REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 30th SEPTEMBER 2015

Purpose of the Report

1. This report provides the Month 6 monitoring statement on the City Council's Revenue Budget and Capital Programme for September 2015. The first section covers Revenue Budget Monitoring and the Capital Programmes are reported from paragraph 16.

REVENUE BUDGET MONITORING

Summary

2. At month 5 the overall Council position was a forecast overspend of £11.0m. The position at month 6 shows an improvement of £2.4m, with a forecast potential overspend of £8.6m to the year end. It should be stressed that this is the forecast position before the delivery of various agreed savings for the year and other mitigating actions are taken. The position is summarised in the table below.

Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
CYPF	70,951	69,214	1,737	⇩
COMMUNITIES	158,203	156,141	2,062	⇩
PLACE	160,546	155,356	5,190	⇩
POLICY, PERFORMANCE & COMMUNICATION	2,894	2,494	400	⇔
RESOURCES	55,096	55,751	(655)	⇩
CORPORATE	(439,107)	(438,956)	(151)	⇔
GRAND TOTAL	**8,583**	**(0)**	**8,583**	⇩

3. Following the month 5 Budget Monitoring process, the Executive Director for Place agreed to put additional measures into immediate effect in order to bring down the forecast overspend significantly to a more manageable level. These measures are expected to reduce the forecast overspend by £2.7m to £2.5m, and the overall overspend to £6m. CYPF and Communities Portfolios are continuing to review their spending to reduce the forecast overspend further. We are also reviewing the corporate redundancy budget, as discussed later in this paragraph. With these measures and other actions already underway, we expect to move below £5m and towards a balanced budget over the next few months, assuming that there is not an unexpectedly severe winter which would put pressures on our expenditure.

4. In terms of the month 6 overall forecast position of £8.6m overspend, the key reasons are:

- **Children, Young People and Families** are showing a forecast overspend of £1.7m. This is due to slippage in the delivery of planned staffing reductions of £176k, £1.0m due to delays in delivery of savings, £231k reflecting an increase in unaccompanied children, £845k in increased demand pressures within Direct Payments and Short Breaks services and £987k due to a planned 2 year programme to recruit additional social workers in response to the pressure on and retention of social workers and review of Child Sexual Exploitation (CSE), this has been partially mitigated by a planned reduction through a tapering down model of social workers, as the continued investment in early intervention and prevention through the Building Successful Families programme reduces the total caseload across the City. These adverse forecasts are partly offset by a reduction in expenditure of £531k on Contact Contracts, £250k on legal fees and £733k due a reduction in Placement demand.
- **Communities** are showing a forecast overspend of £2.0m. This is largely due to an overspend of £1.8m in Learning Disabilities, Provider Services, and Contributions to Care. There are also overspends of £1.1m within Commissioned Mental Health Services and £264k in Social Care Commissioning. These overspends are partly offset by a £788k reduction in expenditure in Housing Related Support Contracts and £368k in Housing General Fund.
- **Place** are showing a forecast overspend of £5.2m. This is largely due to delays in delivering planned cost reductions on the waste contract of £2.6m and the Streets Ahead Contract of £2.5m. There are also emerging cost pressures from increased household waste volumes and reduced income from the sale of materials of £1.2m and additional Staffing and Income pressures within Transport and Parking Services of £300k. These overspends are partly offset by reductions in spending across a number of areas within the Culture and Environment Service of £552k and sustained improvement in the Highways and Highway Network management of £900k.
- **Resources** are showing a forecast reduction in expenditure of £655k. This is primarily due to the recovery of high value over payments in Housing Benefit of £478k and £358k within the Finance Service as a result of savings on employees costs from unfilled vacancies and over recovery of income from the 60 day bad debt. This reduction in expenditure is partly offset by an overspend in Commercial Services (Savings) of £232k from a shortfall in cashable procurement savings.
- **Policy, Performance & Communication** are showing a forecast reduction in expenditure of £400k. This is primarily due to a delay in the advertising contract resulting in an underachievement of income.

- **Corporate** are currently showing a forecast reduction in expenditure of £151k. However, there is an underachievement of £700k against the Public Health Savings target of £2.5m which was agreed as part of the 2015/16 budget. This underachievement is complicated by the need to react to £2m of in-year grant cut by Government. When further work has been undertaken on new Public Health strategy for 2016 onwards, it may be possible to revisit the financial position in year. There is a decision to be made whether the impact falls on General Fund or is carried forward as a deficit on the public health grant. At the moment, the overspend has been offset by a forecast reduction in expenditure on the corporate redundancy budget. This budget is being kept under constant review and, once the likely outcome of the Place VER/VS scheme is known, a revised forecast on redundancy costs will be reflected in next month's monitoring report.

5. The main variations since Month 3 are:

- **CYPF** are forecasting an improvement of 200k since Month 5. This is mainly due to forecasting staff savings in Central Management and Business Support within Fieldwork services of £132k.
- **Communities** are forecasting an improvement of £1.4m since month 5. This is mainly due to the Learning Disabilities service recognising £1.0m of CCG income, a reduction in expenditure in the Adult Purchasing budget of £870k due to a review of planned activity and a reduction in forecast expenditure of £400k due to the recognition of over-estimated liabilities at year end. This is offset by a worsening position in Commissioning comprising the recognition of a funding gap on an equipment contract of £263k and a £415k transfer of Transformation Challenge Award funding to reserves, required to fund future years Better Care Fund activity in conjunction with the NHS.
- **Place** are forecasting an improvement of £665k, which is due predominantly to a forecast cost reductions of £200k in the Streets Ahead Programme and a Portfolio wide review of Staffing and discretionary spend that has resulted in a £400k reduction in actual/forecast expenditure.
- **Resources** are forecasting an improvement of £111k, which is mainly due to an additional £117k of income received in Commercial Services (savings).

Approval Requests

6. See paragraph 29 of **Appendix 1** for further details.

Public Health

7. The Public Health ring-fenced grant is currently forecasting a potential £892k underspend. The main reason for the reduction in spending is a direct response to government consultations on in-year cuts to the Public Health grant, and therefore the likely need to cope with grant reductions in 2015/16. The exact amount of these reductions is not yet known, but is likely to be around £2m, which would mean an in-year forecast overspend of £1.1m. Further details of the forecast outturn position on Public Health are reported in **Appendix 2**.

Housing Revenue Account

8. The 2015/16 budget assumes an in year surplus of £10.9m will be generated which will 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.

9. As at month 6 the full year outturn position is a forecast reduction in expenditure of £2.3m. Further details of the HRA forecast outturn can be found in **Appendix 3** of this report.

Collection Fund

10. As at the end of Quarter 2 the Collection Fund is forecasting an overall surplus of £1.0m made up of a £3.4m surplus on Council Tax and a £2.4m deficit on Business Rates.

11. The £2.4m deficit on the Business Rates income is predominantly the result of an unexpected in-year Valuation Office ruling on Health Centres, which led to a reduced rateable value for all health centres across the country. The overall impact of the ruling resulted in a £4.2m refund of Business Rates to the Health Sector, of which, 49% or £2.1m is a direct loss of income to the council. This reduction in rateable values will subsequently cost the Council £350k of income per annum.

12. There are discussions with the local Health Authority to establish how this change in financial responsibility does not detract from the overall public spending priorities that are jointly funded by the Council and Health Authority.

13. Further details about the quarter 2 performance of the Collection Fund can be found in **Appendix 4**.

Corporate Risk Register

14. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. The most significant risks are summarised in **Appendix 6** along with any actions being undertaken to manage each of the risks.

New Homes Bonus Fund

		£m
Income	Reserves as at 1/04/15	-6.0
		0.0
	Declared 15/16 NHB Grant	-7.3
	Total Income	-13.3
Expenditure	2015/16 Spend to date at Month 6	2.3
	Forecast to Year End	2.6
	Future Years' Commitments	2.1
	Total Expenditure	7.0
	Funds Available for Investment	**-6.3**

15. Expenditure has doubled in the period as the remediation of the former Don Valley Stadium site has been completed and the former Bridge House in the Riverside Business district has been demolished

Capital Summary

16. At the end of September 2015, the end of year position forecasts a variance of £19.6m (7%) below the approved Capital Programme. Project managers are forecasting to deliver a capital programme of £267.6m. This is £8.8m lower than forecast last month following Cabinet approval of revised pending profiles whereby £15.3m of planned spend for 2015/16 has slipped into future years.

17. Further details of the Capital Programme monitoring and projects for approval are reported in **Appendices 5 to 5.2**.

Implications of this Report

Financial implications

18. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2015/16, and as such it does not make any recommendations which have additional financial implications for the City Council.

Equal opportunities implications

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

Legal implications

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

Property implications

21. 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

22. Members are asked to:

    (a) Note the updated information and management actions provided by this report on the 2015/16 Revenue Budget position.

    (b) Approve the spend request as shown in paragraph 29 of **Appendix 1**.

    (c) In relation to the Capital Programme:

    (i) Approve the proposed additions to the Capital Programme listed in **Appendix 5.1** and **5.2**, 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, deletions and slippage **in Appendix 5.1** and **5.2**;

and note;

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

(iv) The variations approved under delegated authority provisions.

Reasons for Recommendations

23. To record formally 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

24. 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.

