



## Report to Policy Committee

**Author/Lead Officer of Report:** Tony Kirkham,  
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Services

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**Report of:** *Tony Kirkham*  
**Report to:** *Housing Committee*  
**Date of Decision:** *8<sup>th</sup> June 2023*  
**Subject:** *2022-23 Financial Outturn*

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 (<b>report/appendix</b>) is not for publication because it contains exempt information under Paragraph (<b>insert relevant paragraph number</b>) 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 final outturn position for 2022/23 including General Fund revenue position and Housing Revenue Account.*

### Recommendations:

The Housing Policy Committee is recommended to:

- a) Note the updated information and management actions provided by this report on the 2022/23 Revenue Budget Outturn.

**Background Papers:**  
[2022/23 Revenue Budget](#)

<b>Lead Officer to complete: -</b>	
1	<p>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.</p> <p>Finance: <i>Tony Kirkham, Interim Director of Finance and Commercial Services</i></p> <p>Legal: <i>David Hollis, Assistant Director, Legal and Governance</i></p> <p>Equalities &amp; Consultation: <i>James Henderson, Director of Policy, Performance and Communications</i></p> <p>Climate: n/a</p>
<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	<p><b>SLB member who approved submission:</b> <i>Tony Kirkham</i></p>
3	<p><b>Committee Chair consulted:</b> <i>Cllr Zahira Naz</i></p>
4	<p>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.</p>
	<p><b>Lead Officer Name:</b> <i>Tony Kirkham</i> <i>Jane Wilby</i></p> <p><b>Job Title:</b> <i>Interim Director of Finance and Commercial Services</i> <i>Head of Accounting</i></p>
<b>Date:</b> 29 <sup>th</sup> May 2023	

## 1. PROPOSAL

1.1 This report provides the final revenue outturn monitoring statement on Sheffield City Council's budget for 2022/23

### 1.2 Summary

1.2.1 The Council's revenue budget was overspent by £5m as of 31<sup>st</sup> March 2023.

Full Year £m	Outturn	Budget	Variance
Corporate	(456.6)	(450.5)	(6.1)
City Futures	34.1	34.9	(0.8)
Operational Services	111.4	111.6	(0.2)
People	304.4	294.2	10.2
Policy, Performance Comms	3.6	3.2	0.4
Resources	8.1	6.6	1.5
<b>Total</b>	<b>5.0</b>	<b>(0.0)</b>	<b>5.0</b>

1.2.2 This overspend was 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	(6.1)	(6.1)
City Futures	(0.1)	0.0	(0.7)	(0.8)
Operational Services	(4.8)	2.7	1.9	(0.2)
People	(0.5)	14.8	(4.1)	10.2
Policy, Performance Comms	(0.1)	0.4	0.1	0.4
Resources	(1.0)	1.6	0.9	1.5
<b>Total</b>	<b>(6.5)</b>	<b>19.5</b>	<b>(8.0)</b>	<b>5.0</b>

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, final 22/23 outturn £5m leaving a remaining risk allocation of £30m as we move in to 2023/24

M12	£m
<b>Allocated reserves</b>	<b>70.0</b>
21/22 Budget overspend	19.8
22/23 Base budget committed	15.0
22/23 Budget overspend	5.0
Reserves used @ M12	<b>39.8</b>
<b>Remaining reserves</b>	<b>30.2</b>

## 1.3 Committee Financial Position

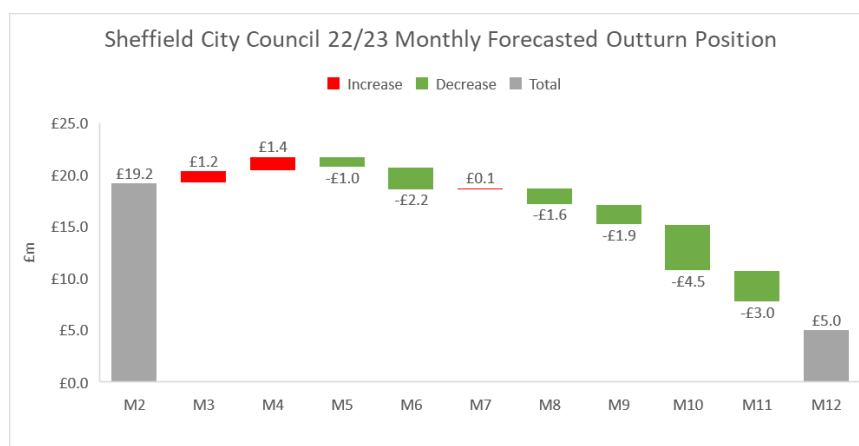
### 1.3.1 Overall Position - £5.0m overspend

**There was a £5.7m overspend in the Adult Health and Social Care Committee and a £5.8m overspend in the Education, Children and Families Committee**

Full Year Forecast £m @ Month 12	Outturn	Budget	Variance	M11 Variance	Movement
Adult Health & Social Care	157.1	151.4	5.7	6.8	(1.2)
Education, Children & Families	134.2	128.4	5.8	7.1	(1.3)
Housing	6.2	6.0	0.2	(0.9)	1.1
Transport, Regeneration & Climate	28.4	29.7	(1.2)	(0.9)	(0.3)
Economic Development & Skills	10.7	11.1	(0.4)	(0.1)	(0.2)
Waste & Street Scene	54.7	55.0	(0.3)	(0.4)	0.1
Communities Parks and Leisure	44.2	45.9	(1.7)	(1.6)	(0.1)
Strategy & Resources	(430.5)	(427.5)	(3.0)	(2.1)	(0.9)
<b>Total</b>	<b>5.0</b>	<b>(0.0)</b>	<b>5.0</b>	<b>7.9</b>	<b>(2.9)</b>

The overall outturn position improved previous month's forecast overspend by £2.9m largely due to improvements in income in social care.

