



Report to Policy Committee

Author/Lead Officer of Report: Tony Kirkham,
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Report of: *Tony Kirkham*
Report to: *Finance Sub-Committee*
Date of Decision: *22nd March 2023*
Subject: *Month 10 Budget Monitoring*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? (<i>Insert reference number</i>)				
Has appropriate consultation taken place?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

*This report brings the Committee up to date with the Council's financial position as at Month 10 2022/23 including General Fund revenue position, Housing Revenue Account, and Capital Programme Monitoring (**Appendix 1**).*

Recommendations:

The Committee is recommended to:

1. Note the Council's financial position as at the end of January 2023 (month 10).

Background Papers:

[2022/23 Revenue Budget](#)

Lead Officer to complete: -

1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Tony Kirkham, Interim Director of Finance and Commercial Services</i>
		Legal: <i>Sarah Bennett, Assistant Director, Legal and Governance</i>
		Equalities & Consultation: <i>James Henderson, Director of Policy, Performance and Communications</i>
		Climate: n/a
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	SLB member who approved submission:	<i>Tony Kirkham</i>
3	Committee Chair consulted:	<i>Cllr Bryan Lodge</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Tony Kirkham</i> <i>Jane Wilby</i>	Job Title: <i>Interim Director of Finance and Commercial Services</i> <i>Head of Accounting</i>
	Date: 10 th March 2023	

1. PROPOSAL

1.1 This report sets out the 2022/23 Month 10 financial monitoring position for the Council and each of the Policy Committees.

1.2 Council Portfolio Month 10 2022/23

1.2.1 The Council is forecasting a £10.8m overspend against the 2022/23 budget as at month 10.

Full Year £m	M10		M10 Variance	M9	
	Outturn	Budget		Variance	Movement
Corporate	(474.7)	(470.1)	(4.6)	(2.5)	(2.1)
City Futures	47.1	47.5	(0.4)	(0.5)	0.1
Operational Services	114.2	115.3	(1.1)	(0.9)	(0.2)
People	313.0	298.6	14.3	16.6	(2.3)
Policy, Performance Comms	3.7	3.3	0.5	0.5	(0.1)
Resources	7.4	5.4	2.0	2.0	0.0
Total	10.8	0.0	10.8	15.2	(4.4)

1.2.2 This overspend is due to a combination of agreed Budget Implementation Plans (“BIPs”) not being fully implemented and ongoing cost / demand pressures that are partially offset by one-off savings.

Full Year Variance £m	One-off	BIPs	Trend	Total Variance
Corporate	(0.0)	0.0	(4.6)	(4.6)
City Futures	(0.1)	0.0	(0.3)	(0.4)
Operational Services	(6.4)	3.1	2.2	(1.1)
People	(0.3)	14.7	(0.0)	14.3
Policy, Performance Comms	0.1	0.3	0.2	0.5
Resources	(0.8)	1.7	1.1	2.0
Total	(7.7)	19.8	(1.4)	10.8

1.2.3 In 2021/22, the Council set aside £70m of reserves to manage the financial risks associated with delivering a balanced budget position. In 21/22, the council overspent by £19.8m which was drawn from this pool, a further £15m was used to balance the 22/23 budget and current forecast overspend at M10 is set to be £10.8m leaving a remaining risk allocation of £24.5m

M10	£m
Allocated reserves	70.0
21/22 Budget overspend	19.8
22/23 Base budget committed	15.0
22/23 BIP shortfall	19.8
22/23 Trend	(1.4)
22/23 in year mitigations	(7.7)
Reserves used @ M10	45.5
Remaining reserves	24.5

} (£10.8 overspend @ M10)

1.3 Committee Financial Position

1.3.1 Overall Position - £10.8m overspend at Month 10

There is a £8.8m overspend in the Adult Health and Social Care Committee and a £6.8m overspend in the Education, Children and Families Committee	Full Year Forecast £m @ Month 10	Outturn	Budget	M10 Variance	M9 Variance	Move ment
	Adult Health & Social Care		162.3	153.6	8.8	10.4
Ed'n, Ch'n & Families		137.0	130.1	6.8	6.6	0.2
Housing		8.2	8.7	(0.6)	(0.5)	(0.0)
Transp, Regen & Climate		41.5	42.1	(0.6)	(0.7)	0.1
Economic Dev & Skills		11.8	11.9	(0.2)	(0.1)	(0.0)
Waste & Street Scene		54.5	54.9	(0.4)	(0.5)	0.1
Comm, Parks & Leisure		45.2	46.9	(1.7)	(0.7)	(1.0)
Strategy & Resources		(449.5)	(448.2)	(1.4)	0.7	(2.1)
Total		10.8	0.1	10.8	15.2	(4.4)