Dave Phillips
Interim Director of Finance

Portfolio Revenue Budget Monitoring Reports 2015/16 – As at 30 September 2015

Children Young People and Families (CYPF) Portfolio

Summary

1. As at month 6 the Portfolio is forecasting a full year outturn of an overspend of £1.7 million, which is an improvement of £200k from the month 5 position. The key reasons for the forecast outturn position are:

- **Business Strategy & Children's Commissioning Unit (Forecasting a reduction in expenditure of £58k)**

  - This includes £42k forecast overspend in Advice and Conciliation due to a shortfall in the traded income forecast, This is offset by a £28k forecast reduction in spend in Children's Commissioning Unit, as a result of staff savings in the planned MER and £57k forecast reduction in spend in Capacity Planning and Development because a bad debt provision taken at year-end is not fully needed so has been released to create a forecast reduction in spend.

- **Children and Families (Forecasting an overspend of £1.9m)**

  Over spending areas are:

  - Fieldwork Services - Management and Business Support £176k due to delay in the services' MER, Fieldwork Service Areas and Permanence and Throughcare £987k net overspend mainly due to the recruitment of additional social workers, Multi-systemic Therapy £238k due to delays in anticipated savings, there is also an overspend in specialist support teams of £231k reflecting an increase in unaccompanied children. These have been partially offset by a £531k ongoing saving on Contact Contracts as a result of specific action being taken to reduce costs and a £250k reduction in spend on legal fees, which is as a result the ongoing work between the service and Legal services to reduce costs through more efficient working practices.

  - Direct Payments and short breaks - £845k due to increased demand pressures, this also includes the £250k as a result of the delay in anticipated savings due in year.

- Provider Services – due to delays in anticipated savings on the integrated approach to service delivery between Health and Social Care of £270k and Youth Justice of £250k, this is being partially mitigated by £133k savings in the service.
- Early Intervention & Prevention - £54k because of a reduced expected contribution of £250k from the CCG towards Early Intervention and Prevention.

Areas of forecast reduction in expenditure are:

- Placements - £733k due to the assumption that funds set aside to fund a potential increase in Special Guardianship Orders (£400k) may not be required in 2015/16 and that the longer term trend in Placement numbers and unit costs will drive spend down by year end.

- **Inclusion and Learning Services (Forecasting an overspend of £58k)**
  - This includes a £21k overspend in Vulnerable Groups as a result of a shortfall of £64k against the additional income built into business planning, which is partially offset by staff savings, a £30k overspend in Outdoor Education due to additional repairs and maintenance costs and a £39k forecast overspend in Pupil Admissions reflecting a reduction in anticipated traded income against budget. These are being partially offset by a £33k reduction in spend in Education Psychology because of staff vacancies in the service.
- **Lifelong Learning, Skills and Communities (Forecasting an overspend of £78k)**
  - This includes £184k relating to the Training Units, due to an unexpected reduction in government grant funding, which is being partially offset by savings from the MER which is in progress and a forecast overspend of £50k on the BIG Challenge because the expected income is not available. This is being offset by £81k net under spend on Youth services, as a result of £105k staff vacancies, additional rental income of £46k and overspend in supplies and services budget of £46k in the Internal Community Youth Teams. Strategic Support is also forecasting an underspend of £75k, due to staff vacancies and activities that have now ceased.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS STRATEGY	2,292	2,350	(58)	⇔
CHILDREN & FAMILIES	59,619	57,962	1,657	⇩
INCLUSION & LEARNING SERVICES	(53)	(111)	58	⇔
LIFELONG LEARN, SKILL & COMMUN	9,091	9,013	78	⇔
GRAND TOTAL	**70,949**	**69,214**	**1,735**	⇩

DSG

2. The following is a summary of the variance position on DSG budgets at month 6:

	Month 4 £000	Month 5 £000	Month 6 £000
Business Strategy	(37)	(65)	(65)
Children and Families	(109)	(46)	(44)
Inclusion and Learning Services	(67)	(62)	(16)
Lifelong Learning, skills and Communities	0	0	0
	(213)	**(173)**	**(125)**

Commentary

3. The following commentary concentrates on the changes from the month 5 position.

Business Strategy

4. As at month 6, Business Strategy is currently forecasting an under spend of £58k (shown in the table above) relating to cash limit and a reduction in spending of £65k on DSG.

5. Both the cash limit and DSG are consistent with the month 5 position.

Children and Families

6. As at month 6, Children and Families are currently forecasting a £1.7m overspend (shown in the table above) relating to cash limit and a £109k underspend on DSG. This is an improvement of £206k on cash limit and a consistent position on DSG.

7. The key reasons for the movement from month 5 are:

    - Fieldwork Service - £132k improvement in Central Management and Business Support, the service anticipates that some staff savings will be achieved this financial year with the implementation of the Achieving Change, so the forecasts have been updated.

Inclusion and Learning Service

8. As at month 6, Inclusion and Learning Service is currently forecasting £58k overspend (shown in the table above) relating to cash limit and a £16k reduction in spend on DSG.

9. The movement in the cash limit position is an improvement of £35k from month 5; this reflects an improvement in Education Psychology of £33k due to staff vacancies.

10. The DSG is forecasting an increase in spend of £46k from month 5; this is mainly due to additional costs in the SEN budgets of 7 new pupils.

Lifelong Learning Skills and Communities

11. As at month 6, Lifelong Learning Skills and Communities is currently forecasting a £78k overspend (shown in the table above) relating to cash limit and a balanced DSG position.

12. The £55k movement from month 5 in the cash limit position is due to £50k forecast expenditure on BIG Challenge, where the anticipated income is no longer available.

13. The DSG position is consistent with the month 5 position.

Place Portfolio

Summary

14. As at month 6 the Portfolio is forecasting a full year outturn of an overspend of £5.2million, an improvement of £0.6m from the month 5 position. The key reasons for the forecast outturn position are:

15. The key reasons for the forecast position are:

- **Business Strategy & Regulation:** £3.8m over budget largely due to delays in delivering the planned cost reductions to the waste contract as a result of protracted negotiations with the provider (£2.6m) and emerging cost pressures from increased household waste volumes and reductions in income from the sale of materials due to falling market prices caused by movements in the global economy (£1.2m).

- **Regen & Development Services**: £1.8m over budget largely due to delays in delivering the planned cost reductions in the Streets Ahead programme (net £2.5m), plus additional staffing and income pressures within the Transport and Parking Services activity (£0.3m), less a continuation of sustained improvement in Highways and Highway Network Management (£0.9m).

16. The key variances this period included :-

- **Portfolio-wide - Review of Staffing and Discretionary Spend** – reductions in actual/forecast costs across all service areas associated with reviews of staffing and supplies and service spend (£0.4m).
- **Regen & Development Services** – forecast cost reductions in the Streets Ahead programme (£0.2m).

17. At the Place Leadership Team meeting on 18 June 2015 Directors approved a Recovery Plan to significantly improve upon and mitigate the £8.5m forecast overspend reported at Month 2. This included implementing an estimated £2.8m of immediate actions, together with Directors reviewing key areas of employee and discretionary spend with a view to realising further savings in 15-16 which will carry through to future years. These have now largely been achieved.

18. An outline plan was presented to Place Leadership Team on 6 October, which if implemented could reduce the forecast overspend to around £2.5m by year-end and Directors are now examining ways in which to effect these savings. These measures would need to remain in place for the foreseeable future.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS STRATEGY & REGULATION	33,084	29,331	3,753	⇔
CAPITAL & MAJOR PROJECTS	688	544	144	⇩
CREATIVE SHEFFIELD	2,514	2,514	(0)	⇔
CULTURE & ENVIRONMENT	41,951	42,503	(552)	⇔
MARKETING SHEFFIELD	614	612	2	⇔
PLACE PUBLIC HEALTH	-	0	-	⇔
REGENERATION & DEVELOPMENT SER	81,694	79,851	1,843	⇩
GRAND TOTAL	**160,545**	**155,355**	**5,190**	⇩

Commentary

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

Capital & Major Projects

20. The forecast for this activity is £144k over budget, an improvement of £194k this period due to further reductions in staffing and discretionary spend across the service.

21. The forecast position largely reflects income pressures within the markets service, largely attributable to the Moor market (£0.6m). This arises from the market being only 70% let earlier in the year as Traders surrendered tenancies due to difficult trading conditions. The low viability of the market businesses has led to a high level of bad debt. There may be further risk here if stall lettings cannot be held at current levels, or rent collection levels don't improve. 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. External agents have been engaged to promote the letting of vacant stalls and recover monies due to the Council.

Culture & Environment

22. The forecast for this activity is £552k under budget, a £49k improvement this period due to reductions in staffing and discretionary spend across the service.

23. The overall forecast position largely reflects a continuation of prior year improvement trends that are forecast to continue within the Bereavement Services, Parks and City Centre Management activities (£0.3m). A further cost reduction has arisen within the Sports Trusts due to recent rating revaluation on a number of premises (£0.1m) although half of this saving will be offset by lower Non Domestic Rate income to the Council.

Regeneration & Development Services

24. The forecast for this activity is £1.8m over budget, a £308k improvement on the previous period due to reductions in staffing and discretionary spend across the service (£149k) and further cost reductions in the Streets Ahead programme (£159k).

