust benchmark comparison between different procurement routes and it will be a condition precedent in the two large Contracts that the Client (Housing Services) may take the decision to appoint two contractors from the same tender process (i.e. two contractors from the EN tender and none appointed via OJEU, or vice versa). This decision will be made purely on a best value-for-money basis. A provision will be made in the Tender Documents to include an option for obtaining materials via the ProcurePlus framework. Contractors will be requested to include their nett prices for key materials within their tender submissions. These prices will then be compared with those obtained from the ProcurePlus framework to assess which option gives overall better value-for-money. If the material prices from the merchant framework are significantly better than the	Procurement Strategy	17,000	Contract 1 - Full OJEU procedure Contract 2 – EN Procure; Contract 3 – EN Small Lots

contractor prices, the Council would wish the successful contractor to use the merchant framework - effectively as a nominated supplier. This would deliver better overall prices for the Council. The Contractor would still do everything the same as if it were their own material provider i.e. ordering and invoicing etc. This approach would be made very clear in the ITT documentation. The refurbished and improved areas will provide a safer and more pleasant environment to access areas and communal areas to dwellings. This will also improve the security and thermal properties of blocks. Contract 1 will be advertised via OJEU and will therefore be open to any contractor submitting an acceptable PQQ response. Contract 2 will be open only to contractors appointed on the relevant Lot on the EN Framework. Contract 3 will be sourced via the EN Small Lots process which includes smaller companies. Should the procurement processes for Contracts 2 and/or 3 fail, the alternative procurement route be adopted. Form of Contract - All three Contracts will utilise the Measured Term Contract 2011. Evaluation Criteria proposed as- 80% Price, 20% Quality. The Employment and Skills portion will represent 5% (out of the 20% Quality). Quality questions will focus on customer care, access and use of local subcontractors.			
Housing Investment Projects 2015/19 – Pitched Roofing and Roofline Works Contract 5 – Arbourthorne The works comprise supply and installation of replacement pitched roof coverings to houses and flats throughout the Arbourthorne Estate including removal of existing coverings, checking structure, remedial structural work, new under-felt, battens and		10,032	

tile coverings, hips, ridges and valleys, renewal of eaves, fascias and verges and sundry associated works to loft insulation, flashings, chimney stacks, gutters and downpipes. There will be a provision included in the Tender Documents for supply and fixing of photovoltaic (PV) panels to roofs where the configuration and aspect of the roof is suitable for maximum benefit from the installation. This portion of work will be funded separately and will be subject to a further approval when the scope and cost of the work is better known. This Report is consequential on the recommendations set out in the approved Procurement Strategy ref PS21-2013, where it was stated that a further report be submitted for this final strand of the Pitched Roofing Programme. A provision will be made in the Tender Documents to include an option for obtaining materials via the ProcurePlus framework. The Pricing section will include two options, both to be priced. Contractors will be requested to include their full costs for providing the works (supply and fix) but also their nett labour / plant/overheads prices (fix only). Prices will then be compared with those obtained from the ProcurePlus materials framework to assess which option gives overall better value-for-money. If the material prices from the merchant framework are significantly better than the contractor prices, we would wish the successful contractor to use the merchant framework - effectively as a nominated supplier. This would deliver better overall prices for the Council. The Contractor would still do everything the same as if it were their own material provider i.e. ordering and invoicing etc. This approach would be made very clear in the Invitation to Tender.. Proposed procurement route = Efficiency North Procure Form of Contract - The Contract will utilise the NEC Term Services Contract.			

Evaluation criteria - 80% Price, 20% Quality. The Employment and Skills portion will represent 5% (out of the 20% Quality). Quality questions will focus on customer care, access and use of local subcontractors.			
EMERGENCY APPROVALS:- (Note only)			
Castle Market Demolition On 19 March 2014, Cabinet approved a sum of £4.4m from the Corporate Resource Pool to demolish the former Castle Market following the construction of the new indoor market on the Moor and the transfer of the indoor market service. The project plan divided into three distinct phases: • Phase 1 to vacate, ascertain the condition of the vacant structure including asbestos testing, decommission and planning of the demolition works; • Phase 2 to demolish the building once a satisfactory method statement had been developed; and • Phase 3 to lift the “slab” on which the market stood in order to permit the excavation of whatever remains of the castle. The next stage in the development of the site envisaged external funding to assist with the archaeological works and creation of a green open space as a precursor to regenerating the area. This requires external funding of circa £5m. A bid to the Heritage Lottery Fund for £0.4m to undertake a feasibility study associated with this project has been rejected because HLF were not convinced of the project to unearth the ruins.	Emergency Approval	Change in scope (£0.5m)	