**The Council's forecast overspend has reduced by £14.2m from the M2 outturn position mainly due to income**



Significant improvements have been made in the Council's financial position throughout 22/23. The overspend in Adult Social Care was halved due to additional grant income, mainly from the Government's £500m discharge fund announced in November 2022.

	M2 Outturn	M12 Outturn	Movement
<b>Full Year Variance £m</b>			
Adult Health & Social Care	11.7	5.7	(6.0)
Education, Children & Families	5.6	5.8	0.1
Housing	0.0	0.2	0.2
Transport, Regeneration & Climate	1.2	(1.3)	(2.5)
Economic Development & Skills	(0.1)	(0.4)	(0.3)
Waste & Street Scene	(0.2)	(0.3)	(0.1)
Communities Parks and Leisure	(0.6)	(1.7)	(1.1)
Strategy & Resources	1.5	(3.0)	(4.5)
<b>Total</b>	<b>19.2</b>	<b>5.0</b>	<b>(14.2)</b>

Transport, Regeneration and Climate Committee's improvement of £2.5m was mainly as a result of the mitigation of unachievable savings targets for 22/23.

The Communities, Parks & Leisure Committee's overall improvement was due to the underspend in the Youth Service following a delay in the implementation of the new operating model and recruitment slippage.

Strategy & Resources saw a large recovery in income from interest on investments throughout the year. Cash balances remained strong and so did the bank rate. Careful management and investment of our funds resulted in a strong yield for the Authority.

<b>Most of the overspend was due to shortfalls in Budget Implementation Plans (BIPs) delivery</b>	<b>Variance Analysis @ Month 12</b>	<b>One-off</b>	<b>BIPs</b>	<b>Trend</b>	<b>Total Variance</b>
	Adult Health & Social Care	(0.3)	8.7	(2.7)	5.7
Education, Children & Families	1.0	6.0	(1.2)	5.8	
Housing	1.2	0.0	(1.0)	0.2	
Transport, Regen & Climate	(2.1)	2.1	(1.2)	(1.2)	
Economic Development & Skills	(0.1)	0.0	(0.3)	(0.4)	
Waste & Street Scene	(3.5)	0.4	2.7	(0.3)	
Communities Parks and Leisure	(1.5)	0.0	(0.2)	(1.7)	
Strategy & Resources	(1.3)	2.2	(4.0)	(3.0)	
<b>Total</b>	<b>(6.5)</b>	<b>19.5</b>	<b>(8.0)</b>	<b>5.0</b>	

Whilst the overspend for the Council closed at £5m, we reported that £19.5m of savings targets were not achieved in year. This was mitigated through a range of activities including additional income contributions from grants or reserves or other fees and charges.

**£6.5m of one-off savings are mitigating part of the ongoing overspend**

Contributions from provisions for energy and waste inflation mitigated the in-year impact of rising baseline costs. In 22/23 we saw a more than 100% increase in energy costs taking general fund energy costs from £2.5m to an annual bill of over £5m.

<b>Year on Year</b>		
<b>Energy price increase</b>	<b>22/23</b>	<b>23/24</b>
Gas	107%	5%
Electricity	111%	30%

Wholesale energy prices have fallen over recent months and the Council has secured energy prices until March 2024. The impact of this has been built into the 23/24 budgeted baseline position at a 30% increase on electricity and 5% on gas.

<b>Balancing the 22/23 budget was only possible with £53m of BIPs, £33m were delivered this year</b>	<b>Budget Savings Delivery £m</b>	<b>Total Savings 22/23</b>	<b>Deliverable in year</b>	<b>FY Variance</b>
	<b>Portfolio</b>			
People		37.7	22.9	14.8
Operational Services		7.1	5.0	2.1
PPC		1.2	0.8	0.4
Resources		6.7	4.5	2.2
<b>Total</b>		<b>52.7</b>	<b>33.2</b>	<b>19.5</b>

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### **1.3.2 Key Committee Overspends:**

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**Adult Health and Social Care overspent by £5.7m** The high cost of packages of care put in place during covid has increased our baseline costs into 2022/23. A huge amount of work has been done as part of an investment plan to tackle the underlying issues. Recruitment challenges reduced our ability to deliver targets in full in 2022/23. It is anticipated that 96% of savings will be delivered by 1st April 2024 within current plans, leaving £1.1m to be mitigated during 2023/24.