25. As identified in section 15 above, the forecast position is largely due to delays in delivering the planned cost reductions in the Streets Ahead programme (£4.7m), less estimated (largely one-off) cost reductions (£2.2m), giving a net pressure of £2.5m. Whilst work has continued to develop options, a number of these have not progressed as originally planned due to Treasury concerns

about the proposals being incompatible with the principles of the PFI contract or an unacceptable level of risk transfer to the Council.

26. This key pressure above is being offset to some extent by a continuation of sustained improvements in the Highways and Highway Network Management activities (£0.9m), less additional staffing (parking management and transformation) and income pressures (TCIP) within the Transport and Parking Services activity (£0.3m).

Communities Portfolio

Summary

27. As at month 6, the Portfolio is forecasting a full year outturn of an over spend of £2.062m. The key reasons for the forecast outturn position are:

Business Strategy (forecasting a reduction in expenditure of £79k):

- The position for Business Strategy is showing favourable due to the 1% pay award pressure being held in this area for the whole of Communities. If this pot is distributed across the service the underlying position would be an over spend £280k due mainly to the saving in Performance & Planning which will not be achieved.

Care & Support (forecasting an over spend of £1.73m):

- This overspend is primarily related to over-spends in Learning Disabilities, Provider Services and a reduction in the level of Client Contributions receivable in the year.
- Learning Disabilities is forecasting an over spend of £0.975m. Health income is forecast to be lower by £0.5m which is the main reason for this variance. There is also £1.3m of 2015/16 savings forecast not to be delivered within the 2015/16 financial year, particularly around the work being done with the providers of Supported Living and Respite Care bringing prices in line with the LD Provider Framework. However work is continuing in this area and will result in savings for future financial years. This is being partly offset by funded pressures which are not expected to play out in full within the year. The work on reducing LD expenditure is being overseen by the LD Commissioning Board.

- Long Term Support is showing an under spend of £91k. This constitutes the net position of an over spend in adults purchasing of £0.4m (which includes a demand pressure on the adults purchasing budget of £0.75m), with an under spend across the remainder of the service of £0.5m. This underspend is predominantly the saving of £0.4m achieved in the 14/15 MER, which was brought forward into 15/16, along with vacancies in the current establishment.
- Provider Services are showing an over spend against budget of £0.439m, which has primarily arisen as a result of the service incurring additional staff costs relating to planned efficiencies not yet fully realised.
- Contributions to Care is showing an over spend of £0.414m against budget, which includes a shortfall of £0.5m on fairer contributions due to the numbers of service users being less than the original budget assumptions because of business demand management and the application of eligibility criteria, offset by an over estimation of liabilities at year end. Also there is a shortfall of £0.3m on ILF contributions. This is offset by increases in Property Income £0.39m and Continuing Health Care Income £0.19m. Following staff recruitment the cost of the Social Care Accounts Service is now over spend £121k.

Commissioning (forecasting a reduction in spend of £645k):

- A reduction in spend forecast by Commissioned Housing of £788k – the main area of under spend is reduced expenditure of £658k on Housing Related Support Contracts.
- A forecast over spend against Commissioned Mental Health Services £1.057m due to increased demand and savings not considered deliverable against Older People’s mental health.
- Social Care Commissioning Service are forecasting an over spend of £264k which relates to a budget gap on the equipment budget following a change of provider.

Community Services (forecasting an over spend of £106k):

- There is a forecast overspend of £186k in Locality Management, primarily relating to the anticipated non-achievement of 2015/16 savings targets related to reductions in the level of Grants paid to Voluntary Bodies and in regard to Ward Pots.

Housing General Fund (forecasting a reduction in expenditure of £368k):

- The Housing General fund is forecasting an under-spend of £368k, comprising mainly a reduction in demand for the Local Assistance Scheme and a reduction in spend Homelessness Prevention Fund and Repossession Prevention Fund.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS STRATEGY	6,119	6,198	(79)	⇔
CARE AND SUPPORT	112,722	110,991	1,731	⇩
COMMISSIONING	30,295	29,622	672	⇧
COMMUNITY SERVICES	5,919	5,813	106	⇔
HOUSING GENERAL FUND	3,148	3,516	(368)	⇔
GRAND TOTAL	**158,203**	**156,141**	**2,062**	⇩

Commentary

28. The following commentary concentrates on the changes from the previous report at month 5.

- Business Strategy has a worsened position of £92k which is predominantly due to removal of reserves included month 5 which are not available.
- Care and Support has an favourable change of £2m mainly due to
  - Improved position in Contributions to Care is due to an over estimation of liabilities taken at year end which has now been recognised in the accounts £400k offset by staffing recruitment to Social Care Accounts Service now £121k over spent.
  - Adult purchasing budget decreased spend of £870k, due to review of planned activity.
  - Learning Disabilities recognition of CCG income £1m.
  - Reablement Services reduction in spend in staffing levels £200k.
- Commissioning have a worsened position of £654k due to approval of the carry forward request included month 5 £415k and the recognition of a funding gap on the equipment contract £263k.

Approval request

29. Adult social care had significant challenges over the last year, in particular financial pressure, greater integration with health and legislative change through the Care Act 2014. To manage these changes, the portfolio brought

together a single change programme to ensure that the complex activity and drivers continue to be managed coherently.

30. This report seeks approval for external spend of £461,000 from October 2015 through to March 2016, and retrospective permission for spend totalling £430,892 in the first half of the 2015/16 financial year. The funding for this spend is met within budgeted resources: specifically grant given to the local authority to support the wider implementation of the Care Act.

31. The spend is with an organisation called Impower. So far their work has been focussed upon improving our customer experience and financial sustainability of the city's adult social care system including in areas of: improving access to the appropriate part of the wider system, better use of telecare, overall prevention approach and how we best manage demand. The next phase of work focuses on demand management and embedding a focus on independence through all our services.

32. There is a robust programme business case behind the spend, supported by significant financial benefits of up to £10.9m per year if all elements are implemented. The appropriate procurement processes are in place. The implications of not approving the spend would be missed opportunity to make savings while making improvements in the experience of those we support – meaning that equivalent cuts would need to be identified and made elsewhere.

33. There are alternatives to this spend. The Council could not undertake the work, which means the lost opportunity to make significant savings when they are most needed. Alternatively the work could be resourced in a different way – by individual consultants on day rate, however the risk of being able to deliver on this basis is too great to be acceptable to the Council. The short term and specialist nature of the support required is not suitable for direct recruitment.

Resources Portfolio

Summary

34. As at month 6 the Portfolio is forecasting a full year outturn of a reduction in spending of £655k, an improvement of £111k from the month 5 position. The key reasons for the forecast outturn position are:

- £232k over spend in Commercial Services (Savings) due to a shortfall in income from cashable procurement savings;

Offset by:

- £358k under spend in Finance due mainly to over recovery of income from the 60 day bad debt and savings on Employees from unfilled vacancies;
- £478k under spend in Housing Benefit due to the recovery of high value over payments as a result of a DWP data-matching fraud and error initiative.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS CHANGE & INFORMATION SOLUTIONS	973	1,010	(37)	⇔
COMMERCIAL SERVICES	668	585	83	⇔
COMMERCIAL SERVICES (SAVINGS)	(1,396)	(1,628)	232	⇩
CUSTOMER SERVICES	1,803	1,824	(21)	⇔
FINANCE	4,617	4,976	(359)	⇔
HUMAN RESOURCES	3,324	3,415	(91)	⇔
LEGAL SERVICES	3,384	3,413	(29)	⇔
RESOURCES MANAGEMENT & PLANNING	302	308	(6)	⇔
TRANSPORT AND FACILITIES MGT	15,826	15,808	18	⇔
TOTAL	29,501	29,711	(210)	⇩
CENTRAL COSTS	25,667	25,634	33	⇩
HOUSING BENEFIT	(72)	406	(478)	⇧
GRAND TOTAL	**55,096**	**55,751**	**(655)**	⇩

Commentary

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

Commercial Services (Savings)

36. A forecast £232k overspend, due to a shortfall in income from cashable procurement savings. This is an improvement of £117k from the previous month.

37. The improvement this month is due to an additional rebate from Reed above what had been forecast.

Central Costs

38. A forecast £33k overspend, due to a £122k overspend on Court Costs and Business Rate administration grant offset by a £98k underspend on Housing

Benefit Administration. This is an improvement of £297k from the previous month.

39. The improvement this month is due to a cash limit transfer of £321k from Housing Benefit to realign the budget for Court Costs and Business Rates Admin grant.

Housing Benefit

40. A forecast £478k reduction in spending, due to DWP data matching fraud and error initiatives which have generated high value overpayments to be recovered. This is an adverse movement of £299k from the previous month.

41. The adverse movement this month is due to a cash limit transfer of £321k to Central Costs to realign the budget for Court Costs and Business Rates Admin grant.