The overall outturn position improved by £4.4m

Most of the full year forecast overspend is attributable to shortfalls in Budget Implementation Plans (BIPs) delivery	Variance Analysis £m @ Month 10	One-off	BIPs	Trend	Total Variance
	Adult Health & Social Care		(0.4)	8.8	0.4
Education, Children & Families		1.1	5.9	(0.2)	6.8
Housing		0.0	0.0	(0.6)	(0.6)
Transport, Regen & Climate		(2.1)	2.1	(0.6)	(0.6)
Economic Dev't & Skills		(0.1)	0.0	(0.1)	(0.2)
Waste & Street Scene		(3.4)	0.4	2.6	(0.4)
Communities Parks & Leisure		(1.7)	0.4	(0.3)	(1.7)
Strategy & Resources		(1.0)	2.2	(2.6)	(1.4)
Total		(7.7)	19.8	(1.4)	10.8

£7.7m of one-off savings are mitigating part of the ongoing overspend

Contributions from provisions for energy and waste inflation mitigate the in-year impact of rising baseline costs.

The Government's Autumn Statement only gives us protection on the energy price cap on current rates until the end of the financial year. There has been a drop in wholesale prices recently, forecasters expect this to result in a fall in prices by Q3 2023 but are still likely to remain higher than pre-pandemic levels.

The impact of inflation has been built into the 23/24 budgeted baseline position.

Balancing the 22/23 budget was only possible with £53m of BIPs, £33m are deliverable this year	Budget Savings Delivery Forecast @M10 £m	Total Savings 22/23	Deliverable in year	FY Variance
	Portfolio			
People		37.7	23.0	14.7
Operational Services		7.1	4.0	3.1
PPC		1.2	0.9	0.3
Resources		6.7	5.0	1.7
Total		52.7	32.9	19.8

Focus remains on delivering 22/23 BIPs to reduce the

There is a forecast shortfall of £19.8m against the savings plans this year. A proportion of this shortfall has been deemed

impact of savings shortfalls into 23/24 undeliverable and accounted for in the baseline budgeted position for 23/24.

Work is underway on “month zero” forecasts to determine the delivery slippage position and phasing into 23/24. Tight control over forecasts and reporting of BIP delivery must continue into 23/24. An Officer working group has been set up to ensure this continues to be a priority for the Council.

Key Committee Overspends:

Adult Health and Social Care are forecast to overspend by £8.8m The high cost of packages of care put in place during covid has increased our baseline costs into 22/23. Work is underway as part of an investment plan with additional resource to tackle the underlying issues although recruitment issues have impacted our ability to deliver.

The committee position improved by £1.6m from M9 to M10; purchasing budgets improved by £0.2m. Learning Disabilities is currently £7m over budget. Included in the outturn this month is a £1.5m anticipated income from the NHS for winter hospital discharges.

Education, Children and Families are forecast to overspend by £6.8m Forecast under-delivery of budget implementation plans in the service are the main cause of overspends; plans to reduce staffing and increase income from Health are looking unlikely and the residential children’s home strategy looks unlikely to deliver financial benefits.

The committee’s financial position worsened by £0.2m from M9 to M10. Issues with staffing at Aldine House has limited capacity in the setting and affected the income for the service this year by £1.5m. Overspends in children’s residential services, placements, short breaks, and direct payments have also been issues for the service’s budgets.

The Housing Revenue Account is forecasting an overspend against budget of £13.2m A significant issue in the HRA this year is the level of vacant properties within the Council’s housing stock. This has led to a reduction in income (£3m) in rent plus additional costs for council tax to the HRA (£1.2m) from the empty properties. A backlog of repair jobs has led to gas servicing compliance issues and disrepair claims (£2.4m) for the service.

The housing repairs service is overspending against budget by £9.4m. There has been a significant investment in addressing the backlog of repairs (in particular gas servicing) which have led to costs in excess of budget due to a higher volume of jobs and a higher than anticipated cost of fulfilling the work due to market factors and inflationary uplifts in materials and subcontractor costs.

1.4.1 Strategy and Resources - £1.4m underspend at Month 10

The Strategy and Resources Committee budget is forecast to underspend by £1.4m	Full Year Forecast £m @ Month 10	Outturn	Budget	Variance
	Business Change & Info Solns	18.7	17.4	1.3
	Central Costs	(47.1)	(46.5)	(0.6)
	Community Services (Local Area Committees)	2.1	2.1	0.0
	Consolidated Loans Fund	25.5	28.9	(3.4)
	Contract Rebates & Discounts	(1.1)	(0.7)	(0.4)
	Corporate Transactions	(500.2)	(499.0)	(1.2)
	Customer Services	5.5	5.6	(0.1)
	Finance & Commercial Services	18.5	18.4	0.1
	Housing Benefit	0.2	0.2	0.0
	Human Resources	5.3	5.0	0.3
	Legal & Governance	7.1	5.7	1.4
	Other Central Costs	0.0	0.0	0.0
	Policy, Performance & Comms	3.9	3.4	0.5
	Public Health	(0.1)	(0.1)	0.0
	Resources Management & Planning	0.3	0.3	0.0
	One Year Plan	0.0	0.0	0.0
	Direct Services (Facilities Mgmt)	16.2	16.1	0.1
	Inclusive Growth & Development (Property and Regeneration)	(4.3)	(4.9)	0.7
	Total	(449.5)	(448.2)	(1.4)

The Committee's forecast position improved by £2.1m in the month

As at M9 the committee was forecasting to overspend against budget by £0.7m, the outturn improved by £2.1m in M10.

