SHEFFIELD CITY COUNCIL

Cabinet Report

Report of:	Eugene Walker
Report to:	Cabinet
Date:	17 February 2016
Subject:	Revenue and Capital Budget Monitoring 2015/16 – As at 31st December 2015
Author of Report:	Dave Phillips
Key Decision:	YES
Reason Key Decision:	Expenditure/savings over £500,000

Summary:
This report provides the month 9 monitoring statement on the City Council's Revenue and Capital Budget for 2015/16.

Reasons for Recommendations:
To formally record changes to the Revenue Budget and gain Member approval for changes in line with Financial Regulations.

Recommendations:	Please refer to paragraph 19 of the main report for the recommendations.
Background Papers:	
Category of Report:	**OPEN**

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Dave Phillips
Legal Implications
NO
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human Rights Implications
NO
Environmental and Sustainability implications
YES/NO
Economic Impact
NO
Community Safety Implications
NO
Human Resources Implications
NO
Property Implications
NO
Area(s) Affected
Relevant Cabinet Portfolio Lead
Relevant Scrutiny Committee
Overview and Scrutiny Management Committee
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
NO

REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 31st DECEMBER 2015

Purpose of the Report

1. This report provides the Month 9 monitoring statement on the City Council's Revenue Budget and Capital Programme for December 2015. The first section covers Revenue Budget Monitoring and the Capital Programmes are reported from paragraph 13.

REVENUE BUDGET MONITORING

Summary

2. At month 7 the overall Council position was a forecast overspend of £5.8m. The position at month 9 shows an improvement of £2.6m, with a forecast potential overspend of £3.2m 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	69,009	68,621	388	⇩
COMMUNITIES	157,710	156,254	1,456	⇩
PLACE	159,068	155,443	3,625	⇩
POLICY, PERFORMANCE & COMMUNICATION	2,878	2,592	286	⬄
RESOURCES	55,841	56,596	(755)	⬄
CORPORATE	(441,315)	(439,506)	(1,809)	⇩
GRAND TOTAL	**3,191**	**0**	**3,191**	⇩

3. Each portfolio has plans in place to further reduce their forecast overspend to a position whereby the 2015/16 budget is expected to be balanced. On this basis, the proposed 2016/17 budget has been formulated taking into account specific recurrent pressures in Place and Public Health (as reported further down in this report) whilst assuming that all other portfolios will be balanced by year-end.

4. In terms of the month 9 overall forecast position of £3.2m overspend, the key reasons are:

- **Children, Young People and Families** are showing a forecast overspend of £388k.The is overspend is primarily due to the recruitment of additional social workers £1.1m, £718k due to delays in delivery of savings, £244k reflecting an increase in unaccompanied children and £965k in increased demand pressures within Direct Payments and Short Breaks services. These adverse forecasts are partly offset by a reduction in expenditure of £554k on Contact Contracts, £331k on legal fees, an increase in Education Services Grant income £600k and £891k due a reduction in Placement demand.

- **Communities** are showing a forecast overspend of £1.5m. This overspend is largely due to an overspend of £1.2m in Learning Disabilities and Contributions to Care and an overspend of £1.4m within Commissioned Mental Health Services. These overspends are offset by a £605k underspend in Housing General Fund.
- **Place** are showing a forecast overspend of £3.6m. This is largely due to delays in delivering planned cost reductions on the waste contract of £2.6m and the Streets Ahead Contract of £2.7m. There are also emerging cost pressures from increased household waste volumes and reduced income from the sale of materials of £1.3m 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 £666k, sustained improvement in the Highways and Highway Network management of £1.0m and £1.2m of discretionary spend reductions across the portfolio.
- **Resources** are showing a forecast reduction in expenditure of £755k. This is primarily due to the recovery of high value over payments in Housing Benefit of £388k, £138k increase in income for the Moorfoot Learning Centre, £161k reduction in expenditure due to unfilled vacancies and £391k within the Finance Service as a result of savings on employee 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 £136k from a shortfall in cashable procurement savings and £192k increase in Other Central Costs relating to the insourcing of the Revs and Bens Service.
- **Policy, Performance & Communication** are showing a forecast overspend of £286k. This overspend 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 £1.8m. This underspend is due to a lower than anticipated number of redundancies, there is a forecast reduction in expenditure of £1.2m on the corporate redundancy budget. Corporate Financing costs are also showing an improved position of £600k for the year as a result of continuing low interest rates and improved investment income.

5. The main variations since Month 7 are:

- **CYPF** are forecasting an improvement of £633k since Month 7. This is mainly due to a £384k improvement in the placement budgets due to maximisation of grant income, reduction in placement cost and reduction in placement numbers as well as a £200k improvement within Fieldwork and Early Intervention due to increased efficiencies within legal fees and contract management.
- **Communities** are forecasting an improvement of £633k since month 7. This is mainly due to Care and Support forecasting an improvement of £288k, comprising of a £400k reduction in Provider Services staffing costs following a full review, offset by additional staffing costs within Access, Prevention and Reablement Service. There has also been a £225k reduction in overspend within Commissioning as a result of additional income from the CCG risk share offset by an increase in expenditure within Housing Related Services.
- **Place** are forecasting an improvement of £1.2m, which is due predominantly to a Portfolio wide review of staffing and discretionary spend that has resulted in a £1.2m reduction in expenditure.
- **Resources** are forecasting an improvement of £99k. Although this is not a significant improvement, there have been some notable variances including a forecast reduction in expenditure of £126k due to unfilled vacancies in Legal, a 99k over recovery of income in Finance due mainly to Combined Authority recharges and increased income from the Bailiff Pilot scheme; this has been offset by an increase in expenditure of £196k relating to a lower recovery of high value overpayments of Housing Benefit.

Collection Fund

6. By mid-January every year, local authorities are required to make an estimate of the cumulative surplus or deficit on the Collection Fund. The Council's local share of the cumulative surplus is estimated at £0.3m, comprising a £5.2m surplus on Council Tax offset by a £4.9m deficit on Business Rates. The cumulative position takes account of a number of one-off in-year adjustments on both Council Tax and Business Rates, as described in the appendix, combined with a £6.8m surplus brought forward from 2014/15. As stated in previous reports, Business Rates, and in particular the effect of appeals on income, are an extremely volatile area and the Collection Fund is the means by which we manage that volatility. The removal of these one off adjustments shows a relatively stable base position on which to target future growth. Whilst risks of further appeals against liability to pay business rates remain, growth in the base of both Council Tax and Business Rates is forecast to accelerate in the coming years.

7. Further details about the quarter 3 performance of the Collection Fund can be found in Appendix 4.

Public Health

8. The Public Health ring-fenced grant is currently forecasting a potential £1.5m reduction in expenditure, the main reason for which is a direct response to government consultations on in-year cuts to the Public Health grant and therefore the need to reduce expenditure to cope with grant reductions in 2015/16. Further details of the forecast outturn position on Public Health are reported in **Appendix 2**.

Housing Revenue Account

9. 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.

10. As at month 9 the full year outturn position is a forecast reduction in expenditure of £15.8m. Further details of the HRA forecast outturn can be found in **Appendix 3** of this report.

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 9	2.5
	Forecast to Year End	2.1
	Future Years' Commitments	2.4
	Total Expenditure	7.0
	Funds Available for Investment	**-6.3**

11. There is a £0.3m change in the spend profile between current and future years as the Norton Aerodrome project is now expected to slip into 2016/17. The project has not progressed as planned because of the need to consider overall planning policy in the area.

12. Officers have developed options for spending the remaining £6.3m of New Homes Bonus funding. These options will be considered for further development into capital projects to be brought forward for member approval under the existing processes.