Policy, Performance and Communications

Summary

42. As at month 6 the Portfolio is forecasting a full year outturn of an overspend of £400k, as per the month 5 position. The key reasons for the forecast outturn position are:

- £391k over spend in Communications due to under recovery of income as a result of a delay in the implementation of the new advertising contract.
- £101k over spend in Electoral Registration due to an increase in supplies and services costs and employee costs offset by an under spend of £50k in Local Elections.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
ACCOUNTABLE BODY ORGANISATIONS	0	0	0	⇔
POLICY, PERFORMANCE & COMMUNICATION	3,029	2,629	400	⇔
PUBLIC HEALTH	(135)	(135)	0	⇔
GRAND TOTAL	**2,894**	**2,494**	**400**	⇔

Commentary

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

44. No changes.

Corporate

Summary

45. 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) (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.

	FY Outturn £'000	FY Budget £'000	FY Variance £'000
Corporate Budget Items & Savings Proposals	63,576	63,727	(151)
Income from Council Tax, RSG, NNDR, other grants and reserves	(502,682)	(502,682)	0
Total Corporate Budgets	**(439,106)**	**(438,955)**	**(151)**

Commentary

- **Corporate** are currently showing a forecast reduction in expenditure of £151k. However, there is an underachievement of £700k against the Public Health Savings target of £2.5m which was agreed as part of the 2015/16 budget. This underachievement is complicated by the need to react to £2m of in-year grant cut by Government. When further work has been undertaken on new Public Health strategy for 2016 onwards, it may be possible to revisit the financial position in year. There is a decision to be made whether the impact falls on General Fund or is carried forward as a deficit on the public health grant. At the moment, the overspend has been offset by a forecast reduction in expenditure on the corporate redundancy budget. This budget is being kept under constant review and, once the likely outcome of the Place VER/VS scheme is known, a revised forecast on redundancy costs will be reflected in next month’s monitoring report.

PUBLIC HEALTH BUDGET MONITORING AS AT 30TH SEPTEMBER 2015

Purpose of the Report

1. To report on the 2015/16 Public Health grant spend across the Council for the month ending 30th September 2015.
2. The report provides details of the forecast full year spend of Public Health grant compared to budget. Key variances are explained and any financial risks are discussed in the risk section.
3. The net reported position for each portfolio/service area would normally be zero as public health spend is matched by a draw down of public health grant. For the purposes of this report, and in order to identify where corrective action may be necessary, we have shown actual expenditure compared to budget where there is an underspend position. Overspends which will affect Portfolios' revenue positions are described in the narrative sections only.

Summary

4. At month 6, before adjusting for the potential impact of in-year reductions in Government grant, the overall position was a forecast underspend of £892k which is summarised in the table below.

All figures £000s

Portfolio	Forecast full year expenditure	Full year expenditure budget	Full year variance	FY Variance Forecast at M5	Movement from Prior Month
CYPF	12,293	12,378	(85)	(33)	(52)
COMMUNITIES	13,699	13,997	(298)	(293)	(5)
PLACE	2,971	3,403	(432)	(392)	(40)
DIRECTOR OF PUBLIC HEALTH (inc PH Intelligence)	2,403	2,480	(77)	(74)	(3)
TOTAL EXPENDITURE	**31,366**	**32,258**	**(892)**	**(792)**	**(100)**

5. Key reasons for the forecast under spend are:

- (£298k) underspend in Communities of which £193k is uncommitted funds that will be clawed back as part of in-year savings.

  (£432k) underspend in Place mainly as a result of projects which have been put on hold (£345k).

- (£77k) underspend in Director of Public Health as a result of reduced expenditure forecast on Support Services.

Communities Portfolio

EXECUTIVE SUMMARY

HRA Revenue Budget Monitoring 2015/2016– as at September

Purpose of this Report

1. To provide a summary report on the HRA 2015/2016 revenue budget for the month ending 30th September 2015, and agree any actions necessary.

2. The content of this report will be used as the basis of the content of the budget monitoring report to the Executive Management Team and to Members.

Summary

3. 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.

4. The 2015-16 budget is based on an assumed in year position of £10.9m which is to be used to fund the ongoing 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.

5. As at month 6 the full year outturn position is a projected £2.2m saving compared to budget.

   Main areas contributing to the outturn include reduced rental income of £436k mainly due to a higher turnover of vacant properties; this is partly offset by a forecast reduction in the provision for bad debts; a reduction in other service charge income of £109k. These are offset by forecast savings of £2.9m on overall running costs, of this £1.8m relates to staffing and running costs and £1.1m resulting from the re-profiling of projects

6. Financial Results

Housing Revenue Account (excluding Community Heating)	FY Outturn £000's	FY Budget £000's	FY Variance £000's	Movement from Month 5
1.NET INCOME DWELLINGS	(148,992)	(149,427)	436	⇩
2.OTHER INCOME	(6,714)	(6,824)	109	⇩
3.HOMES-REPAIRS & MAINTENANCE	31,890	31,871	18	⇩
4.DEPRECIATION-CAP FUND PROG	38,973	38,973	0	⇔
5.TENANT SERVICES	57,028	59,922	(2,894)	⇩
6.INTEREST ON BORROWING	14,644	14,579	65	⇔
Total	**(13,171)**	**(10,905)**	**(2,266)**	
7.CONTRIBUTION TO CAP PROG	13,171	10,905	2,266	⇧

Community Heating

The budgeted position for Community Heating is a draw down from Community Heating reserves of £337k. As at month 6 the position is a draw down from reserves of £194k resulting in a saving of £144k. This is due to re-profiling the implementation of the heat metering scheme.

Community Heating	FY Outturn £000's	FY Budget £000's	FY Variance £000's	Movement from Month 5
Income	(3,063)	(2,760)	(303)	⇧
Expenditure	3,257	3,098	159	⇧
	194	338	(144)	

Housing Revenue Account Risks.

There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. As well as the introduction of Universal Credit, outlined elsewhere in the report the Government has recently announced a number of further changes in the July 2015 Summer Budget Statement and Welfare Reform and Work bill. These include a revision to social housing rent policy, which will reduce rents for the next four years. This will have a considerable impact on the resources available to the HRA Business Plan. In addition, the Governments “Pay to Stay” policy announcement and other changes to Housing benefits will impact on both tenants and the HRA business plan. Work is currently underway to assess the financial impact of these. Other identified risks to the HRA are:

- **Interest rates:** fluctuations in the future levels of interest rates have always been recognised as a risk to the HRA.

- **Repairs and Maintenance:** existing and emerging risks within the revenue repairs budget include unexpected increased demand (for example due to adverse weather conditions) and future changes to contractual arrangements.

Appendix 4

Collection Fund 2015/16 – Quarter 2 monitoring

Summary

1. In 2015/16 approximately £276m of SCC expenditure is forecast to be financed directly through locally collected taxation. This taxation is initially collected by the Council and credited to the Collection Fund.
2. 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% and the Council retain the remaining 49% as below.
3. Council Tax is distributed approximately 86% to SCC, 10% to the Police and Crime Commissioners Office and 4% to the Fire Authority. The SCC share is detailed below.

Income Stream	2015/16 Budget £m	Year to Date £m	Forecast Year End Position £m	Variance £m
Council Tax	-170.4	-114.6	-173.8	-3.4
Business Rates Locally Retained	-105.7	-104.9	-103.3	2.4
TOTAL	**-276.0**	**-219.5**	**-277.1**	**-1.0**

4. As at the end of Quarter 2 the Collection Fund is forecasting an overall surplus of £1.0m made up of a £3.4m surplus on Council Tax and a £2.4m deficit on Business Rates.

Council Tax

5. The Gross Income chargeable to dwellings is £1.1m over budget due to a growth in home building of 983 dwellings compared to the Council Tax Base (CTB) forecasts.
6. Reductions and Exemptions are currently £2.0m down against CTB forecasts largely due to lower registered student levels against what was a prudent assumption. 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 by around £0.9m.
7. Council Tax Support is down by £1.3m against CTB forecasts due to a declining case load. A detailed analysis is currently being undertaken to determine the reasons behind this drop.

Business Rates

8. The most significant areas of variation by year end are expected to be in Gross Rates Income Yield (£3.5m worse), Reliefs (£1.9m better) and losses on appeals (£3.7m worse) which contribute to the overall £4.8m deficit position. The SCC share of this (49%) is £2.4m.

Collection Fund - Business Rates	Budget 2015/16 £m	Year to Date £m	Forecast Year End Position £m	Variance £m
Gross Business Rates income yield	-259.9	-255.8	-256.3	3.5
LESS Estimated Reliefs	38.2	35.2	36.3	-1.9
Transitional Relief	0.0	0.5	0.5	0.5
Losses and Cost of Collection	3.0	0.9	1.8	-1.2
Losses on Appeals re Current Year Bills	3.8	5.7	7.5	3.7
Increase (Decrease) due to appeals / bad debt provisions	0.0	0.2	0.2	0.2
Net Collectable Business rates	**-214.9**	**-213.3**	**-210.0**	**4.8**
Appropriation of net business rates:				
Sheffield City Council	-105.7	-104.9	-103.3	2.4
SY Fire Authority	-2.1	-2.1	-2.1	0.0
Government	-106.7	-105.9	-104.3	2.4
Designated Areas	-0.3	-0.3	-0.3	0.0
Total SCC Appropriations	**-214.9**	**-213.3**	**-210.0**	**4.8**

Gross Rates Income Yield

9. The Gross Business Rates Income Yield has, to date, decreased by £4.1m compared to total budget. Whilst there have been some new entries in to the list there has also been decline.