This has been mainly due to the Government announcing the business Rate Levy surplus for 2022/23. Each year, in the Business Rates Retention System, the balance on the levy account must be calculated. If there is a surplus on the account, the Secretary of State for Housing, Communities and Local Government has discretion to designate all, part or none of that surplus to be distributed to local authorities. Sheffield City Council received a £1.2m share of the national £100m pot following this year's announcement.

There was a further £800k interest income from investments this month due to favourable interest rates.

Shortfalls in BIP delivery is a key factor in the current overspend

Non-delivery of savings in 22/23 for operating model changes is the main reason for the current forecast overspend: Business Change and ICT delivery (£1.3m), Performance and Communications (£0.5m) and Legal and Governance (£1.4m).

The pay award created a £0.4m pressure to the committee

The pay award of £1,925 flat rate per employee was paid to employees in M8, including backpay, unwinding the provision made into forecasts in M4. The award impacted the Committee by £0.4m.

Local Area Committees are

The budget of £2m for Community Services includes £1m for LAC staffing and a further £1m split between each Local Area for projects relating to the community plan which was approved in

forecast to spend to budget this year

January. £800k of this budget is a roll-forward from prior year underspend. So far as at M10, actual spend against the £1m total LAC community project budget is £391k. Given the current run-rate, an underspend could occur in this service by year end. This slippage would be carried forward into 23/24 and spent according to the approved plan.

Property services overspend largely relates to Electric Works.

There is a £0.4m projected shortfall in rental income at Electric Works following loss / downsize of 2 key tenants. An amendment to the letting policy for the building is underway, alongside floorplate re-design and investment in energy efficiency improvements will increase the attractiveness for commercial lets next year.

Economic uncertainty affecting interest rates has had a positive effect on investments

The government's Autumn Statement seemed to have reassured financial markets of the government's fiscal discipline whilst also managing not to deepen the recession. The previous "mini-budget" created uncertainty in economic markets resulting in a Bank of England base rate increase. The rise in interest rates positively affected the authority due to current cash balances and our ability to capitalise upon favourable market investment rates. The strong cash position has also mitigated the need to externalise borrowing.

1.4.2 Adult Health & Social Care- £8.8m overspend at Month 10

The revenue outturn position for the AHS&C Committee is to overspend by £8.8m

Full Year Forecast £m @ Month 10	Outturn	Budget	Variance
Adult Health & Social Care Integrated Commissioning (Early Help and Prevention - Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)	153.5 8.8	144.5 9.0	9.0 (0.2)
Total	162.3	153.5	8.8

The committee position improved by £1.6m from M9 to M10.

The majority of the committee overspend relates to undelivered savings (BIPs)

Variance Analysis £m @ Month 10	One-off	BIPs	Trend
Adult Health & Social Care Integrated Commissioning	(0.4)	8.8	0.6
Total	(0.4)	8.8	0.4

The £8.8m overspend is attributable to the non-delivery of savings within the financial year. Of the £25.2m savings target, £15.9m is forecast to be delivered by March 2023 and a further £8.2m will be delivered as a full-year-effect in 2023/24. In total this means that £24.1m savings (96%) are anticipated to be delivered by 1st April 2024 within current plans, leaving £1.1m to be mitigated during 2023/24.

Purchasing activities are overspent by £8.5m

PURCHASING POSITION @M10	OUTTURN	BUDGET	VARIANCE	M9 VARIANCE	MOVEMENT
OLDER PEOPLE	33.2	31.2	2.0	2.3	(0.3)
LEARNING DISABILITIES	35.1	28.0	7.1	7.0	0.1
PHYSICAL DISABILITIES	14.6	16.6	(2.0)	(1.8)	(0.2)
MENTAL HEALTH	9.3	9.0	0.3	0.3	0.0
	92.2	84.8	7.4	7.8	(0.4)

The pay award created a £0.7m pressure for the committee

The pay award of £1,925 flat rate per employee was paid to employees in M8, including backpay, unwinding the provision made into forecasts in M4. The award impacted the Committee spend by £0.7m.