Capital Summary

13. At the end of December 2015, the end of year position forecasts a variance of £20.1m (7%) below the approved Capital Programme. Project managers are forecasting to deliver a capital programme of £256m. This is £3.3m lower than forecast last month and reflects lower delivery on Schools, Homes and Council infrastructure work offset by increased spending on the Sheffield Retail Quarter following a re-profile of property acquisitions.

14. 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

15. 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

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

Legal implications

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

Property implications

18. 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

19. Members are asked to:

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

(b) In relation to the Capital Programme:

(i) Submit the report for approval at Cabinet, which will;

(ii) Approve the proposed additions to the Capital Programme listed in **Appendix 5.1**, including the procurement strategies and delegations of authority to the Director of Commercial Services or nominated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;

(iii) Approve the proposed variations, deletions and slippage **in Appendix 5.1**;

(iv) Approve the acceptance of the grant detailed on **Appendix 5.2**

And note

(v) The two variations authorised by directors under the delegated authority provisions; and

(vi) The latest positon on the Capital Programme.

Reasons for Recommendations

20. 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

21. 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 31 December 2015

Children Young People and Families (CYPF) Portfolio

Summary

1. As at month 9 the Portfolio is forecasting a full year outturn of an overspend of £388k, which is an improvement of £629k with the month 7 position. The key reasons for the forecast outturn position are:

   - **Business Strategy** - £633k forecast reduction in spend. This includes additional Education Services Grant (ESG) income to that budgeted for of £600k, £141k forecast reduction in spend in Information Systems due to staff vacancies and slippage in an upgrade project. These are partially offset by £200k forecast overspend in Transport, due to increased demand pressures and a delay in anticipated savings due in the year.
   - **Children and Families** – £1.1m forecast overspend.

     Over spending areas are:

     - Fieldwork Services – A net overspend of £981k - Management and Business Support £66k due to a delay in the services' MER; Fieldwork Service Areas and Permanence and Throughcare £1.1m net overspend mainly due to the 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; Multi-systemic Therapy £217k due to delays in the early part of the year of the anticipated savings; there is also an overspend in specialist support teams of £244k reflecting an increase in unaccompanied children. These have been partially offset by a £554k ongoing saving on Contact Contracts as a result of specific action being taken to reduce costs and a £331k 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 - £965k due to increased demand pressures, this also includes £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 £251k and Youth Justice of £250k, which has also had an in-year grant cut. These are being partially mitigated by an improved position in Adoption Service of £100k and a further £293k savings in the service, leaving a net overspend of £108k.

Areas of forecast reduction in spending are:

- Placements - £891k 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.
- Early Intervention & Prevention - £100k due to savings on contracts, this is being offset by a reduced expected contribution of £250k from the CCG towards Early Intervention and Prevention
- **Inclusion and Learning Services and Children's Commissioning** – £113k forecast underspend. This includes a £90k reduction in spend in Education Psychology because of staff vacancies in the service.
- **Lifelong Learning, Skills and Communities** – £39k forecast overspend, £270k 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, a forecast overspend of £50k on the BIG Challenge because the expected income is not available, but the planned expenditure for this project has been incurred and £37k forecast overspend of Post 16 LDD, due to a reduction in the level of anticipated income from EFA. This is being offset by an over achievement against budget savings in Youth Services of £194k, this is mainly due to a reduction in spend in the Internal Community Youth Teams, as a result of staff vacancies as part of the 4 year budget programme. Strategic Support is also forecasting a reduction in spend of £104k, 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	1,720	2,353	(633)	⇔
CHILDREN & FAMILIES	58,608	57,513	1,095	⇩
INCLUSION & LEARNING SERVICES	(144)	(31)	(113)	⇔
LIFELONG LEARN, SKILL & COMMUN	8,825	8,786	39	⇔
GRAND TOTAL	**69,009**	**68,621**	**388**	⇩

DSG

2. The following is a summary of the variance position on DSG budgets at month 9:

	Month 7 £000	Month 8 £000	Month 9 £000
Business Strategy	(82)	(52)	52
Children and Families	(51)	(42)	(67)
Inclusion and Learning Services	(30)	(227)	(232)
Lifelong Learning, skills and Communities	2	0	(9)
	(161)	**(321)**	**(256)**

Commentary

3. The following commentary concentrates on the changes from the month 7 position.

Business Strategy

4. As at month 9, Business Strategy is currently forecasting reduction in spend of £633k (shown in the table above) relating to cash limit and a overspend of £52k on DSG.
5. The cash limit position is consistent with the month 7 position, however, this includes £100k additional Education Services Grant (ESG) income to that budgeted for, due to the pace of change and reduced levels of academy conversions to that budgeted. It had been assumed in the budget that, due to Government policy, there would be a high number of academy conversions in this year, however, as the year has progressed the number of actual conversions has been a lot lower than anticipated and £81k movement on Information Systems, mainly due to slippage in an upgrade project and staff vacancies. This has been offset by a £200k overspend on transport due to increase in demand pressures and a delay in anticipated savings due in the year.
6. The DSG position is a movement of £134k from the month 7 position. This includes £98k improvement on Information Systems as detailed above. This has been offset by a £100k forecast overspend in transport, due to increase in demand pressures and a delay in anticipated savings due in the year and a movement of £172k on the Free Early Learning (FEL) budgets, due to increased demand in 3&4 year FEL of £172k as a result of increased uptake of 2year FEL.

Children and Families

7. As at month 9, Children and Families is currently forecasting a £1.1m overspend (shown in the table above) relating to cash limit and a £67k underspend on DSG. This is an improvement of £567k on cash limit and DSG is consistent with the month 7 position.
8. The improvement from month 7 includes £384k improvement in the Placement budgets, £132k due to the maximisation of grant income for inter-agency costs on adoption, £105k due to the reduction of a placement cost as the child as entered the Innovation programme and gone into foster care, £200k due to the reduction in placement numbers through careful management action to reduce the number of child in and entering into the care system.
9. There has also been further saving of £200k in Fieldwork and Early Intervention and Prevention through increased efficiencies, including legal fees and contract management.

Inclusion and Learning Service and Children's Commissioning Unit

10. As at month 9, Inclusion and Learning Service is currently forecasting £113k underspend (shown in the table above) relating to cash limit and a £232k reduction in spend on DSG.
11. The movement in the cash limit position is an improvement of £63k from month 7, this reflects a £53k additional reduction in spend in Education Psychology due to reductions in agency staff and delays in filling vacancies.
12. The DSG is forecasting an improvement of £202k from month 7, this is due to an improvement of £67k on Banded Funding, following a review of the banded funding allocations, a £50k improvement on SEN Placements, due to 4 places ceasing but partially offset by inflationary uplifts and a £54k improvement in Children Missing in Education, due to a reduction in the anticipated contribution to Becton.

Lifelong Learning Skills and Communities

13. As at month 9, Lifelong Learning Skills and Communities is currently forecasting a £39k overspend (shown in the table above) relating to cash limit and a balanced DSG position.
14. The cash limit and DSG position are consistent with the month 7 position.

Communities Portfolio

Summary

15. As at month 9, the Portfolio is forecasting a full year outturn of an over spend of £1.455m. The key reasons for the forecast outturn position are:

Business Strategy (forecasting a minor over spend of £5k):

- The net adverse position for Business Strategy is mainly due to non-achievement of current and prior year savings in the Planning and Performance Service offset by reduction in spend on Business Support salaries.