10. The biggest single factor is the Valuation Office ruling on Health Centres which led to a reduced rateable value for all health centres across the country. Whilst this was known to be under appeal the eventual decision was unexpected and so has impacted both the income yield and the losses on appeal lines more than anticipated.

11. The gross yield is however expected to rise by around £0.5m to £256.3m by year end, £3.5m under budget, predominantly as a result of the Eon Biomass site coming on line.

Reliefs and Discounts

12. 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 half of the year amounts to £35.2m which is £3.0m below the £38.2m assumed in the budget. These are expected to rise to £36.3m by year end, £1.9m under the original budget.

13. The most significant variation is in relation to Empty Property Reliefs which are down £2.3m against budget due to what appears to be an upturn in genuine occupations at the lower end of the market.

Reliefs	Budget 2015/16 £m	Year to Date £m	Forecast Year-End Outturn £m	Variance £m
Small Business Rates Relief	5.1	5.2	5.3	0.2
Mandatory Charity Relief	19.6	19.5	20.0	0.4
Discretionary Relief	0.7	0.4	0.6	-0.1
Empty Property / Statutory Exemption	10.0	7.7	7.7	-2.3
Partly Occupied Premises Relief	1.4	0.2	0.3	-1.1
New discretionary reliefs	1.5	2.2	2.4	0.9
	38.2	**35.2**	**36.3**	**-1.9**

Appeals

14. Appeals are notoriously difficult to forecast due to the lack of available information. The 2015/16 Council budget anticipated £3.8m of refunds in year resulting from appeals. This was based on historical trend analysis.

15. Losses on Appeals are anticipated to be £3.7m over budget by year end primarily due to the refunds paid out in relation to Health Centres which currently stand at around £4.2m of the £5.7m year to date figure.

16. There is a provision of £13.7m carried forward into 2015/16, whilst this will reduce as a result of health centres paying out above there are other significant appeals that are now on the list (e.g. Virgin Media) so there is not expected to be significant movement in this at present.

Summary

17. If this position materialises a £1m surplus to SCC can be expected from the Collection Fund, however due to the highly variable nature of the many elements of the Collection Fund this forecast should be treated with caution.

CAPITAL PROGRAMME MONITORING AS AT 30th SEPTEMBER 2015

Summary

1. At the end of September 2015, the end of year position forecasts a variance of £19.6m (7%) below the approved Capital Programme. Project managers are forecasting to deliver a capital programme of £267.6m. This is £8.8m lower than forecast last month following Cabinet approval of revised pending profiles whereby £15.3m of planned spend for 2015/16 has slipped into future years.
2. The bulk of the forecast variance is in the Place (£10.7m – 10% - below budget) and Housing programmes (£7m – 8%). These variances are discussed in greater detail below at paragraph 6.
3. The Year to date position shows the variance to date on spending to be £8.8m (7%). This is £7.5m lower than last month's figure of £16.3m.

Financials 2015/16

Portfolio	Spend to date £000	Budget to Date £000	Variance to date £000	Full Year forecast £000	Full Year Budget £000	Full Year Variance £000	Change on last Mth Bud £000
CYPF	21,054	23,361	(2,307)	38,527	40,218	(1,691)	(2,381)
Place	37,626	45,561	(7,936)	91,213	101,907	(10,693)	5,649
Housing	33,215	30,423	2,793	81,183	88,211	(7,028)	8,373
Highways	6,538	7,210	(672)	17,789	17,745	44	(3,370)
Communities	210	289	(79)	351	352	(2)	30
Resources	1,209	1,812	(602)	7,960	8,202	(242)	512
Corporate	15,287	15,287	-	30,574	30,574	-	-
Grand Total	**115,139**	**123,942**	**(8,803)**	**267,598**	**287,210**	**(19,612)**	**8,813**

Capital Programme

Capital Programme	2015-16 £m	2016-17 £m	Future £m	Total £m
Month 5 Approved Budget	294.7	168.4	308.5	771.5
Additions	1.5	6.0	0.0	7.5
Variations	6.3	3.6	0.3	10.2
Slippage & Acceleration	-15.3	8.9	5.7	-0.7
Month 6 Approved Budget	287.2	186.9	314.5	788.5

4. The revised programme shows a net increase of £17m and reflects the approval of £5.6m of works for the Sheffield Retail Quarter city centre regeneration project, £5.4m additional spend on the BRT North project because of site contamination and the need to divert an unchartered sewer and a further £2.4m for the FA 3G Football Pitch project following agreement of an enlarged specification.

Commentary

5. The Top 20 projects in the Capital Programme account for 71% of the current 2015/16 budget. The key variances for the forecast £19.6m shortfall against budget by the year end by project include:

   - £9.1m re-profile of spending on the Sheffield Retail Quarter project to reflect the revised programme information.

   - £3.3m slippage on New Build Council housing – delayed following the original contractor becoming insolvent and the project being retendered. This report seeks approval to re-profile the project to the new delivery plan;

   - £2.7m of potential underspend on the remediation of the Don Valley Stadium as a result of savings being realised; and

   - £0.8m re-profiling of the purchase of ICT equipment for the new school at Don Valley.

Of the £8.8m shortfall in the year to date,

- £4.1m behind profile on the two new leisure centres at Graves and North Active but the slippage will be caught up and the centres will open on their projected dates. The profile is to be revised next month based on the latest contractor delivery programme.

- £3.2m behind on the New Build Council Housing for the reasons given above, and, £1.0m slippage on the Council House stock increase project;

- £2.2m delayed start on the Brookhill area improvements. The project has been delayed by a number of months awaiting commitments from partner organisations which have delayed the transfer of the scheme to the Council. Legal agreements are close to completion to enable this transfer to take place;

- £1.0m ahead of profiled spend on the SRQ;

- The Grey-to-Green project is £0.5m behind plan as a result of unchartered service diversions, contractor performance and the need to resolve some design issues during the works period;

- The Roofing programme is £7.9m ahead of plan following a good start on site by the selected contractors and an expanded programme of work.

  The "Top 20" projects account for a net £1.9m (22%) of the £8.8m shortfall in the year to date. £6.9m (78%) of the shortfall is in the remaining 26% of the programme. Significant variances in this group include:

- £0.7m slippage in the demolition of Castle Market. Some of this relates to a forecast underspend and a delay in the progression of the works.

- £0.5m slippage on the extension of Oughtibridge Primary School due to the new dinning pod which is an additional phase of works and the budget will be re-profiled;

- Arbourthorne redevelopment is £0.4m behind budget.

6. The remaining £5.4m variance is scattered across 150 other projects with the average variance being £38k.

Approvals

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

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

- 5 additions to the capital programme with a value of £1.7m.
- 10 variations to the capital programme creating a net increase of £481k; and
- 5 requests for slippage amounting to £4.2m.

9. Further details of the schemes listed above can be found in Appendix 5.1 and 5.2.

Finance

October 2015

Scheme Description	Approval Type	Value £000	Procurement Route
THRIVING NEIGHBOURHOODS AND COMMUNITIES : -			
HOUSING PROGRAMME			
New Build Council Housing Phase 1	Variation	250	Competitive tender followed by direct appointment by SCC after negotiation with 2nd highest tender
Stock Increase (CHS)	Variation	-250	
This project has slipped significantly due to the initial preferred contractor going into administration shortly before entering into the contract. The next best tender was above the CAF limit and so the Council has negotiated with that contractor and brought the price down within the original CAF limit. The effect of those negotiations was to delay the start on site to Nov 2015. It was originally scheduled for Mar 2015. The original completion date was Mar 2016 and is now expected to be Nov 2016, with some retention payments scheduled for 17/18. The reduction in price was achieved largely by a reduction in the house type footprints. The revised house types are of similar space standards to the Sheffield Housing Company (Phase 1). The original budget for spend in 2014/15 was £290k, due to the above delays only £40k was spent. This request is to retrospectively approve the slippage and reflect this in the funding source.			
This is also a request for slippage of £3,329m from 2015/16 to 2016/17 and £178k to 2017/18 to reflect the new contract and plan of work on the appointment of the new contractor.	Slippage	3,508	