The committee position improved by £1.6m from M9 to M10

The month 10 position improved again this month by £1.6m following an improvement of £1.2m in M9. Purchasing activity overall reduced by 400k this month but with a further adverse movement in Learning Disabilities which is now £7.1m overspent against budget. This has been somewhat offset by a contribution from the Transforming Care Grant of £0.5m which was fed into the forecast in M9. In M10, we have accounted for the estimated impact of Winter Discharge Funding from the NHS. The team have been working hard to identify eligible costs up to 31 March

	<p>23 which can be claimed against this funding. There is further opportunity to claim from this income stream against spend into 23/24. Finance are working closely with ICB partners to clarify the position further.</p>
<p>A delay in housing related support provision has created a small underspend in 22/23</p>	<p>A £0.2m underspend in Integrated Commissioning relates to Housing Related Support. Expenditure has been previously agreed for a new complex needs service for vulnerable adults who have accommodation needs. The service cannot start before a suitable property is found and it has not been possible to secure anywhere to date, because of this the service will not start before the next financial year.</p>
<p>BIP delivery for 22/23 remains challenging with continued focus on high-cost care package reviews put in place during covid</p>	<p>Over £11m of the BIP savings required for 22/23 relate to reviewing high-cost packages of care put in place during the pandemic.</p> <p>Work is still underway as part of the investment plan with additional resource to tackle the underlying issue although recruitment issues have impacted on deliverability.</p> <p>Savings have been delayed because of the inability of the service to undertake planned reviews of care at the scale required due in part to short term demand pressures including community support requests (up 13% since 19/20), safeguarding contacts (up 68% since 19/20) and hospital support requests (up 20% since 19/20) and in part to national challenges around recruitment and retention.</p>
<p>Staffing budgets need to be managed in line with the Target Operating Model and time-limited investment plan funding</p>	<p>A Target Operating Model has been implemented but this and the wider staffing budget will need to be carefully managed in line with the level of permanent funding available over the next few years. Some elements of the investment plan funding employees are time limited with c.£2m due to be removed from staffing budgets over the next 2 financial years.</p>
<p>Home care continues to be a challenge, but savings delivery is now progressing well in Older People.</p>	<p>Increased cost and size of packages following the pandemic continues to be an underlying issue. However, we are seeing the average cost of packages reducing in recent months to £307 per week, even with an additional hourly uplift agreed as part of the Fair Cost of Care Grant. We also note a trend of reduced costs in new packages of people starting homecare of £227 per week which is the lowest it has been since January 2020, pre-pandemic. Sustained average cost reduction is a good indication for future financial sustainability of the service. However, with growing client numbers and the market suffering from staff recruitment and retention problems there is a resulting in a lack of capacity.</p>
<p>£7.1m of the overspend relates to Learning</p>	<p>£7.1m of the current overspend relates to Learning Disabilities-Direct Payments and Supported Living. Clear plans to address the £4m savings slippage and £3m increased activity in this area</p>

Disabilities- Direct Payments and Supported Living	need to be developed as this will impact on the 23/24 financial position.
Fair Cost of Care Exercise and Social Care Reform will increase Adult Social Care responsibilities and costs	<p>Fair Cost of Care is to determine an appropriate fee level on over-65 Care Homes and Homecare delivery. SCC are currently an average to low payer when benchmarked against other Local Authorities which indicates the potential to have to increase rates above current forecast levels. SCC received £1.8m in 22/23 towards the Fair Cost of Care and funded an above inflation uplift December 22, however grant may not be sufficient for future years.</p> <p>The Autumn Statement changed the context for Social Care Reform and the Market Sustainability and Fair Cost of Care Fund. Funding for implementation of the Fair Cost of Care will be maintained but is now combined with further grant funding for local authorities to address a broader set of improvements - including hospital discharge, technological innovation, and workforce pressures - and has been rolled into the Social Care Grant. There will be reporting requirements placed on this funding to support improvement against the objectives. The government will provide further details on reporting in due course. The 23/24 position therefore remains uncertain and is a risk going forward.</p>
Savings delivery remains the biggest challenge to the committee's financial position	<p>The key financial risk going into 2023/24 for the service is the pace of savings required and the impact of this year's savings carrying into 2023/24 when significant new additional savings will also be required of the service. This was reported to ASC Committee on 19th December 2022 in the AHSC Financial Recovery Plan Update.</p>

1.4.3 Education, Children & Families Committee - £6.8m overspend at Month 10

The Education, Children & Families General Fund is overspending by £6.8m, made up of a shortfall of savings delivery offset by staffing vacancies.	Full Year Forecast £m @ Month 10	Outturn	Budget	Variance
	Children & Families	115.6	110.0	5.6
	Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	13.7	13.1	0.6
	Integrated Commissioning (Commissioning; Children's Public Health; Early Help and Prevention)	7.7	7.1	0.6
	Total	137.0	130.1	6.8

The position in Education, Children's & Families worsened from M9 to M10

The forecast outturn for the committee at M10 worsened by £200k this month. The adverse movement was due to £0.3m adverse movement on Transport largely due to further increase in volume and costs of SEN Taxis from January 23.