Care & Support (forecasting an over spend of £0.99m):

- This overspend is primarily related to an over spend in Learning Disabilities and a reduction in the level of Client Contributions receivable in the year.
- Learning Disabilities is forecasting an over spend of £0.861m. Health income is forecast to be lower by £0.364m within Purchasing which is contributing to the overall purchasing over spend of £0.637m. There is also £1.6m of 2015/16 savings forecast not to be delivered, particularly around the work being done with the providers of Supported Living and Respite Care bringing prices in line with the LD Provider Framework. The savings for 2015-16 are being partly offset by funded pressures which are not expected to play out in full within the year. Work is continuing in this area and will result in savings for future financial years. There is also a £0.305m over spend in LD Assessment & Care Management directly attributable to temporary staffing resources brought in from the Adults Service to increase review and re-assessment rates within the service.
- Long Term Support is showing an under spend of £66k. This comprises the net position of an over spend in adults purchasing of £472k, with an under spend across the remainder of the service of £538k; this under spend is predominantly the saving from social work vacancies of £456k in the current establishment and £82k against Forge Centre due to reduction in contracts.
- Provider Services is showing a slight underspend against budget of £90k. There is a £350k reduction in spend on Carers in the Adult Placement Shared Lives Service. City Wide Care Alarms reports an over spend of £390k as a result of reduction in income. Care4You Business and Performance and Head of Service Budgets report a combined £354k reduction in spend on staffing. Community Support Services report an under spend of £106k on salary costs. Reablement Services report an

over spend of £329k which has arisen as a result of the service incurring additional staff costs relating to planned efficiencies delivered later than expected.

- Contributions to Care is showing an over spend of £0.319m against budget. This includes an overall shortfall of £0.661m on the fairer contributions business unit 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. This is offset by an over estimation of liabilities at year end. There is also a shortfall of £0.309m on ILF contributions, £0.336m Residential/Nursing income and £0.347m on Public Health Direct Payments. This is offset by increases in Property Income £1.005m and Continuing Health Care Income £0.337m.

Commissioning (forecasting an over spend of £0.959m):

- A reduction in spend forecast by Commissioned Housing of £740k against Housing Related Support Contracts due to contract changes and delay on pilot projects.
- A forecast over spend against Commissioned Mental Health Services £1.4m. This is made up of a £1.2m overspend in Mental Health purchasing and £0.167m overspend in the Older People's Mental Health contract, both directly attributable to non-achievement of savings and increased demand. There are also small over spends of £25k and £17k in the S75 contract and Partnership contract BU's.
- Social Care Commissioning Service is forecasting an over spend of £48k which relates to a change of provider and increased demand against that contract (net of CCG risk share contribution).

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

- There is a forecast over spend of £183k in Locality Management, primarily relating to the anticipated non-achievement of 2015/16 savings targets. This is offset by pay savings and over-recovery of income in the Libraries Service of £78k.

Housing General Fund (forecasting a reduction in spend of £605k):

- The Housing General fund is forecasting an underspend of £605k, comprising mainly of a reduction in demand for the Local Assistance Scheme, a reduction in spend in the Homelessness Prevention Fund and Repossession Prevention Fund and an adjustment for water rates. The service is also carrying many vacancies as a result of the service going through an MER which is due to be completed in April.

- The position on Sustainable City remains balanced until the Communities Business Partner team have concluded work on the budgets and fully understands the activity therein. The service transferred from the PLACE portfolio during August and work is ongoing to create simplified budgets to aid the service in their forecasting. At this time there is still a requirement to capitalise some revenue expenditure and this will be reviewed as part of an action plan to determine future funding requirements of the service.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS STRATEGY	5,658	5,653	5	⇧
CARE AND SUPPORT	111,965	110,974	991	⇩
COMMISSIONING	30,659	29,700	959	⇩
COMMUNITY SERVICES	5,969	5,863	106	⇔
HOUSING GENERAL FUND	3,459	4,064	(605)	⇔
GRAND TOTAL	**157,710**	**156,254**	**1,456**	⇩

Commentary

16. The following commentary concentrates on the changes from the previous report at month 7.

- Business Strategy is showing an adverse movement of £180k which is predominantly due to the transfer of the majority of the (previously unused) pay inflation budget to cover a budget pressure on the equipment contract of £263k. This is net of increases in underspends on pay budgets of £91k.

- Care and Support is showing a favourable movement of £288k.

  - An adverse movement in Access, Prevention and Reablement Service of £113k due to the early termination of STH income, additional staff costs.

  - A favourable movement in Provider Services of £400k, mainly as a result of a reduced staffing costs, leading to a reduction in forecast expenditure.

  - An adverse movement of £39k in Learning Disabilities due to an increase in Transport costs and a relatively small increase in Purchasing costs.

- Commissioning is showing a favourable movement of £225k.

  - Mental Health Commissioning is showing an adverse movement of £188k which is mainly due to additional invoices to be paid around Housing Related Support and an increase in purchasing expenditure. However this is net of increased income forecast in Older people's Mental Health related to an client income.

  - This is offset by a favourable movement in Social Care Commissioning of £379k as a result of the budget transfer from Business Strategy (£263k) and CCG risk share income (£126k) to cover the pressure on the Equipment contract.

- Housing General Fund is a favourable movement of £52k which is made up of a favourable movement on Local Assistance Scheme £84k due to continued lower demand than expected and £8k Business Planning due to delayed recruitment offset by an adverse movement of £40k due to transfer of grant income to Building Cohesion.

Year to Date

- The year to date position for Communities shows £1,103k under spend which is currently being scrutinised by Finance and underlying issues will be picked up with service.

Place Portfolio

Summary

17. As at month 9 the Portfolio is forecasting a full year outturn of an £3.6m overspend, an improvement of £1.2m from the month 7 position.
18. The key reasons for the forecast outturn position are:

- **Business Strategy & Regulation:** £3.6m over budget due to delays in delivering 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 (£1.3m). This is offset to some extent by cost reductions across the rest of the service (£0.3m).

- **Regen & Development Services**: £1.7m over budget largely due to delays in delivering the planned cost reductions in the Streets Ahead programme (net £2.7m), plus additional staffing and income pressures within the Transport and Parking Services activity (£0.3m), offset by continuation of sustained cost improvement trends in Highways and Highway Network Management (£1m) and other cost reductions across the rest of the service (£0.2m).

- **Culture & Environment** : £1.3m under budget through a continuation of sustained cost improvement trends within the Bereavement Services, Parks, City Centre Management and Sports Facilities activities (£0.7m) and further cost reductions arising from staffing and discretionary spend reviews across the rest of the service (£0.6m).

19. The key variances this period included :-

- **Portfolio-wide - Review of Staffing and Discretionary Spend** – reductions in actual/forecast costs across all service areas (notably Culture & Environment) associated with reviews of staffing and supplies and service spend (£1.2m).

20. It should be noted that 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 a review of key areas of employee and discretionary spend with a view to realising further savings in 15-16 which will carry through to future years.
21. At the Place Leadership Team on 6 October, it was agreed to amend budgets in line with an outline plan which if implemented could reduce the forecast overspend to £2.5m by year-end.
22. Subsequent actions have included the release of 37 employees under a voluntary severance/retirement scheme and the implementation of a spend freeze within the Portfolio.

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS STRATEGY & REGULATION	32,883	29,331	3,552	⇔
CAPITAL & MAJOR PROJECTS	656	724	(68)	⇩
CREATIVE SHEFFIELD	3,215	3,479	(264)	⇩
CULTURE & ENVIRONMENT	41,474	42,783	(1,309)	⇩
MARKETING SHEFFIELD	588	612	(24)	⇔
PLACE PUBLIC HEALTH	-	0	0	⇔
REGENERATION & DEVELOPMENT SER	80,252	78,514	1,738	⇩
GRAND TOTAL	**159,068**	**155,443**	**3,625**	⇩

Financial Results

Commentary

23. The following commentary concentrates on the key risks and changes from the previous reported position.

Capital & Major Projects

24. The forecast for this activity is £68k under budget. However, it should be noted that contained within this small underspend is an income pressure within the

markets service of £0.5m (mainly the Moor market) which is being offset by reductions in spend across the rest of the service.