Property Conversions **HRA Block Allocation** There are a number of properties across the City that are held by Housing Services which are unlet because they do not meet the Council's standards. Many are boarded / blocked up without windows/doors etc. The aim of the project is to carry out works to make these properties habitable for customers and increase the security and desirability of areas. This submission is for an additional £20k to add to the original approved budget of £150k for these works. This work went out to tender with the preferred tender £30k over the available budget. Analysis of the recommended bid shows an under estimation of the preliminary, overheads and contingency costs of £40k, while the measured term costs show a good level of accuracy with the tender returning costs £10k under budget. Construction market costs have also increased since the original estimates were calculated 12 months ago. A review of the cost information was completed following the return of the tenders and a saving of £10k was identified, this has reduced the shortfall to £20k The funding for this project comes from the Housing Revenue Account and the funds are held on block allocation Q00084 which has been submitted with this request.	Director Variation	20 -20	Competitive tender Contract award submitted with this variation
PARKS PROGRAMME			
Parkwood Springs Resolution Site The Parkwood Springs Resolution site is a closed landfill site which was previously operated by Sheffield City Council and now is maintained by the Parks and Countryside Service. The rubbish deposited in the tip decays and creates methane gas. In 2012 it was confirmed the ground gas management system was no longer operational and as a result	Addition	322.8	Quotes for Consultancy and other works Specialised contractors for

ground gas has now been detected at the surface at flammable and explosive concentrations, in close proximity to residential properties. This project is being delivered in a number of phases; Phase's 1 to 3 (Feasibility) are now complete and the costs for this will be charged to the capital project. The feasibility study recommended the installation of a new ground gas management system (phase 4 works). The outline design for this system includes the installation of 25 new ground gas wells which will be connected to a carrier network. A programme of gas monitoring will follow and this work will inform the end design to manage the gas (phase 5), i.e. if the gas is passively vented to atmosphere, actively vented to atmosphere or flared via a low calorific flare. Approval is now being sought to proceed with phase 4, which involves directly determining the Site's ground gas generating capacity and emissions and phase 5; end design (see above). The cost of phases 1 to 5 is £322.8k which will be funded from Corporate Resource Pool, provision having been made in the 2015/16 Capital Programme.			engineering works
Move More Running Routes As Sheffield is projected as "The Outdoor City" and attracts more people to experience its 'urban-outdoors' offer, there is a need to ensure the experience, of both visitors and residents, reflects the branding and reinforces this positive view. Local clubs and run groups will play an important role in supporting and encouraging people to start running and become more active. The aim of this project is to carry out improvements to the physical infrastructure. This will include the creation of simple maps and clear way-marked looped running routes linking urban locations to green spaces.	Addition	104.6	Competitive Quotes, In-House and possible waiver for specialist work

Works involve erecting signage to provide information on the distance, difficulty and nature of the terrain to provide a network of varied routes across the city. The project will raise awareness of the options available, creating ease of access that encourages participation and progression from starter routes to more challenging run routes. The wide geographical spread of sites has been chosen to make facilities accessible to all demographics. It is envisaged, a total of 13 run routes will be delivered over 2 years (6 routes in year 1 and 7 in year 2). The project is being fully funded from a grant from England Athletics - for full funding details refer to Appendix 2.			
Lady Canning's Plantation Lady Canning's Plantation is a 49.43 ha conifer plantation on Ringinglow Road. In line with the Forest Design Plan, the plantation now requires thinning to ensure the remaining tree stock is healthy and becomes more valuable over time. A forest track is necessary to access the timber in the western half of the plantation, and remove the felled trees. The estimated cost of this is £50k. The project will be funded from a grant from the Forestry Commission of £29.5k and the remainder from timber sales of felled wood. There are funding risks associated with this project because of the grant conditions. However the Forestry Commission have given verbally indicated that it will be flexible to accommodate the project plan. The timber sales income is based on the extracted timber from the plantation and not	Addition	50	3 Competitive Quotes

expected to be received until the December 2016 (at the earliest). As part of the Great Place to Live Board approval, Parks have agreed to underwrite the funding risk if timber sales do meet the required values.			
CYPF PROGRAMME			
Gleadless Primary Rebuild This project was set up to design new Infant and Junior blocks at the existing Gleadless Primary School site and to carry out refurbishment works at the new Infant and junior blocks. The school exists on a split site, separated by a main road. The Infant site has significant condition issues to address and it was proposed to accommodate the infants in the junior block and to build a new junior block (adjacent to the current junior block) on the Junior site. This variation seeks approval for an additional £910k of expenditure due to scheme changes to include refurbishment and extension to the existing school as agreed by the service. The specification changes will delay completion into 2016-17 and approval is sought to slip £1.24m of expenditure into 2016/17. The project is to be funded from the DFE (Department of Education) Capital Maintenance Block Allocation grant, taking the total cost from £2.3m to £3.21m.	Variation & Slippage	910 -1,237	YORbuild Framework, however a full competitive tender process to be was considered should YORbuild not produce a suitable tender list or timescales.
Capital Maintenance Block Allocation This request is to apply £910k funding to fund the cost increase on the Gleadless Primary Rebuild project as noted above. This applies the same source of funding as used on the original project.	Variation	-910	N/A - Variation

Hallam Reconfiguration This project was set up to reconfigure and redesign buildings at Hallam Primary School. The initial works were to include feasibility, demolition of the existing infant block, provision of a 900m^2 additional classroom block and external works to create 90 additional pupil places by December 2015. The project, which currently stands at £3.6m, was previously varied by £579k to cater for the result of the tender return, to include an additional construction road and redesign of the kitchen area, as well as to slip £379k from 2014-15 into 2015-16 due to planning requirement delays. However, since then, routine ground works have identified part of the site to contain landfill waste, which was not initially identified as part of the feasibility works, as the area affected is not around the building works, but around the access road. Accordingly, this variation is to request additional funding to cover the costs of removal of the landfill waste, to be funded from the Basic Need Block Allocation the same source as the original work, and to approve slippage as a result of the extra work.	Variation & Slippage	873.2 -883.6	N/A –Variation, with additional works being sub-contracted by existing contractor
Basic Need Block Allocation This request is to apply £873.2k funding to the Hallam Reconfiguration project as noted above. This application ensures the continued use of the same funding source for the increased costs due to waste removal as was applied to the original project.	Variation	-873.2	N/A - Variation
Don Valley School This project was initially approved to allow for the construction of a new school on the former Don Valley Stadium site. This request is to vary the budget to allow for a revision to the ICT costs and to request slippage of £763k from 2015/16 to re-phase expenditure into future years up to March 2022, without affecting the overall approved budget of £16.7m. The work is funded, as before, from Department for Education Targeted Basic Need and Basic Need allocations.	Slippage	-763.0	N/A -Slippage

IN TOUCH ORGANISATION :-			
RESOURCES PROGRAMME			
Primary Maintenance Emergency Works This project was set up to cover unforeseen and unexpected buildings issues not arising from planned expenditure, providing schools with reassurance if sudden and unexpected failures of plant or building fabric occur through no direct fault of the school. It also covers uninsured elements of insurance claims arising due to exceptional weather conditions. This request is for a variation to add an additional £450k to the project, being funded from a drawdown against the DfE (Department for Education) Capital Maintenance block allocation grant.	Variation	450	N/A - Variation
Aldine House Heating The project already has approval for a feasibility study to look at installing a replacement heating system at Aldine House Secure Accommodation Home, following condition surveys that have identified the need for investment to replace unreliable and end-of-life mechanical installations to maintain business as usual and prevent building closure. This will support the facility's ability to continue to successfully operate as a secure home on a commercial basis. This request is to increase expenditure by £195k to move the project on to build stage, with £100k of the cost being funded by a new Department for Education (DfE) grant and the remaining £95k to be funded by the Capital Maintenance Block Allocation grant funding.	Variation	195	Competitive Tender

Capital Maintenance Block Allocation This request is to apply funding to the following projects, as noted above: • Primary Maintenance Emergency Works: £450k. • Aldine House Heating £95k (£195k total project variation -£100k DFE Grant funding).	Variation	-545	N/A - Variation
Carbrook UrbanTraffic Control Relocation The Council is undertaking a significant programme to rationalise its office accommodation space to reduce its running costs. The Carbrook site is to be emptied and sold which will require the relocation of the Urban Traffic Control Centre to other Council buildings. The UTC uses sophisticated IT software and hardware to control the traffic lights and helps manage traffic flows across the city. Consequently some specialist contractors will be engaged to move the equipment. The accommodation costs are estimated at £500k and the IT works are estimated at a further £200k. Cabinet has already authorised £100k for this project to undertake the long lead time IT works. The move should be complete by the end of the financial year.	Variation	600	Open tender for accommodation works and waiver for specialist IT related works
STRONG ECONOMY:-			
M1 Gateway Public Art Project In recognition of the significance of the Tinsley Cooling Towers to the City of Sheffield, EON UK Ltd pledged £0.5m to Sheffield City Council for a public art project on the former site, other project funding includes £65k S106. The project is to create a major work of public art that will be part of the regeneration of the Blackburn Meadows / Tinsley Locks	Slippage	240	n/a

area.