Issues with staffing at Aldine House has limited capacity in the setting and affected the income for the service this year by £1.5m. Overspends in children's residential services, placements, short breaks, and direct payments have also been issues for the service's budgets.

The main cause of the overspend is under delivery of Budget Implementation Plans (BIPs)	Variance Analysis £m @ Month 10	One-off	BIPs	Trend
	Children & Families	1.0	5.3	(0.7)
	Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	0.1	0.0	0.5
	Integrated Commissioning	0.0	0.7	(0.1)
	Total	1.1	5.9	(0.2)

The impact of the proposed pay offer creates an additional £0.8m pressure to the committee

The pay award of £1,925 flat rate per employee was paid to employees in M8, including backpay, unwinding the provision made into forecasts in M4. The award impacted the Committee by £0.8m.

Dedicated Schools Grant (DSG) is overspending by £1.6m	DSG Full Year Forecast £m @ Month 10	Outturn	Budget	Variance
	Children & Families	6.1	6.3	(0.2)
	Education & Skills	213.6	211.7	1.9
	Integrated Commissioning	9.3	9.4	(0.1)
	Total	229.0	227.4	1.6

£1.4m overspend is in SEN due to rising numbers of placements and EHCP top up costs. There are £0.2m additional staffing

costs in Educational Psychology from January plus £0.3m other overspends in Learn Sheffield, Music, insurance/other.

The position improved by £800k across SEN due to lower growth than anticipated across a number of sites. Further work is on-going to review whether anticipated growth within SEN budgets will be incurred this financial year.

Plans to reduce business support staffing have been delayed with costs offset by difficulties in recruiting social workers

£0.6 of the BIP shortfall relates to reduction in business support staffing linked to the investment in support workers in Fieldwork not happening as planned.

Difficulties in recruiting Fieldwork staff is resulting in a £1.7m underspend which is currently helping to offset the BIP shortfalls.

There are £0.6m other staff related savings forecast not to be delivered where it is assumed that it will not be possible to replace agency with permanent staffing.

The residential strategy (c£2.7m savings) will not be delivered this year

The £2m saving relating to a new secure unit is a longer term saving requiring capital and planning approvals to be in place before building/renovations would be able to commence.

The work done to date indicates that this is no longer a viable proposal due to the lack of available external funding and the high costs of developing a secure facility which is not supported by a sound business case.

The existing secure unit is now forecasting an income shortfall of £1.4m due to capacity restrictions caused by staffing shortages. There are risks around when this may be resolved but this is a one-off issue with the forecast assuming normal income levels from April 2023 in line with staffing assumptions.

£2m savings from contributions from Health is not deliverable this year

Discussions have begun with Health partners, but no firm agreement is in place therefore this saving will not be delivered this year. This is reflected in the outturn position and is likely to continue as an underlying pressure in the budget until an agreement is formalised.

Direct Payments, Family Time, Non-staffing Fieldwork (NRTPF/S17) have a combined overspend of £1.4m partly offset by one-off income.

The direct payments and short breaks budgets are forecast to overspend by £0.4m (consistent with growth observed in 21/22).

The Family Time budget is £0.2m overspent with the current staffing forecast being higher than planned.

Non-staffing Fieldwork/NRTPF budget is £0.6m overspent. The forecast has continued to rise this year. A (£0.5m) one off contribution from Household Support Grant has been made towards S17 payments.

These areas need to be closely reviewed to confirm forecast accuracy, understand reasons behind the overspends and explore any mitigating action available.

1.4.4 Housing Committee - General Fund Underspent by £0.6m & Housing Revenue Account overspend of £13.1m at Month 10

The Housing General fund is forecast to be broadly in line with budget.	Full Year Forecast £m @ Month 10	Outturn	Budget	Variance
	Housing General Fund	8.1	8.6	(0.6)
	Housing Growth	0.1	0.1	0.0
	Total	8.1	8.7	(0.6)

An improvement in processes in the temporary accommodation service has enabled additional recovery of subsidy against costs in this area. Whilst demand for the service is increasing, improvements in subsidy recovery rates are better than the budgeted position resulting in an overall underspend of £0.6m. This has mainly been due to automation of processes to reduce manual processes and enable timely recovery from DWP. Recovery rates are achieving 88% on average YTD compared with around 60% the previous year and 75% assumed in the budget.