25. The position within Moor market arises from being only 70% let earlier in the year as Traders surrendered tenancies due to difficult trading conditions. The low viability of the market businesses had also led to a high level of bad debt. There may be further risk here if stall lettings cannot be held at the current improved level (82%), 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.

Creative Sheffield

26. The forecast for this activity is £264k under budget. A key risk is securing the funding of the £0.5m salary cost within the City Development team. The team is heavily committed to developing business cases to bid for funds from the Sheffield City Region Investment Fund (SCRIF). Costs incurred in developing business cases are not recoverable from the fund and must be financed at risk by the bidding organisation.
27. Another risk is within the Grey-to-Green project where the failure to keep to the work schedule has resulted in some £750k of expenditure becoming ineligible for ERDF funding as it is outside the agreed timeframe. The risk to the Council is £410k. Alternative funding sources are being explored.

Policy, Performance and Communications

Summary

28. As at month 9 the Portfolio is forecasting a full year outturn of a reduction in spending of £755k, as per the month 7 position. The key reasons for the forecast outturn position are:

- £136k over spend in Commercial Services (Savings) due to a shortfall in income from cashable procurement savings;
- £192k over spend in Other Central Costs – Capita due to project costs incurred in relation to the insourcing of the Revs and Bens Service;

Offset by:

- £391k under spend in Finance due mainly to over recovery of income and savings on Employees from unfilled vacancies and salary sacrifice;
- £138k under spend in Human Resources due mainly to over recovery of income on The Moorfoot Learning Centre;

- £388k 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;
- £161k under spend in Legal mainly due to the structure not yet being fully recruited to following the Achieving Change in September.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS CHANGE & INFORMATION SOLUTIONS	1,517	1,488	29	⇔
COMMERCIAL SERVICES	598	585	13	⇔
COMMERCIAL SERVICES (SAVINGS)	(1,492)	(1,628)	136	⇔
CUSTOMER SERVICES	1,782	1,824	(42)	⇔
FINANCE	4,451	4,842	(391)	⇩
HUMAN RESOURCES	3,377	3,515	(138)	⇔
LEGAL SERVICES	3,252	3,413	(161)	⇩
RESOURCES MANAGEMENT & PLANNING	245	208	37	⇔
TRANSPORT AND FACILITIES MGT	15,737	15,808	(71)	⇔
TOTAL	29,467	30,055	(588)	⇩
CENTRAL COSTS	26,356	26,135	221	⇔
HOUSING BENEFIT	18	406	(388)	⇧
GRAND TOTAL	**55,841**	**56,596**	**(755)**	⇔

Commentary

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

Finance

30. A forecast £391k reduction in spending, due mainly to over recovery of income and savings on Employees from unfilled vacancies and salary sacrifice. This is an improvement of £99k from the month 7 position.
31. The improvement since month 7 is due to additional income from the Combined Authority, to cover newly recruited staff, and from the Bailiff pilot scheme and ICAM team.

Legal

32. A forecast £161k reduction in spending, due to the structure not yet being fully recruited to following the Achieving Change in September. This is an improvement of £126k from the month 7 position.
33. The improvement from the month 7 position is due to recruitment delays.

Housing Benefit

34. A forecast £388k reduction in spending, due to the recovery of high value over payments as a result of a DWP data-matching fraud and error initiative This is an adverse movement of £196k from the month 7 position.
35. The adverse movement this month is due to a decrease in the level of overpayments now being made.

Resources Portfolio

Summary

36. As at month 9 the Portfolio is forecasting a full year outturn of a reduction in spending of £755k, as per the month 7 position. The key reasons for the forecast outturn position are:

    - £136k over spend in Commercial Services (Savings) due to a shortfall in income from cashable procurement savings;
    - £192k over spend in Other Central Costs – Capita due to project costs incurred in relation to the insourcing of the Revs and Bens Service;

    Offset by:

    - £391k under spend in Finance due mainly to over recovery of income and savings on Employees from unfilled vacancies and salary sacrifice;
    - £138k under spend in Human Resources due mainly to over recovery of income on The Moorfoot Learning Centre;
    - £388k 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;
    - £161k under spend in Legal mainly due to the structure not yet being fully recruited to following the Achieving Change in September.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS CHANGE & INFORMATION SOLUTIONS	1,517	1,488	29	⇔
COMMERCIAL SERVICES	598	585	13	⇔
COMMERCIAL SERVICES (SAVINGS)	(1,492)	(1,628)	136	⇔
CUSTOMER SERVICES	1,782	1,824	(42)	⇔
FINANCE	4,451	4,842	(391)	⇩
HUMAN RESOURCES	3,377	3,515	(138)	⇔
LEGAL SERVICES	3,252	3,413	(161)	⇩
RESOURCES MANAGEMENT & PLANNING	245	208	37	⇔
TRANSPORT AND FACILITIES MGT	15,737	15,808	(71)	⇔
TOTAL	29,467	30,055	(588)	⇩
CENTRAL COSTS	26,356	26,135	221	⇔
HOUSING BENEFIT	18	406	(388)	⇧
GRAND TOTAL	**55,841**	**56,596**	**(755)**	⇔

Commentary

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

Finance

38. A forecast £391k reduction in spending, due mainly to over recovery of income and savings on Employees from unfilled vacancies and salary sacrifice. This is an improvement of £99k from the month 7 position.
39. The improvement since month 7 is due to additional income from the Combined Authority, to cover newly recruited staff, and from the Bailiff pilot scheme and ICAM team.

Legal

40. A forecast £161k reduction in spending, due to the structure not yet being fully recruited to following the Achieving Change in September. This is an improvement of £126k from the month 7 position.
41. The improvement from the month 7 position is due to recruitment delays.

Housing Benefit

42. A forecast £388k reduction in spending, due to the recovery of high value over payments as a result of a DWP data-matching fraud and error initiative This is an adverse movement of £196k from the month 7 position.
43. The adverse movement this month is due to a decrease in the level of overpayments now being made.

Corporate

Summary

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

	FY Outturn £'000	FY Budget £'000	FY Variance £'000
Corporate Budget Items & Savings Proposals	60,902	62,711	(1,809)
Income from Council Tax, RSG, NNDR, other grants and reserves	(502,218)	(502,218)	(0)
Total Corporate Budgets	**(441,316)**	**(439,507)**	**(1,809)**

- **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.

Commentary

- **Corporate** are currently showing a forecast reduction in expenditure of £1.8m. This includes the recognition of a forecast £1.2m under-utilisation of the corporate redundancy budget due to a lower than anticipated number of in year redundancies.

PUBLIC HEALTH BUDGET MONITORING AS AT

31st December 2015

Purpose of the Report

1. To report on the 2015/16 Public Health grant spend across the Council for the month ending 31st December 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 9 the overall position was a forecast underspend of £1.5m which is summarised in the table below.

Portfolio	Forecast Full Year Expenditure	Full Year Expenditure Budget	Full Year Variance	FY Variance Forecast at m8	Movement from Prior Month
CYPF	15,128	15,663	(534)	(296)	(238)
Communities	13,468	13,997	(528)	(417)	(111)
Place	2,949	3,403	(454)	(440)	(14)
Director of PH	2,342	2,292	50	134	(84)
Total Expenditure	33,887	35,355	(1,466)	(1,019)	(447)

5. Key reasons for the forecast under spend are:

- Underspend in CYPF mostly due to 3 contract values being £252K lower than budget.
- (£528k) underspend in Communities of which £193k is uncommitted funds that will be clawed back as part of in-year savings.