Due to delays in the procurement element of the project, approval is being sought to slip £240k into future years, as per table below:-

Approved Budget

	2015/16	2016/17	2017/18	Total Approved
Third Party Contributions	185.3	185		370
2014/15 Slippage	109.5			110
2015/16 Slippage				0
S106			65	65
Total	294.8	185	65	544.8

This Slippage Approval

	2015/16	2016/17	2017/18	Total Approved
Third Party Contributions		60	125	185
2014/15 Slippage	54.8	54.7		109.5
2015/16 Slippage		185.3		185
S106			65	65
Total	54.8	300	190	544.8
Variance	-240	115	125	0

Botanical Gardens Education Centre The Botanical Gardens Trust has approached the Council to offer funds to replace the existing wooden building with a new purpose built sustainable structure. The replacement	Addition	636	Waiver for the Design element. Full competitive tender for the

building will offer a much improved environment in which children can study nature. Future running costs are estimated to be no more than today because of the improved energy efficiency of the new building. The outline design has already been commissioned by the Trust. The project will be wholly funded by the donation from the Trust and contained within the gift by value engineering if tenders are above the approved sum. The building is expected to open in mid to late 2016.			building works
OLP Infrastructure The Council has committed to providing a site for the Don Valley University Technical Centre (UTC) which has all the necessary utilities. This is in line with the Department of Education guidelines for providing a new school site. The work will be undertaken by the UTC's building contractor, BAM and capped at the lower of £303k or the actual cost. Funding will be from the Corporate Resource Pool.	Addition	293.5	Waiver to engage the UTC Contractor
OLP Infrastructure Public Realm The OLP site is now remediated and ready for new developments which will include the Advanced Well Being and Research Centre, school, UTC and other sports related facilities. These individual buildings will be linked by a public realm (roads and footways) and require the provision of utility services. It is more cost effective to provide this in one building project rather than constructing this in a piecemeal way. The cost of the works is estimated at £4m and this scheme will prepare a feasibility analysis for potential designs. The project will be funded in the first instance by the Corporate Resource Pool.	Addition	125.5	Waiver and in-house design

Grant Awarding Body	Name of the Grant	Project to be funded by the Grant	Conditions and Obligations	Value £000
Forestry Commission	**English Woodlands Grant Scheme (EWGS)**	**Peak Park Woodland Estate – Lady Canning's Plantation**	**<u>Main Conditions</u>** The Forestry Commission grant is £29,589. Works must be completed and claimed by 30 Sept 15. If we stop occupying the land and the work is not successful for the remainder of the contract period (30 years) we are liable to repay any grant received together with interest set by HM Treasury. Changes to the approved work must be agreed in advance, in writing or by e-mail. Any promotional material must acknowledge the grant aid received from the Forestry Commission. The award may be terminated if we do not keep to any of the conditions of the contract. **<u>Claw back</u>** If we do not carry out the work to the standards and timescales set out in the grant Terms & Conditions, the funder may withhold payment of grant or ask us to repay the grant, with interest. **<u>Risks</u>** The Terms & Conditions state that works must be completed and claimed in advance of 30 Sept 15. The funder has indicated that this may be extended to 31 Dec 15 but SCC is still awaiting formal confirmation of this position.	**30**

			Current timber prices have been used to calculate the revenue to be generated from timber sales. Any reduction would create a revenue risk for 16/17. To mitigate this risk, it is proposed that more thinning would be carried out to cover the shortfall. The thinning can’t begin until Autumn 2016 therefore the payment from timber sales is not expected to be received until Dec 16. There is a risk that if the thinning schedule slips the income may not be received in 16/17. If the Forestry Commission grant is not forthcoming the Service have agreed to absorb the resultant revenue pressure.	

England Athletics – HM Exchequer as part of the Department of Culture, Media & Sport investment	**England Athletics WSP Capital Fund**	**Move More Running Routes**	**<u>England Athletics: Funding Analysis</u>** SHU £15,000 England Athletics <u>£12,000</u> **Total: Grant paid to Partners £27,000** SCC : Capital (Yr 1): £44,583 SCC : Capital (Yr 2): <u>£60,040</u> **Total: Grant paid to SCC <u>104,623</u>** **Total : England Athletics Grant £131,623** Add: Capital Match <u>£18,715</u> (SCC in kind) Total: Project Funding **<u>£150,338</u>** **<u>Main Conditions</u>** • SCC has 28 days from receiving the Award Offer Letter (Year 1) to accept the grant. • The funding for year one must be spent on works complete before 31st March 2016. • Project must start on site within six months of the date of	**105**

			the Award Offer & be completed within 18 months of the date of the Award Offer Letter. • The award cannot be used to pay for any commitments made before date of the Award Agreement (1st October 2015). • The Award may be terminated if SCC does not keep to any of the conditions of the contract/award. • The £18,715 of in kind match funding is for SCC Officer time and will need to be evidenced. **<u>Claw back</u>** If the terms & conditions are not met SCC may have to pay back all or part of the Award. **<u>Risks</u>** The Terms & Conditions state the funding must be spent on works complete before 31.03.16. **<u>Revenue Implications</u>** No additional revenue budget funding has currently been identified to fund the longer term maintenance costs. Economies of scale via the purchase of equipment in advance are anticipated to contribute to the longer term maintenance costs. A detailed analysis of the savings from this source will	

			need to be provided by the Portfolio and reviewed by Finance. In addition existing park and countryside site staff will monitor conditions as part of their routine half yearly checks. The extent to which this will contribute to additional maintenance costs and the impact on the revenue position remains to be determined.	

Appendix 6

CORPORATE RISK REGISTER

This Appendix provides a brief overview of the main financial risks facing the Council in 2015/16. A more detailed schedule of these risks will be monitored by the Executive Management Team to ensure that the risks are mitigated.

Corporate Risks

2015/16 Budget Savings & Emerging Pressures

1. There will need to be robust monitoring in order to ensure that the level of savings required for a balanced budget in 2015/16 are achieved, especially given the cumulative impact of £300m of savings over the last five years (2011-16), and furthermore the backdrop of continuing reductions in Government grant from 2016/17 onwards.

2. Whilst preparing the budget 2015/16, officers identified numerous pressures which, if left unchecked, could lead to significant overspends in 2015/16 and beyond. The following pressures have been highlighted because they present the highest degree of uncertainty.

   <u>Capital financing costs</u>

3. Corporate savings of £3.4m from capital financing costs have been offered up to help balance the 2015/16 budget, on the assumption that market conditions will not be materially different to those assumed in the approved Treasury Management Strategy.

4. The Council currently maintains a substantial but prudent under borrowed position to help support the revenue budget and mitigate residual counterparty default risk on cash investments. In operating with an under borrowed position the Council exposes itself to interest-rate risk. Recognising this, Treasury maintain a regular dialogue with the Director of Finance and the Executive Director of Resources to monitoring the risk and review mitigation opportunities.

   <u>Business Rates</u>

5. Following the advent of the Government's Business Rates Retention Scheme in April 2013, a substantial proportion of risk has been transferred to local government, particularly in relation to appeals, charitable relief, tax avoidance, hardship relief and negative growth. The issue of appeals dating as far back as the 2005 rating list is the greatest risk causing concern across all authorities.

6. As at 30th June 2015, there were properties with a rateable value of approximately £175m under appeal in Sheffield. On the 30th September 2015 new government legislation was introduced to cut off any further backdated appeals prior to the 31st March 2015. The impact of this announcement resulted in 1140 new claims being made in March 2015. In addition, a significant national appeal is under investigation for Virgin Media which would have a significant impact for Sheffield.

7. Due to the uncertainty around these factors a prudent provision was taken during 2014/15 to mitigate the loss of income as a result of successful appeals. Actual trends on appeals will be monitored in year, with any revised estimates of the impact of appeals forming part of the 2016/17 budget process. The risk from appeals will be significantly lower in future years once the backdated element has been finalised.

Implementation of savings proposals

8. The risk of delivering savings in 2015/16 in specific areas such as adult social care and waste management is considerable, given that the Communities and Place portfolios overspent by £2.0m and £967k respectively in 2014/15. To mitigate this, officers are working on the safe and legal implementation of budget proposals by:

- Ensuring that there is a thorough understanding of the impact of proposals on different groups and communities, including undertaking Equality Impact Assessments for budget proposals and discussed with Cabinet Members
- Carrying out appropriate, meaningful consultation activity with affected communities and stakeholders, and ensuring that where the proposal affects a supplier or provider, that they undertake appropriate consultation and equalities work with service users.
- Discussing budget proposals with affected members of staff in advance of them being made public, and putting in place MER processes where required, in consultation with HR.

One-off funding

9. There is a significant risk about the high level of one-off funding and reserves to balance the budget, particularly with regard to the Better Care Fund. At £9.3m, this is the highest level of one-off funding that the Council has had to use in recent years. However, officers will continue to work with colleagues at the CCG to find more sustainable ways to generate the required level of savings or income, by the end of this financial year and throughout next year so that real savings are identified to replace the one-off use of resources.

Medium Term Financial Position

10. The Finance Settlement for local authorities for 2016/17 and beyond will be affected by the outcome of the Spending Review in November 2015. The recently published and revised Medium Term Financial Strategy 2016-21 identified that the current indicative savings target for 2016/17 to be £5.4m, but is still subject to review. Within this target is an assumption of an RSG reduction in the order of 20% per annum.

11. The Council's financial position is significantly determined by the level of Business Rates and Council Tax income. Each of these may be subject to considerable volatility and will require close monitoring and a focus on delivering economic growth to increase our income and on delivering outcomes jointly with other public sector bodies and partners.

Pension Fund

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

13. As at March 2013 the triennial review for pensions highlighted the total liability underwritten by the Council for external bodies was £9.3m. However more up to date information from the pension fund seems to suggest that these liabilities may have increased as a result of universally low bond yields in the fund. The full liability will not be known until March 2016 when the next triennial review is complete.

Economic Climate

14. There is potential for current adverse economic conditions to result in increased costs (e.g. increased homelessness cases) or reduced revenues.

15. The Council seeks to maintain adequate financial reserves to mitigate the impact of unforeseen circumstances.

External Funding

16. The Council utilises many different grant regimes, for example central government and EU. Delivering projects that are grant funded involves an element of risk of grant claw back where agreed terms and conditions are not stringently adhered to and evidenced by portfolios. In order to minimise risk strong project management skills and sound financial

controls are required by Project Managers along with adherence to the Leader's Scheme of Delegation to approve external funding bids.