Phase 1 has proceeded to the cost plan although it has been delayed by an extension to the period the former traders were granted to clear their stalls and some technical issues which were envisaged as a risk in the original project plan. Phase 2 is now ready to commence following the submission of tenders from prospective contractors. The tender returns have come in £762k above the approved budget. The Council has a number of options: • Option 1: is to provide additional funding. The CRP is already over bid and additional resource could only be provided by cancelling significant projects either compliance type (e.g. work arising from fire risk assessment or flagship projects to develop leisure facilities - £1.2m for the creation of new pitches - or housing schemes such as Arbourthorne redevelopment; • Option 2: accept the tenders, proceed with demolition but change the scope of the project to omit phase 3. Funding the lifting of the slab would therefore have to be resourced by any new project to reveal the castle remains. By utilising the £550k budget for lifting the slab and drawing down £222k of contingency within the project, the cost increase can be contained to the original approval; • Option 3: extend phase 1 to examine alternative methods or options for the site. This has an immediate revenue budget cost pressure of security costs of £25k per month of delay and risks further cost inflation if the construction market recovers and rates tighten. During this time the building will further deteriorate and extend the blight over the area; and • Option 4: Retain the Tower. The building has already racked up a considerable back log maintenance list (one of the reasons in the			

business case for moving to the Moor) which will be prohibitively expensive to repair (now compounded by the decommissioning of key services) and is unlikely to provide a business case for reactivation given that rental rates in the area were as low £4 per square foot and there is ample superior vacant office accommodation in the city. Option 2 was therefore recommended.			
Darnall Centre Public Realm Improvements Darnall Centre is an important District Centre and one of five currently included in the ‘Successful Centres’ work. In November 2013, a report was produced to support a bid for funding for public realm improvements that would complement and enhance the shop front Improvement scheme. A budget was identified using £20k from the successful Centre’s programme, and £30k from the receipt of the sale of a freehold. The Council’s Urban Design Team was commissioned to prepare a proposal and the original CAF approved on that basis. The out puts for the original proposal were: • 15 Meters of repaired railings • 1 new sign • Public Art • Imprinted tarmac on crossings • Repairing surface of footways Unfortunately the project was not progressed in the way Cabinet had approved because of: • some technical issues regarding position of utilities • potential loss of parking spaces • The cost of the design would exceed the approved sum.	Emergency Approval	25	Single sourced tender in accordance with the Waiver of Standing orders entitled Highway PFI Non- Core Works (waiver no. 242-2012) for the works undertaken by Amey.

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<td>It has subsequently been established that some of the works which had been planned under the original approval were to be completed under the Streets Ahead Programme. This has resulted in a potential saving on the original budget. The proposal is to use this saving to do additional work not envisaged in the original proposal. This includes 7 large ‘statement planters’ in key locations, some of which will be large enough to contain small trees.

The costs are as follows:
• £17.5k for planters
• £3.5K fees for urban design and surveys
• £4K contingency
• £20K commuted sum to pay for future maintenance over the next 25years

The public art element has not been progressed, as some 3D virtual shop windows were installed on a prominent corner building along with some coloured panels that reflected the colour palette used for the shop fronts.

This approval needs to be completed as an emergency approval because Funding has been set aside for this year only, and if the works are to be completed this year an order needs to be place with AMEY as soon as possible.

The Risks attached to this project are:
• The funding will be lost.
• Delays in placing order will delay installation this financial year
• Delays to AMEY core works that would prevent planters being placed

In effect members have a choice to deliver the outputs envisaged in the</td>
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<tr><td>original approval through the Streets Ahead programme which has already been funded and return money to the Corporate Resource Pool, or authorise addition outputs for this project.

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<tr><th></th><th>Revenue Cost £000</th><th>Capital Cost £000</th><th>Total</th></tr>
<tr><td>Original submission</td><td>8</td><td>42</td><td>50</td></tr>
<tr><td>New submission</td><td>20</td><td>25</td><td>45</td></tr>
<tr><td>Variance</td><td>12</td><td>-17</td><td>-5</td></tr>
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<tr><td>DIRECTOR VARIATIONS:- (Note only)</td><td></td><td></td><td></td></tr>
<tr><td>GREAT PLACE TO LIVE</td><td></td><td></td><td></td></tr>
<tr><td>Chapeltown Teen Area
This project is to install an outdoor gym at Chapeltown Park. It will enhance the recreational and play value of the existing park by adding new pieces of gym equipment.

The initial scope included eight pieces of gym equipment. The Director Variation has approved additional funding of £9k to increase the number of equipment stations to 12 and install a picnic bench and bin.

The increase is being funded from contributions from the Friends Group from a Big Lottery grant.</td><td>Director Variation</td><td>9</td><td>Covered by the initial approvals</td></tr>
<tr><td>Manor Fields Toddler Play
This project aims to address one of the gaps in provision highlighted in the Manor Fields masterplan, namely the lack play provision in the park for younger children</td><td>Director Variation</td><td>3</td><td>Via 3 quotes</td></tr>
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and toddlers, at the City Road end of the site. The project will also bring the pond / wetland area back into use as a safe ecological and educational feature. Director Approval has been given to increase the funding by £3,121 from S106 which will be used on the Play and Pond project. This will allow completion of works in the original schedule that were previously omitted to keep the project in budget. The additional works include further access improvements to link the play and pond area into the site better.			
Manor Field Uplift Project This project is now complete. The Director Variation has approved the transfer of the remaining S106 funding to 94380 Manor Field Toddler Play.	Director Variation	-2.3	n/a
Manor Field Kickabout This project is now complete. The Director Variation has approved the transfer of the remaining S106 funding to 94380 Manor Field Toddler Play.	Director Variation	-0.8	n/a

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