  (£454k) underspend in Place mainly as a result of projects which have been put on hold (£345k).
- £50k overspend in Director of Public Health as a result of a transfer to CYPF regarding the ESA pathway.

HRA Revenue Budget Monitoring 2015/2016 as at 31st December 2015

Purpose of this Report

1. To provide a summary report on the HRA 2015/2016 revenue budget for the month ending 31st December 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 funds generated by the account will be used to provide further funding for the future HRA Capital Investment programme.

5. As at month 9 the full year outturn position is a projected £4.8m saving compared to budget.

   The main variances include reduced net rental income of £285k mainly due to a higher turnover of vacant properties this position is expected to improve in the final quarter of the year, reduced rental income is also partly offset by a forecast reduction in the provision for bad debts. Service charge income is forecast to be £197k below budget due to timings whilst a £252k increase in expenditure on housing repairs and maintenance budgets is expected. These are offset by forecast reductions of £5.6m on overall running costs, of this £1.4m relates to staffing as a result of turnover and vacancy savings, £ 1.9m of general running and operating expenses and £2.3m resulting from the re-profiling of projects into future years.

Financial Results

Housing Revenue Account (excluding Community Heating)	FY Outturn £000's	FY Budget £000's	FY Variance £000's	Movement from Month 8
1.NET INCOME DWELLINGS	(149,142)	(149,427)	285	⇑
2.OTHER INCOME	(6,626)	(6,823)	197	⇓
3.HOMES-REPAIRS & MAINTENANCE	32,123	31,871	252	⇑
4.DEPRECIATION-CAP FUND PROG	38,973	38,973	-	⇔
5.TENANT SERVICES	54,278	59,922	(5,644)	⇓
6.INTEREST ON BORROWING	14,644	14,579	65	⇔
Total	**(15,750)**	**(10,905)**	**(4,845)**	
7.CONTRIBUTION TO CAP PROG	15,750	10,905	4,845	⇑

Community Heating

6. The budgeted position for Community Heating is a draw down from Community Heating reserves of £338k. As at month 9 the position is a draw down from reserves of £232k resulting in a saving of £105k. This is due to re-profiling the implementation of the heat metering scheme and a reduction in gas charges.

Community Heating	FY Outturn £000's	FY Budget £000's	FY Variance £000's	Movement from Month 8
Income	(2,955)	(2,760)	(194)	⇓
Expenditure	3,187	3,098	89	⇓
	232	338	(105)	

Housing Revenue Account Risks

7. 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 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. In addition, the Government's "Pay to Stay" proposals and other changes in the Housing and Planning bill will impact on both tenants and the HRA business plan. Work is continually ongoing 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 3 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	-159.3	-168.9	1.5
Business Rates Locally Retained	-105.7	-101.8	-100.7	5.0
TOTAL	**-276.0**	**-261.1**	**-269.6**	**6.5**
RSG/Business Rates Top Up Grant	-144.7	-108.5	-144.7	0.0
TOTAL	**-420.8**	**-369.6**	**-414.3**	**6.5**

4. By mid January every year, local authorities are required to make an estimate of the cumulative surplus or deficit on the Collection Fund. The Council's local share of the cumulative surplus is estimated at £0.3m, comprising a £5.2m surplus on Council Tax offset by a £4.9m deficit on Business Rates. The cumulative position takes account of the in-year deficits on both Council Tax and Business Rates, as described in the paragraph below, combined with a £6.8m surplus brought forward from 2014/15.

5. As at the end of Quarter 3 the local share of the Collection Fund is forecasting an overall in-year deficit of £6.5m made up of a £1.5m deficit on Council Tax and a £5.0m deficit on Business Rates.

Council Tax

6. The Gross Income chargeable to dwellings is £2.1m over budget due to a growth in home building of around 2000 dwellings compared to the Council Tax Base (CTB) forecasts.

7. However exemptions are showing as £3.3m over budget. This is due to a significant increase in student exemptions awarded both in purpose built halls of residence and more generally. A review of these exemptions is currently being undertaken.

Business Rates

The most significant areas of variation by year end are expected to be in Gross Rates Income Yield (£3.0m worse), Reliefs (£2.0m better) and losses on appeals (£3.2m worse). Appeals are proving to be an extremely problematic area both locally and nationally so an increase has also been made to the appeals provision of £6.6m (see details below) which results in an overall deficit of £10.2m. The SCC share of this (49%) is £5.0m.

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	-256.6	-256.8	3.0
LESS Estimated Reliefs	38.2	35.6	36.2	-2.0
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	6.2	7.0	3.2
Increase (Decrease) due to appeals / bad debt provisions	0.0	6.6	6.6	6.6
Net Collectable Business rates	**-214.9**	**-206.9**	**-204.7**	**10.2**
Appropriation of net business rates:				
Sheffield City Council	-105.7	-101.7	-100.7	5.0
SY Fire Authority	-2.1	-2.1	-2.0	0.1
Government	-106.7	-102.8	-101.7	5.1
Designated Areas	-0.3	-0.3	-0.3	0.0
Total SCC Appropriations	**-214.9**	**-206.9**	**-204.7**	**10.2**

Gross Rates Income Yield

8. The Gross Business Rates Income Yield has, to date, decreased by £3.3m compared to total budget. Whilst there have been some new entries in to the list there has also been decline.

9. 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.

10. The gross yield is however expected to rise by around £0.2m to £256.8m by year end, £3.0m under budget.

Reliefs and Discounts

11. 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 to the end of quarter 3 amounts to £35.6m which is £2.6m below the £38.2m assumed in the budget. These are expected to rise to £36.2m by year end, £2.0m under the original budget.

12. 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	5.3	5.4	0.3
Mandatory Charity Relief	19.6	19.6	20.0	0.4
Discretionary Relief	0.7	0.4	0.5	-0.2
Empty Property / Statutory Exemption	10.0	7.7	7.7	-2.3
Partly Occupied Premises Relief	1.4	0.3	0.3	-1.1
New discretionary reliefs	1.5	2.4	2.4	0.9
	38.2	**35.6**	**36.2**	**-2.0**

Appeals

13. 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.

14. Losses on Appeals are anticipated to be £3.2m over budget by year end primarily due to the refunds paid out in relation to health centres which currently stand at around £4.5m of the £6.2m year to date figure.

15. There is a provision of £13.7m carried forward into 2015/16, however several significant national appeals have emerged during the course of the year. Health centres have cost £4.5m in refunds to date but a further £3.1m is expected. The likely removal of ATM's from the rating list is anticipated to cost around £2.1m. If Virgin Media is removed from the list a further £3.2m is at risk. Given these major

individual factors and the fact around a third of RV in total is under appeal it is deemed prudent to increase the appeals provision significantly to account for this.

Conclusion

16. Whilst the position of a £6.5m deficit is unwelcome, the problems emerging around business rates in particular make this a necessary forecast of the year end outturn to protect the council and its preceptors from carrying an unrealistic surplus in to future years. As stated previously Business Rates, and in particular the effect of appeals on income, are an extremely volatile area and the Collection Fund is the means by which we manage that volatility. The removal of these one off adjustments shows a relatively stable base position on which to target future growth. Whilst risks of further appeals against liability to pay business rates remain, growth in the base of both Council Tax and Business Rates is forecast to accelerate in the coming years.