The Housing Revenue Account is forecast to overspend by £13.1m at M10	Full Year Forecast £m @ Month 10	Outturn	Budget	Variance @M10	Variance @M9	Move ment
	Net Income – Dwellings	(149.7)	(152.6)	3.0	2.7	0.2
	Other income	(6.7)	(6.5)	(0.2)	(0.2)	(0.1)
	Repairs & Maintenance	50.9	41.4	9.4	8.8	0.6
	Depreciation	25.0	25.0	(0.0)	0.0	(0.0)
	Tenant Services	51.7	54.3	(2.6)	(2.3)	(0.3)
	-Council Tax	2.1	0.9	1.2	1.2	(0.0)
	-Disrepairs	5.0	2.6	2.4	2.5	(0.1)
	Interest on borrowing	13.6	13.7	(0.1)	(0.1)	0.0
	Contribution to Capital Programme	8.2	21.3	(13.1)	(12.7)	(0.4)
	Total	0.0	0.0	0.0	0.0	0.0

The HRA position worsened by £400k from M9 to M10. Mainly due to a worse forecast outturn in Housing Repairs and Maintenance. The movement in month has been due to gas, electric and heating repairs.

Vacant properties are forecast to result in a £3m loss of rent and £1.2m extra Council Tax costs Loss of rent is forecast to be £3m for the year largely related to the speed of turnaround of repairs on vacant properties. The HRA plan had assumed voids at around 1.5% but whilst plans are in place to improve the position going forward the current rate is around 3.4%.

In addition, the extra Council Tax costs of vacant properties is forecast to be around £1.2m for the year to the HRA.

The Housing Repairs Service is forecast to overspend by £9.4m There are significant overspends on employees, sub-contractors, and material costs in dealing with additional responsive repairs within Voids, Repairs and Gas servicing.

A huge investment has been made in addressing non-compliance gas servicing moving shifting compliance rates to 98% from 87%. Addressing this backlog has incurred additional costs in the service alongside inflated materials and subcontractor costs.

The completion time for repairs to void properties has improved from 80 to 35 days, with the number of properties awaiting work reducing from 532 to less than 350 in the same period. The overall time taken to relet empty properties has reduced by almost 20% over the past 9 months.

The number of responsive repairs completed within target time has increased from 80% to over during the year and to 88%. The average waiting time for a responsive repair is now 12 days.

Disrepair claims are estimated at £2.4m above budget.

The current forecast includes £2.4m extra costs for legal fees from an increasing volume of disrepair claims.

Vacant posts in Tenant Services contribute to a forecast £2.6m underspend.

A forecast underspend across Tenant services is largely as a result of vacancies in Neighbourhood Services and the Investment and repairs service of (£1.7m): including (£504k) Fire Safety, (£303k) Housing Employability Team, plus other favourable variances across the service more than offsets the additional pay award costs of £1.1m.

The 'rent ceiling' (7%) represents a reduction in income available to deliver services to tenants

The 'rent ceiling' for 2023/24 sets the maximum increase in rents that individual Councils are permitted to set for the forthcoming year. This maximum is 4.1% below the normal Rent Standard guidance – Consumer Price Index (CPI) in September of the previous year + an additional 1% - which would have resulted in an 11.1% increase for 2023/24. This means that the inflationary costs for delivering services to council housing tenants have had to be absorbed into the HRA Business Plan because of a below inflation rent increase.

Energy inflation has been funded by specific earmarked reserves in 22/23.

Community heating account is forecast to overspend by £0.1m due to rising energy prices

Full Year Forecast £m @ Month 10	Outturn	Budget	Variance
Income	(4.0)	(3.3)	(0.7)
Expenditure	4.0	3.2	0.8
Total	0.0	(0.1)	0.1

The community heating position improved from the previous month's overspent outturn of £0.5m due to an increase in the unit price to recover costs.

Overspends in the HRA impact the capital programme

Without significant savings in revenue budgets, the long-term capital programme is not affordable. The month 10 outturn position results in a reduced contribution to the future programme.

1.4.5 Transport, Regeneration & Climate Committee - underspend of £0.6m at Month 10

The Transport, Regeneration & Climate Committee is forecast to underspend by £0.6m.	Full Year Forecast £m @ Month 10	Outturn	Budget	Variance
	Direct Services (<i>Carbon Reduction; Transport</i>)	0.0	0.0	0.0
	Streetscene & Regulation (Clean Air Zone)	0.1	0.0	0.1
	Inclusive Growth & Development (<i>Capital Delivery; Director of Inclusive Growth; Property and Regeneration</i>)	0.5	0.5	0.0
	Planning, Investment & Sustainability (<i>Planning Services; ITA Levy; Transport and Infrastructure</i>)	40.9	41.6	(0.7)
	Total	41.5	42.1	(0.6)

The committee's outturn position remained fairly stable from the previous month's forecast.

The planned Clean Air Zone saving of £2.1m has been offset by use of a specific reserve in 22-23.	Variance Analysis £m @ Month 10	One-off	BIPs	Trend
	Direct Services	0.0	0.0	0.0
	Streetscene & Regulation	(2.1)	2.1	0.1
	Inclusive Growth & Devt	0.0	0.0	0.0
	Planning, Investment & Sustain	0.0	0.0	(0.7)
	Total	(2.1)	2.1	(0.6)

The planned Clean Air Zone saving of £2.1m has been offset by use of a one-off specific reserve. However, this pressure requires a sustainable mitigation be identified for future years.