**Education, Children and Families overspent by £5.8m** Under-delivery of budget implementation plans in the service are the main cause of overspends; plans to reduce staffing and increase income from Health were not achieved.

Issues with staffing at Aldine House limited the 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 overspent against budget by £12m** 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 (£2.7m) in rent plus additional costs for council tax to the HRA (£1.1m) 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 overspent against budget by £10m. 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.

#### 1.4.4 Housing Committee - General Fund Overspent by £0.2m & Housing Revenue Account overspent by £12.0m at Month 12

The Housing General fund closed at £0.2m overspent against budget.	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance @M12	Variance @M11	Mvmt
Housing General Fund		5.6	5.4	0.2	(0.9)	1.1
Housing Growth		0.7	0.7	(0.0)	(0.0)	(0.0)
<b>Total</b>		6.2	6.0	0.2	(0.9)	1.1

Throughout the year we made changes to the way we handled claims for temporary and supported accommodation. This meant we were able to achieve a higher claim rate before cases were “timed out”. This was the main reason for reported underspend against budget of £0.9m at M11.

However, upon final year-end reconciliation of the Housing Benefit subsidy claim, there was a significant shortfall in the amount we are able to reclaim from Government due to the caps on the expenditure claim. Whilst this has been an issue in previous years, we have accounted for the shortfall within the Resources portfolio and mitigated the deficit as part of the overall Housing Benefit reconciliation. In 22/23 there was a greater increase in the shortfall due to the rising demand for temporary and supported accommodation and an increase in the cost of placements in the current market. Due to the nature of the shortfall, it has been reported in the Housing General Fund account in 22/23 rather than in the Housing Benefit accounts.

The Department for Work & Pensions (DWP) reimburses local authorities for paying Housing Benefit claims and sets Housing Benefit policy. This issue is a national one with an estimated cost to Local Authorities in 21/22 of £110m for supported accommodation. Current legislation leaves Local Authorities with limited means of controlling the problem. The National Audit Office have very recently completed an investigation into this issue: [Investigation into supported housing - National Audit Office \(NAO\) report](#). The Housing Solutions service will continue to raise awareness and lobby Government for a resolution to this as well as developing solutions to mitigate the impact at a local level. Expenditure will be monitored tightly in 2023/24 to fully account for the extent of the issue throughout the year.

<b>The Housing Revenue Account is overspent by £12m against budget at M12</b>	<b>Full Year Forecast £m @ Month 12</b>	<b>Outturn</b>	<b>Budget</b>	<b>Variance @M12</b>	<b>Variance @M11</b>	<b>Mvmt</b>
Net Income – Dwellings	(149.9)	(152.6)		2.8	3.0	(0.2)
Other income	(7.2)	(6.5)		(0.7)	(0.2)	(0.5)
Repairs & Maintenance	51.4	41.4		10.0	9.4	0.6
Depreciation	24.7	24.7		0.0	0.0	0.0
Tenant Services	52.0	54.4		(2.4)	(2.6)	0.2
-Council Tax	2.0	0.9		1.1	1.2	(0.1)
-Disrepairs	4.6	2.6		2.0	2.4	(0.4)
Interest on borrowing	13.0	13.6		(0.7)	(0.1)	(0.6)
Contribution to Capital Programme	9.4	21.4		(12.0)	(13.1)	1.1
<b>Total</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>

The HRA position improved by £1.1m from M11 to M12. This was due to an accounting adjustment to the bad debt provision, additional interest income on investments, lower HRA borrowing costs and employee underspends. Some of these favourable movements were offset by increasing overspends in the Housing Repairs and Maintenance service.

**Vacant properties resulted in a £2.8m loss of rent and £1.1m extra Council Tax cost.**

Loss of rent was £2.8m for the year. This was 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 was £1.1m for the year.

**The Housing Repairs Service overspent by £10m**

There were 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 were £2.4m above budget.**

There were £2.4m extra costs for legal fees from an increasing volume of disrepair claims.



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**Vacant posts in Tenant Services contributed £2.4m underspend.** Tenant Services underspend is largely as a result of vacancies in Neighbourhood Services and the Investment and repairs service of £1.7m including £0.6m Fire Safety, £0.3m Housing Employability Team.

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<b>Community heating account overspent by £0.2m</b>	<b>Full Year Forecast £m @ Month 12</b>	<b>Outturn</b>	<b>Budget</b>	<b>Variance</b>
	Income	(3.9)	(3.3)	(0.6)
	Expenditure	3.6	3.2	0.4
	<b>Total</b>	<b>(0.3)</b>	<b>(0.1)</b>	<b>(0.2)</b>

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**Overspends in the HRA impact the capital programme** The final outturn position results in a reduced contribution to the future programme. Savings in revenue budgets in 2023/24 must be delivered to ensure the long-term capital programme remains affordable.

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## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The recommendations in this report are that the Housing Policy Committee notes the Council's Revenue Outturn position and their 2022/23 outturn and takes action on overspends in budgets in preparation for the 2023/24.

## **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 There has been no consultation on this report.

## **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 The primary purpose of this report is to provide Members with information on the City Council's revenue outturn position for 2022/23.

### 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 To record formally changes to the Revenue Budget.

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