CAPITAL PROGRAMME MONITORING AS AT 31st DECEMBER 2015

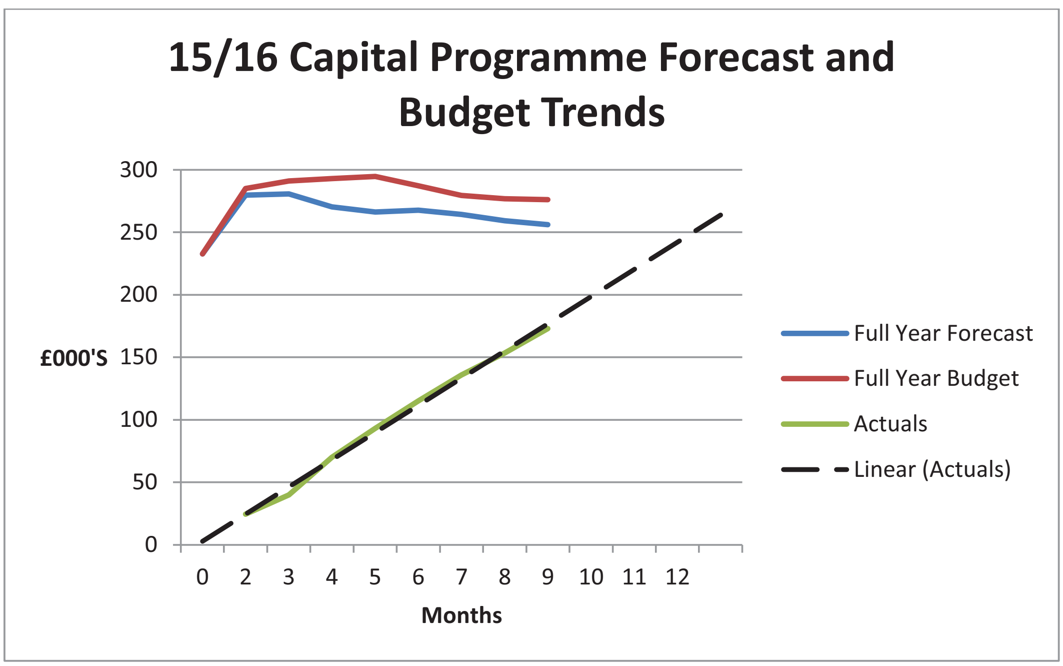
Summary

1. At the end of December 2015, the end of year position forecasts a variance of £20.1m (7%) below the approved Capital Programme. Project managers are forecasting to deliver a capital programme of £256m. This is £3.3m lower than forecast last month and reflects lower delivery on Schools, Homes and Council infrastructure work offset by increased spending on the Sheffield Retail Quarter following a re-profile of property acquisitions.
2. The bulk of the forecast variance is in the Place (£10.7m – 11% - below budget) and Housing programmes (£5.2m – 6%). These variances are discussed in greater detail below at paragraph 9.
3. The Year to date position shows spending to be £18.1m (9%) below planned spend. This is a further £2.6m shortfall from last month although still at the same level of 9% below budget as in November.
4. The chart at paragraph 6 compares the Approved Budget, Outturn Forecast and Year to date spend. The increase from the Approved Budget at Council of £232m to the current level is due to the slippage rolled forward from 14/15.
5. The forecast line shows a reduction of some £20m over the year since Month 2 forecasts in May. The budget has reduced too but at a slower rate indicating that managers are still submitting slippage requests to catch up with the revised forecasts. Looking at spend rates to date, allowing for an increase in accruals at year end and assuming the major (Top 20) projects hit their forecasts, an Outturn close to or very probably below £250m is the more likely scenario.

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	Change on last Forecast £000
CYPF	26,375	28,176	(1,801)	32,078	34,920	(2,842)	(755)	(1,391)
Place	56,182	69,249	(13,067)	88,503	99,235	(10,732)	1,294	1,292
Housing	51,717	52,866	(1,149)	79,406	84,573	(5,167)	(2,535)	(2,535)
Highways	11,812	12,374	(563)	17,740	17,556	184	(111)	(114)
Communities	302	295	7	382	352	30	2	2
Resources	2,564	4,117	(1,553)	6,141	7,697	(1,556)	(604)	(1,732)
Corporate	24,109	24,109	-	31,753	31,753	-	-	1,178
Grand Total	**173,061**	**191,187**	**(18,125)**	**256,004**	**276,087**	**(20,083)**	**(2,710)**	**(3,300)**

6. Forecast trends



7. Capital Programme

Capital Programme

	2015-16 £m	2016-17 £m	Future £m	Total £m
Month 8 Approved Budget	276.6	198.8	315.4	790.8
Additions	1.9	4.1	0.0	6.0
Variations	-2.5	-1.9	0.0	-4.4
Month 9 Approved Budget	276.0	201.0	315.4	792.4

8. The revised programme shows a small net increase of £1.6m. Most of the specific additions have been funded by applying the block funding allocations to specific projects which are represented on the Variations line above creating a small net increase.

Commentary

9. The Top 20 projects in the Capital Programme account for 72% of the current 2015/16 budget. The key variances for the forecast £20.1m shortfall against the whole of the programme by the year end are shown below. £10.9m (57%) of that variance is accounted for by the Top 20 projects:

- Further re-profile of spending on the Sheffield Retail Quarter project to reflect revised programme information resulting in slippage of £6.8m into 2016/17;
- Up to £3m of potential underspend on the remediation of the Don Valley Stadium as a result of savings being realised on the original project estimate;
- Within the Housing Programme, £1.1m of slippage on replacing garages following a review of the policy;
- £0.9m slippage on the Roofing programme following receipt of a revised construction programme form the contractor;

- £0.7m each on the Roll out of Recycling facilities at flats and refurbishment of communal areas due to delays at the contract award stage;

- £0.8m forecast slippage on the new Tinsley Primary school. This will be recovered next year and the school is expected to open on time

- Several projects are currently forecasting an increase on planned spend in the year. These include £0.5m on the New Council House builds, £0.7m on the Lower Don Valley Flood Defence works, £0.5m on the Council House acquisition programme and £0.5m on BRT North. The first two projects have recently been re-profiled to reflect previous slippage against programme.

Of the £18.1m slippage against the programme at the end of December:

- The Roofing programme has been re-profiled to reflect the latest construction plan and is now only £0.2m ahead of plan.

- £5.7m behind profiled spend on the SRQ;

- £3.9m behind profile on the two new leisure centres at Graves and North Active. The projects have slipped £1.3m in the current period but the slippage will be caught up so that the centres will open on their projected dates;

- £1.6m behind on the Acquisitions programme to increase the stock of Council Housing due to delays in seeking suitable properties and completing the property transactions;

- The Grey-to-Green project is £0.4m behind plan as a result of uncharted service diversions, contractor performance and the need to resolve some design issues during the works period; and

- A net £6.3m shortfall against budget on the 167 projects outside the Top 20. Of these, 47 projects are, cumulatively, £4.9m ahead of plan but the remainder are £11.2m behind plan with the largest variances of £0.5m each being on the delayed installation of Road Safety cameras, Beighton Leachate Plant reconstruction, Office Accommodation Efficiency improvements and charging of Programme Management costs to the Housing programme.

Approvals

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

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

    - 4 additions to the capital programme with a value of £0.6m.

    - 13 variations to the capital programme amounting to a net decrease of £1.7m; and

    - 6 requests for slippage amounting to £1.1m.