Operating spend assumed to be met from income forecast from the introduction of the charging Clean Air Zone remains a risk given potential slippage in the programme following continued dialogue with central government.

The impact of the proposed pay offer creates an extra £0.1m pressure to the committee	The pay award of £1,925 flat rate per employee was paid to employees in M8, including backpay, unwinding the provision made into forecasts in M4. The award impacted the Committee by £0.1m.
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The underspend reflects vacancies and higher Highway Network activity.	Contributory factors in the underspend are vacancies within Planning & Transport and extra income from higher than planned Highway Network Management activity.
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1.4.6 Economic Development & Skills Committee – Underspend of £0.2m Month 10

The revenue outturn position for the Economic Development & Skills Committee remains broadly balanced	Full Year Forecast £m @ Month 10	Outturn	Budget	Variance
	Education & Skills <i>(Employment and Skills; Family and Community Learning)</i>	0.9	0.9	0.0
	Streetscene & Regulation <i>(Events)</i>	1.0	0.9	0.1
	Economy, Culture & Skills <i>(Business Development; Director of Economic Development and Culture; Economy and Business Support; Employment and Skills)</i>	9.9	10.2	(0.3)
	Total	11.8	11.9	(0.2)

The committee's outturn position improved marginally M9 to M10.

Whilst the net budget is £11.9m, the Committee is reliant on £14.5m of income to support the services	Service	Net Budget	Outturn - Income	Outturn - Expend	Total Outturn (M10)	Total Variance
	ECONOMY, CULTURE & SKILLS	10.2	(6.9)	16.8	9.9	(0.3)
	EDUCATION & SKILLS	0.9	(6.9)	7.8	0.9	(0.0)
	STREETSCENE & REGULATION	0.9	(0.6)	1.6	1.0	0.1
	Grand Total	11.9	(14.5)	26.2	11.7	(0.2)

The impact of the proposed pay offer created an additional £0.2m pressure to the committee

The pay award of £1,925 flat rate per employee was paid to employees in M8, including backpay, unwinding the provision made into forecasts in M4. The award impacted the Committee spend by £0.2m

The key Budget Implementation Plan (BIP) was delivered

The key BIP for 22/23 was to vacate the offices at Broad Street West, which has been achieved.

1.4.7 Waste & Street Scene Committee is £0.4m underspent at Month 10

The Waste & Street scene committee is forecasting to underspend by £0.4m.	Full Year Forecast £m @ Month 9	Outturn	Budget	Variance
	Streetscene & Regulation <i>City Centre Management; Director of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services; Covid Hub)</i>	54.5	54.9	(0.4)
	Total	54.5	54.9	(0.4)

The committee's outturn position declined marginally by £0.1m from M9 to M10.

A breakdown of budgets included in the W&SC committee is provided below for further detail on the split between income and expenditure budgets:

Service Area	Budget	Outturn - Income	Outturn - Expend	Total Outturn @M10	Variance
WASTE MANAGEMENT	28.5	(5.2)	33.3	28.1	(0.4)
HIGHWAYS CONTRACT	20.2	(49.2)	69.4	20.2	(0.0)
ENVIRONMENTAL REGULATIONS	5.0	(1.5)	6.7	5.1	0.1
SHEFFIELD CITY MARKETS	1.9	(1.6)	3.5	1.9	0.1
HIGHWAY MAINTENANCE DIVISION	1.7	(2.5)	3.8	1.3	(0.4)
CITY CENTRE MANAGEMENT	1.4	(1.5)	3.2	1.7	0.3
DIRECTOR OF STREETSCENE AND RE	0.7	(0.2)	1.1	0.9	0.2
EMERGENCY PLANNING	0.3	(0.1)	0.4	0.3	0.0
LICENSING	0.1	(1.5)	1.7	0.2	0.1
PLACE HUB	0.0	0.0	0.1	0.1	0.0
COVID HUB	0.0	(10.8)	10.8	0.0	0.0
PARKING SERVICES	(4.8)	(11.4)	6.1	(5.3)	(0.4)
Grand Total	54.9	(85.5)	140.0	54.5	(0.4)

Underlying inflationary pressures on energy and waste management present a significant issue for the 23-24 business plans.	Variance Analysis £m @ Month 10	One-off	BIPs	Trend
	Streetscene & Regulation <i>City Centre Management; Director of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services; Covid Hub)</i>	(3.4)	0.4	2.6
	Total	(3.4)	0.4	2.6

The Waste contract provides for an uplift in costs at RPIX which was re-based at 8% for 22/23. This was £0.8m higher than the budgeted level. Similarly, energy cost increases of 100% on street lighting are resulting in a £2.1m issue in 22/23.