17. As SCC funding reduces, portfolios are increasingly seeking out new sources of external funding, both capital and revenue. EU funding contracts have more complex conditions, require greater evidence to substantiate expenditure claims and are less flexible on timescales and output delivery targets. This increases the inherent risk in projects which are EU funded. Furthermore as the Council reduces its staff resources a combination of fewer staff and less experienced staff increases the risk of non-compliance with the funding contract conditions and exposes the authority to potential financial claw back.

18. Moreover, the pressure on the General Fund means that Service Managers are forced to seek more external funding such that the general level of risk associated with grants is increasing because of the additional workload this creates amongst reduced and potentially inexperienced staff.

Treasury Management

19. The Council has been proactively managing counter-party risk since the credit crunch of 2008. Counterparty risk arises where we have cash exposure to bank and financial institutions who may default on their obligations to repay to us sums invested. Counterparty risk has somewhat diminished over the last financial year as banks have been obliged to improve their capital funding positions to mitigate against future financial shocks. The Council is continuing to mitigate counterparty risk through a prudent investment strategy, placing the majority of surplus cash in AAA highly liquid and diversified funds.

20. As part of the 2015/16 budget process, we have developed the Treasury Management and Investment Strategies; which was based on discussions with members and senior officers about our risk appetite. This will include a review of our counter-party risk to ensure it is reflective of the relative risks present in the economy without being unduly conservative for the improving UK economic position.

21. The Council is also actively managing its longer term need for cash. Cash flow requirements show that the Council will require new borrowing in the coming years to finance capital investment. With interest-rates expected to rise from their current historic lows the Council is remaining vigilant to interest-rate risk, and will draw down loans in a timely manner to mitigate against borrowing costs rising above our target rates.

22. Over the final quarter of 2014/15 we successfully move to Barclays Bank following the withdrawal of Co-op Bank from the Local Authority banking market. Our relationship with the Co-op effectively ended at the end of March 2015, except for a specific contract to take payments over counters at Post Offices and Pay Point outlets.

23. PCI DSS Compliance is a mandatory requirement of all organisations taking payments via Debit & Credit cards and is aimed at ensuring security of customer card data. We are currently non-compliant and as well as incurring circa £3-4k in additional transaction charges we potentially face unlimited fines in the event of a security breach. Officers are urgently pursuing actions to improve compliance.

Welfare Reforms

24. In April 2013, the government began to introduce changes to the Welfare system, which have had and will continue to have a profound effect on Sheffield residents including council taxpayers and council house tenants. The cumulative impact of these changes is significant. They include:

- **The Abolition of Council Tax Benefit:** replaced with a local scheme of local Council Tax Support from April 2013. The Council approved the replacement scheme, based on the reduced funding available from Government, and set up a hardship fund in January 2013, but there are risks to council tax collection levels and pressures on the hardship fund which are being closely monitored.
- **Housing Benefit Changes:** The Government has introduced various changes to the Housing Benefit System since 2013. These changes aim to reduce the level of benefit paid and hence potentially impact on recipient's ability to pay rent and council tax. Consequently there may be an adverse impact in the level of arrears.
- **Introduction of Universal Credit:** The planned roll out for new single claimants in Sheffield is to take place in early 2016. The timeline for existing claimants move to UC is still uncertain. The biggest potential impact is on HRA and collection of rent. Support towards housing costs is currently paid through housing benefit direct to the HRA; in future this will be paid through UC direct to individuals. This will potentially increase the cost of collection and rent arrears. There will also be an impact on the current contract with Capita and internal client teams. Recent reports also suggest the UC IT system has stability issues which may add to the risks already identified.

Children, Young People and Families Risks

Education Funding

25. In 2015/16 it is currently anticipated that 9 of the Council's maintained schools could become independent academies (9 primary). However, the Government has recently announced new legislation on academy conversion and this could increase this number. Schools are entitled to receive a proportion of the Council's DSG which schools forum have decided can be de-delegated back to CYPF to fund central services. Academies can on conversion choose whether to buy into those services thus creating a potential funding gap. Based on academy conversions to date:

    - up to £5m has now been deducted from the Council's DCLG funding, under the new Education Services Grant (ESG), and given to academies. Currently around £3.3m is still at risk if all schools choose to convert with the council retaining only £1.1m for retained duties only.
    - Up to £500k could be at risk to centrally funded services should Academies choose not to buy back those services funded from de-delegated DSG from the local authority.

26. If an academy is a sponsored conversion then the Council will have to bear the cost of any closing deficit balance that remains in the Council's accounts. In 2015/16 this cost to the Council is estimated at around £300k and remains a risk for any future conversions.

Communities Risks

NHS Funding Issues 2015/16

27. The Better Care Fund became fully operational on 1 April 2015, bringing together health and social care expenditure across Sheffield. The programme aims to shift pressures and resources from hospital and social care nursing and residential homes to community settings over the medium to longer term. This is supported by a couple of joint initiatives that will help keep people well within the community, first of all the additional £1.0m funding made available through the Transformation Challenge Award. Secondly the re-tendering for the Integrated Community Equipment Service resulted in a contract being awarded to the British Red Cross, which commenced on 1 July 2015. This contract pools around £2.9m of budgets for community equipment.

28. In 2014/15 monitoring of a shadow budget took place to determine the amounts expended both within the Sheffield Clinical Commissioning Group (CCG) and the Council. The 2015/16 Better Care Fund for Sheffield has an agreed baseline of £270.5m, of which the contribution by the Council is £105.0m, after pressures and savings. This takes into account of CCG funding of £12.4m, provided to support integration. Additionally there is a further £3.5m of capital expenditure available within the Better Care Fund.

29. The Fund is underpinned by a Section 75 agreement signed by both parties, which sets out how the agreement will operate. This agreement sets out the level of funding to be provided in the first year by each party. It also sets out how any under or over spends are to be handled for each section within the overall Fund.

30. As part of the overall requirement to balance the Council's budget for 2015/16, we assumed that £9.3m would be made available through a combination of additional BCF savings and/or funding transfers from the NHS, to be used to reduce the Council's overall budget gap. There is however a significant risk in relation to this and discussions with CCG continue to be ongoing. It is assumed at this stage that the Council will secure £5m of funding from the NHS. A key recommendation of the EMT Report was to match this assumed £5m contribution from the NHS with £4.3m of one-off funding principally from the Council's reserves. This would, on a one off basis, mean that Adult Social care is held at cash standstill in 2015-16 after savings and pressures have been taking into account.

31. A 2-year plan is required, however, to ensure that these one-off funds can be replaced by more sustainable proposals from the Better Care Fund or Health: this £9.3m is not sustainable within the SCC budget. There will have to be a re-assessment of options once the 2016-17 funding cuts from Government are known.

Place

2015/16 Revenue Budget savings

32. The Portfolio intends to achieve its target savings in 2015/16 and 2016/17 by reducing the cost of the Streets Ahead Programme and waste management contracts as well as seeking savings in the South Yorkshire Passenger Transport Levy. The portfolio faces a significant

challenge in re-negotiating the contract payments which if not achieved will require compensating savings in other services.

Electric Works

33. The running costs of the business centre are not covered by rental and other income streams. The approved business plan set-aside contingency monies to cover potential deficits in its early years of operation which has now been fully utilised. From 2015/16 onwards, responsibility for Electric Works is being transferred to the Place portfolio. The risk of covering any potential deficit for 2015/16 has been addressed as part of Place's business planning process to the value of 200k. The forecasted deficit is lower than the budgeted deficit.

Housing Revenue Account Risks

Housing Revenue Account (HRA)

34. There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. As well as the introduction of Universal Credit, outlined elsewhere in the report the Government has recently announced an number of further changes in the July 2015 Summer Budget Statement and Welfare Reform and Work bill. These include a revision to social housing rent policy, which will reduce rents for the next four years. This will have a considerable impact on the resources available to the HRA Business Plan. In addition, the Governments "Pay to Stay" policy announcement and other changes to Housing benefits will impact on both tenants and the HRA business plan. Work is currently underway to assess the financial impact of these. Other identified risks to the HRA are:

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

Capital Programme Risks

Capital Receipts and Capital Programme

35. Failure to meet significant year on year capital receipts targets due to reduced land values reflecting the depressed market and the impact of

the Affordable Housing policy. This could result in over-programming / delay / cancellation of capital schemes.

Housing Regeneration

36. There is a risk to delivering the full scope of major schemes such as Parkhill because of the severe downturn in the housing market. This could result in schemes ‘stalling’, leading to increased costs of holding the sites involved.

Olympic Legacy Park

37. The Council supports the development of the Olympic Legacy Park to regenerate the Lower Don valley. Some parts of the infrastructure need private party or external funding to realise the vision. There is a very tight timescale to meet in order that the educational facilities can be operational in time for the academic year. If the funding cannot be put in place in time, the Council may have to step in with funding which will place additional strain on the funding of the programme.

Bus Rapid Transit (BRT) North

38. The project is significantly over budget and a year behind schedule due to the discovery of asbestos on land which was previously thought to have been decontaminated, and, an unchartered sewer which has had to be relocated. The latest estimate of the unfunded spend is £6.5m. A number of options are being pursued, including applying for additional grant funding, litigation against those at fault and allocation of anticipated future planning related development fees.

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