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

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Finance

December 2015

Scheme Description	Approval Type	Value £000	Procurement Route
THRIVING NEIGHBOURHOODS AND COMMUNITIES			
GREAT PLACE TO LIVE :-			
Highways			
North Sheffield Better Buses – Key Bus Route As a member of the Sheffield Bus Partnership, Sheffield City Council is contributing to a 2% annual target increase in bus patronage and the aim of this project is to reduce congestion and delay on key bus routes to encourage the use of public transport. The December Great Place to Live Board approved the Outline Business Case for this scheme. The scheme will cost £2.9m and complete in 2017/18 and is funded from Better Buses Fund. The solution includes the implementation of a number of traffic improvement measures which when taken together, will aim to reduce journey times for buses and other traffic by several minutes, bringing about major improvements to bus network reliability. It is envisaged a total number of 15 interventions will be implemented over 4 key work packages, each managed as a discrete business unit. There is currently £739k approved in the Capital Programme for the scheme and following the approval of the Outline Business case, a further £93k will be added to cover detailed design (across the work packages) and an additional £370k to cover the construction of the final part of the Barnsley Road / Hartley Brook Road section, which totals £1.2m. The remainder of the funding (£1.7m) will be drawn-down following the approval of final business cases for each stage.	Variation	2,161	Barnsley Road / Hartley Brook Road element – Competitive Tender Remaining – Schedule 7 Highways Contract

The Council is currently investigating the different options for procuring each stage which may be via the existing Highways PFI contract or tendered within the wider construction market. The Barnsley Road / Hartley Brook Road element of the scheme has been identified as one of five schemes currently proposed to be competitively tendered as part of this Value for Money validation exercise during the Sheffield Better Buses Programme.			
BN962 Bus Agreement (Highways) This scheme has current approval for £2.6m (including prior year spend) for the development of Interventions to enable the improvement of bus journey time which is in conjunction with the South Yorkshire Passenger Transport Executive (SYPTE) and bus operating companies as part of the Sheffield Bus Partnership. Funding is currently from Better Buses, Local Transport Plan SYPTE and Pinchpoint, through to 2018. Due to a delay in agreeing the level of Better Buses funding for 2015/16, it has been necessary to move an element of this funding to 2016/17	Slippage	-162	n/a
Parks			
Westfield Hub Feasibility This proposal seeks approval to undertake a Feasibility Study to identify options improve existing football and rugby facilities at the former Westfield School site, Mosborough, by providing improvements to the natural turf pitches and the development of two new floodlit Artificial Grass Pitches supported by changing, club house and gym facilities all designed to FA, Football Foundation and Sport England design criteria.	Variation	32	N/A

The Council is aiming for the full scheme to be completed by 31st March 2017 to handover to an appointed operator on 1st April 2017. Under the terms of the grant the study needs to be completed by March 2016. The Initial approval for a feasibility study costing £52k was made in November. The increase of £32k is to cover an increased scope of work requested by Sport England. The new cost is therefore £84k. Conditional approval is sought as the Great Places to Live Priority Board, convenes on 26th Jan and will need to approve this change to the original plan.			
SUCCESSFUL YOUNG PEOPLE : -			
Manor Lodge Structural The school is suffering from major structural defects and has been held as a priority scheme for several years. The scope of works is to address the hall lintels, spalling concrete to the undercroft and structural defects to the south west elevation. This phase, to be managed as a separate scheme, will deliver the main stage of the Manor Lodge works, following the successful completion of a £50k pilot scheme to examine the structure which enabled a technical design to be made offering a higher level of cost and programme certainty for the main project works. The scope of the scheme comprises structural works to the hall roof/windows following the pilot scheme and to the undercroft, full refurbishment of the hall, widening of the hall fire escape door and repayment of school expenses attached to window replacement along the side elevation. Additionally, £10k will be channelled into investigation feasibility work for potential further structural work, to be done whilst on site to minimize overhead costs. To keep the school's pupils and staff safe, the main scheme works, will be undertaken during	Addition: works - feasibility -	570 10	-Yortender - 3 Quotes -In house

the 2016 summer holidays. The project is to be funded from the Department for Education Capital Maintenance Block Allocation grant.			
Halfway Infants Mobile Originally, this project was to deliver a replacement mobile unit at Halfway Infants School. The returned tenders indicate a higher than expected cost which does not offer value for money when compared to the cost of a permanent solution. The delay caused by the extra planning and revised works, will cause the project to slip into 2016-17 and a request to slip £223.5k is also sought. The project is to be funded from the Capital Maintenance Block Allocation, itself funded from a DFE (Department for Education) grant.	Variation of scope and cost; with slippage	50 -223.5	N/A
Capital Maintenance Block Allocation This Block allocation is in place to support various building maintenance projects across schools and other educational buildings. This variation is to request funding allocations as follows to support the specific schemes in this report • £580k to finance structural works at Manor Lodge school; and • £50k for extra costs involved on changing the scope of the Halfway Infant School works from a replacement mobile to a permanent building solution, as noted above. The block allocation is funded from a Department of Education Capital Maintenance grant.	Variation	-630	N/A
Greystones Expansion Continued monitoring of future pupil place demand has identified a need in the Greystones area and this project was to facilitate an expansion of classroom facilities at the school, Feasibility and scope of works have been completed to design a solution	Variation	500	N/A

to these requirements including the demolition of three temporary buildings, provision of 6 additional classrooms and refurbishment of the kitchen area. This request is for an additional £500k, taking the total project cost from £3.5m to £4m, following increased construction expense due to additional supply chain costs and compensation events (statutory utility diversion works undertaken at £60k). The project is to be funded from the Basic Need Block Allocation from a DFE grant.			
Rowan Expansion Originally, this project was to deliver an expansion of 4-11 years old provision at The Rowan School, an Autism Spectrum Disorder (ASD) Special School. The school is significantly oversubscribed and there is a growing demand for places. This request is for an additional £130k, taking the total project costs to £2.015m, due to construction costs having increased primarily due to: • Change in materials as a result of warranty issues £43K • Disposal of site offsite instead of re-using on site £25k • Unable to achieve all M&E Value Engineering savings £10k • Kitchen not included in the original contract sum £20k • H&S changes, fencing & steps £23k • Additional roof works £6k • Other/fees £3k The project is to be funded from the CYPF Basic Need Block Allocation.	Variation	130	N/A
School Expansion Feasibility & Design This project was created to deliver a feasibility programme for potential demand pressures from growth across the SCC school estate. The work is to apply to various sites across the council's schools estate, with costs to be recharged to those schools	Variation	189	N/A

with ensuing capital works on completion of build. The feasibility programme was designed to respond to changes in demand as a result of forecast growth and redistribution of pupils based on residential area pupil level studies and this request is for an additional £100k, to cover: New Primary Places (City centre outer) 1 FE expansion £45k New Primary Places North East 1FE expansion Pye Bank area £45k Secondary Places £89k Planning fees £10k The project is to be funded from the Basic Need Block Allocation.			
Basic Need Block Allocation This Block allocation is in place to support various expansion works across schools and other educational buildings. This variation is to request funding allocations as follows to support • £189k to finance further feasibility & design on secondary and primary provision; • £500k for increased building costs on the Greystones expansion project ; and • £130k for additional construction costs on the Rowan expansion project, as noted above. The block allocation is funded from a Department of Education Basic Need grant.	Variation	-819	N/A
ESSENTIAL BUILDING WORKS and EFFICIENCY SCHEMES			
Fire Risk Assessment Programme 15-16 This is a programme of statutory compliance surveys and assessments that have to be	Variation	533	Competitive Tender