Both these pressures are being mitigated in 2022/23 through one-off provisions / reserves this year. Inflationary pressures have been built into the 23/24 budget.

The impact of the proposed pay offer creates an additional £0.2m pressure to the committee

The pay award of £1,925 flat rate per employee was paid to employees in M8, including backpay, unwinding the provision made into forecasts in M4. The award impacted the Committee spend by £0.2m

1.4.8 Communities, Parks & Leisure Committee - underspend of £1.5m at Month 10

The Communities Parks & Leisure Committee is forecast to underspend by £1.5m	Full Year Forecast £m @ Month 10	Outturn	Budget	Variance
	Community Services (Community Safety; Family Centres; Youth Services; Community Services Business Support)	10.1	11.2	(1.0)
	Parks, Leisure & Libraries (Bereavement; Coroner and Medico Legal; Libraries and Archives; Parks and Countryside; Partnerships and Special Projects; Physical Activity and Sports; Public Health)	34.5	34.9	(0.5)
	Integrated Commissioning (Voluntary Sector)	0.6	0.8	(0.2)
	Total	45.2	46.1	(1.5)

The committee's outturn position improved by £1m in the period. An underspend in the Youth Services budget of £740k has been requested to carry forward into 23/24 to help support the development of a bid to the Youth Investment Fund. The proposal will be reviewed and considered by the Strategy and Leadership Board following the year end outturn reported position.

An improvement in parks and bereavement services income (c£240k) contributed to the committees overall underspend this month.

There is forecast to be a shortfall of BIP delivery of £0.4m relating to Parks and Libraries	Variance Analysis £m @ Month 10	One-off	BIPs	Trend
	Community Services (Community Safety; Family Centres; Youth Services; Community Services Business Support)	(1.0)	0.0	0.0
	Parks, Leisure & Libraries	(0.7)	0.4	(0.1)
	Integrated Commissioning (Voluntary Sector)	0.0	0.0	(0.2)
	Total	(1.7)	0.4	(0.1)

A £0.4m shortfall in in 22/23 BIP savings within Parks & Libraries is being offset by net savings largely from staff vacancies. Higher energy costs of £0.3m are being mitigated in year by a one-off contribution from reserves

Community Services are underspending by £1m	Most of the underspend is one-off. As well as the £740k additional Youth underspend included in the outturn this month, there is a £240k underspend in community services. This relates to year 2 of the Page Hall project and will be carried forward to 23/24 in line with the original programme approvals. There is an underspend of £100k resulting from recruitment slippage for
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	Community Support Workers and £225k in Youth Services due to delays in restructuring.
The impact of the pay award impacted the committee by £0.4m	The pay award of £1,925 flat rate per employee was paid to employees in M8, including backpay, unwinding the provision made into forecasts in M4. The award impacted the Committee spend by £0.4m
£1.3m is forecast to be spent to support the community response team	<p>The forecast assumes £1.3m temporary funding will be drawn down to pay for staffing costs in community response for Clinically Extremely Vulnerable, Community Safety and Locality Teams.</p> <p>This is one off funding and caution must be taken to ensure expenditure does not continue as a trend into 23/24 or an unfunded budget pressure will be created. Contracts to support the service are forecast to end by the end of the financial year.</p>

1.6 Capital Programme Monitoring M10 22/23

The position on the capital programme at M10 is noted in **Appendix 1**.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The recommendations in this report are that each Policy Committee undertakes any work required to both balance their 2022/23 budget and prepare for the 2023/24 budget.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 There has been no consultation on this report, however, it is anticipated that the budget process itself will involve significant consultation as the Policy Committees develop their budget proposals

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 There are no direct equality implications arising from this report. It is expected that individual Committees will use equality impact analyses as a basis for the development of their budget proposals in due course.

4.2 Financial and Commercial Implications

- 4.2.1 There are no direct financial implications from this report.

4.3 Legal Implications

- 4.3.1 Under section 25 of the Local Government Act 2003, the Chief Finance Officer of an authority is required to report on the following matters:
- the robustness of the estimates made for the purposes of determining its budget requirement for the forthcoming year; and
 - the adequacy of the proposed financial reserves.

- 4.3.2 There is also a requirement for the authority to have regard to the report of the Chief Finance Officer when making decisions on its budget requirement and level of financial reserves.
- 4.3.3 By the law, the Council must set and deliver a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.

4.4 Climate Implications

- 4.4.1 There are no direct climate implications arising from this report. It is expected that individual Committees will consider climate implications as they develop their budget proposals in due course.

4.4 Other Implications

- 4.4.1 No direct implication

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

6. REASONS FOR RECOMMENDATIONS

- 6.1 This paper is to bring the committee up to date with the Council's current financial position as at Month 10 2022/23 including the Capital Programme.

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