undertaken for the Regulatory Reform (Fire Safety) Order 2005 to identify hazards and risks where there are areas of poor or non-compliance within the estate. Identified works will include the installation of full audible fire detection systems, emergency lighting, fire doors and improvements to fire compartments. The following sites have been identified as the remaining batches 4 & 5 on the 2015-16 programme: • Stocksbridge Youth Club • Bishops House Museum • Firth Park Clock Tower • Red Tape Studios • Audio Visual Entertainment Centre The total cost of the above 5 sites is £665k, which leads to a request for a further variation to allocate an additional £533k from the Health & Safety Block Allocation to fund the work once the existing £132k of existing remaining programme funding is used.			
Moorfoot This project will refurbish currently empty Moorfoot offices to accommodate staff currently housed in other buildings for which the Council pays rent. This is part of the Office Accommodation Efficiency programme whose objective is to reduce property costs. Staff have been transferred to Moorfoot from buildings elsewhere as part of a rationalisation programme to accommodate the office based workforce in a fewer number of buildings than hitherto, avoiding future cost and contributing to overall savings targets. The annual revenue budget savings are expected to be at least £765k. Phase 3 of this refurbishment will facilitate the vacation of Derwent House and thus the	Variation & Slippage	301 -1	N/A

co-location of Capita staff into Moorfoot (Levels 5 & 6). The surrender of the Derwent House lease will realise savings and there is an opportunity to recover some of the fixed costs at Moorfoot by leasing space to the Council's contractors. This variation seeks an additional £301k to cover an increase in legacy costs due to extra work in catering for the relocation of additional council employees brought into scope and for relocating Capita staff as phase 3 of the scheme. Additionally, the variation includes a request for a small amount of slippage to the value of £0.9k into 2016/17 due to slight re-phasing adjustments. The project is funded from prudential borrowing, to be repaid from revenue savings over 10 years, with the £301k variation being funded from £160k savings on the IT Workstreams project after a decision not to pursue the 'Follow Me Printing' option, £30k from the Resources Health & Safety Block Allocation and an additional request for £111k from Prudential borrowing under the Invest to Save programme.			
IT Workstreams This project is part of the Workplace Wider Accommodation Programme, specifically addressing the additional IT requirements. The project comprises internal project management and IT application costs, to be delivered solely through the contract with Capita. The Council's Business Change and Information Solutions (BCIS) input has recommended that, given the complexities involved in working around print related contractual obligations, the efficiency programme would not be best positioned to achieve the benefits projected from the Follow Me Printing (FMP) proposal with the budget in the current approval. Ideally the Programme would wish FMP to eventually be pursued by the Council, but this should be predicated upon a full Business Case assessing accurate projected cost against benefits, being submitted in future.	Variation & Slippage	-160 -129	N/A

As a result of a decision to not to go ahead with 'Follow Me printing' this variation request is to reallocate £160k of proposed savings to support pressures on the main Moorfoot refurbishment programme, and to slip £129k into 2016/17 to extend the project to June 2016. The project is currently funded from prudential borrowing as part of an invest-to-save scheme for Workplace relocation.			
Health & Safety Block Allocation This block allocation was set up to support health and safety related issues on projects across the Resources portfolio. This request is to allocate funds as follows: • £30k to the Moorfoot refurbishment programme to cover fees related to combined schemes, relating to health and safety implications of the 'phase 3' works at Moorfoot. • £533k to the Fire Risk Assessment Programme to cover additional works covered by batches 4 & 5 of the 2015-16 Programme at Stocksbridge Youth Club, Bishops House Museum, Firth Park Clock Tower, Red Tape Studios and the Audio Visual Enterprise Centre. • Additionally, the balance of £446k on Q73 is to slip into 2016-17 as it will be applied to Fire Risk Assessment and other projects that will now start spending in that year.	Variation & Slippage	-563 & -446	N/A
Resurfacing (Inc. Parks) Programme This project will deliver a programme of resurfacing footpaths throughout the city within parks and the public realm, that are not covered by the highways contract This will improve both safety and condition and reduce related liability claims against the city council. This request is to allocate £30k of funding for feasibility work, with any ensuing surveys	Addition – feasibility stage	30	In house

and resurfacing works to be addressed with reference to a post-survey prioritised list of sites, as agreed with Service Managers within the relevant service areas. The scheme is funded from an agreed allocation from the Corporate Resource Pool.			
Dams and Watercourses Programme This project will help to ensure that dams and watercourses are maintained to the required standard across the Parks and Countryside estate. Various sites will be improved, being addressed on a targeted priority basis. The maintenance works will focus on the safe repair and rebuilding of dams and watercourses identified as requiring action following survey works. This request is to allocate a £20k of funding for feasibility work, with any ensuing surveys and improvement works to be addressed by way of a prioritised list of sites, taking into account representations from any relevant voluntary bodies, and agreed with Service Managers within the relevant service areas. The scheme is funded from an agreed allocation from the Corporate Resource Pool.	Addition – feasibility stage	20	In house
Project Delivery Costs This scheme currently has approval for £2.32m (including prior year spend) for work-styling costs associated with the refurbishment programme required in the Council's Accommodation Strategy. Council staff are to be relocated from other locations, such as Derwent House and Cathedral Court, and accommodated along with relocated Capita staff, at Moorfoot. The project is currently funded from prudential borrowing as part of an Invest to Save scheme for Workplace relocation. This request is to slip £182.5k of costs into 2016/17 to cover the period March to June 2016; now that the extension of the project by 3 months has been agreed .The slipped	Slippage	-182.5	n/a

costs for the extended period are in line with previous monthly charges.			
DIRECTOR VARIATIONS:- (Note only)			
THRIVING NEIGHBOURHOODS AND COMMUNITIES			
School Keep Clear (Highways) The primary aim of this project is to deliver the Council's endorsed strategy of reviewing the school 'keep clear' markings at every school in Sheffield in order to determine and implement the interventions that are required to allow them to be legally enforced by our parking services team. Due to overspend on phases 4, 5 and 6, based on the initial estimated costs, Director Approval has been given to increase the project budget by £9k. The additional amount will be funded from Local Transport Plan (LTP) from the saving on the Normanton Hill project.	Director Variation	9	n/a
Normanton Hill (Highways) This project was to install a signal controlled pedestrian crossing on Normanton Hill by the entrance to Richmond Park. This has now been completed and an overall saving of £23k (based on the estimated costs) of Local Transport Plan (LTP) funding has been made. Director Approval has been given to reduce the approved budget by £23k, releasing additional LTP funding to fund projects where estimated costs have increased.	Director Variation	-23	n/a

Grant Awarding Body	Name of the Grant	Project to be funded by the Grant	Conditions and Obligations	Value £000
Sport England	Sheffield Parklife Project - Exchequer Funding	Westfield Football Hub Feasibility	This is for the award of advance funding for project development costs. **Costs** SCC: £102,732 Abacus Williams: £30,071 **Total: £132,803** **Main Conditions** 1. Exchequer Funding must be spent by 31.03.16. 2. SCC must engage SE approved contractor Abacus Williams for feasibility work. 3. Interim payments are tied to milestones. 4. Payment of the grant will be paid upon submission of an Interim Claim form as the project progresses & then a Final Claim. 5. Award to be used solely for financing the project development costs. 6. Eligible development costs are: • Architect's fees; • Quantity surveying fees; • Site survey/investigation; • Fees relating to securing detailed planning permission; • Fees in relation to complying with building regulations;	132,803

			• Tender costs. 7. SCC to provide SE with monthly progress reports & maintain accounting records. **<u>Claw back</u>** If SCC do not apply the award for the purpose for which it was made or fails to achieve the project development in accordance with the application. **<u>Risks</u>** Work/services not being delivered and completed by 31.03.16. The terms and conditions stipulate SCC must use SE approved contractor. SCC Constitution requires a Procurement.	