



Report to Policy Committee

Author/Lead Officer of Report: Philip Gregory,
Director of Finance and Commercial Services

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Report of: *Philip Gregory, Director of Finance & Commercial Services*

Report to: *Finance Committee*

Date of Decision: *11th September 2023*

Subject: *2023-24 Q1 Budget Monitoring Report*

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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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 outturn position for 2023/24 including General Fund revenue position, Housing Revenue Account, and Capital Programme Monitoring (**Appendix 1**). The report also provides an update of the Council's Treasury Management activity (**Appendix 2**) and the Collection Fund Account (**Appendix 3**).*

Recommendations:

The Committee is recommended to:

The Committee is asked to:

- a) Note the updated information and management actions provided by this report on the 2023/24 Revenue Budget Outturn as described in this report

- b) Note the updated information and management actions provided by this report on the Q1 2023/24 Capital Programme Monitoring as described in **Appendix 1**;
- c) Note the Treasury Management report for Q1 2023/24 as described in **Appendix 2**
- d) Note the Collection Fund monitoring report for Q1 2023/24 as described in **Appendix 3**

Background Papers:
[2023/24 Revenue Budget](#)

Lead Officer to complete: -	
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: Philip Gregory, <i>Director of Finance and Commercial Services</i></p> <p>Legal: Sarah Bennett, <i>Assistant Director, Legal and Governance</i></p> <p>Equalities & Consultation: Adele Robinson, <i>Equalities and Engagement Manager, Policy, and Performance.</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>SLB member who approved submission:</p> <p><i>Philip Gregory, Director of Finance and Commercial Services</i></p>
3	<p>Committee Chair consulted:</p> <p><i>Cllr Zahira Naz, Chair of the Finance Committee</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>Lead Officer Name: <i>Philip Gregory</i> <i>Jane Wilby</i></p> <p>Job Title: <i>Director of Finance and Commercial Services</i> <i>Head of Accounting</i></p>
	<p>Date: 31st August 2023</p>

1. PROPOSAL

1.1. This report provides an update on the current outturn position for Sheffield City Council's revenue and capital budget for 2023/24.

2023-24 Q1 Financial Position by Directorate

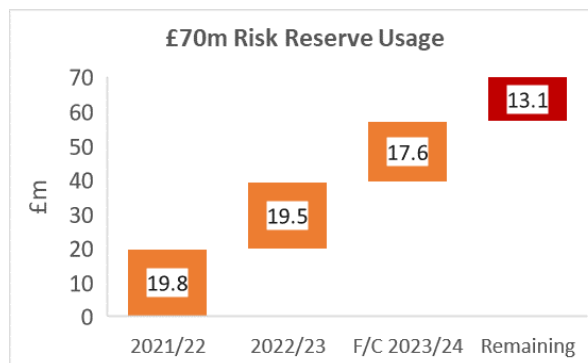
1.2. At the end of the first quarter of 2023-24, the Council's revenue budget shows a forecast overspend of £17.6m.

Full Year £m	Outturn	Budget	Variance
Neighbourhood Services	138.2	135.0	3.2
Adults	138.3	134.8	3.5
Children's	124.0	115.3	8.7
Strategic Support	52.4	47.7	4.7
City Futures	44.0	43.4	0.6
Public Health & Integrated Commissioning	10.7	10.9	(0.2)
Corporate	(490.1)	(487.1)	(3.0)
Total	17.6	(0.0)	17.6

1.3. This overspend is due to a combination of factors. Agreed Budget Improvement Plans ("BIPs") are not forecast to fully deliver within the year. There are underlying cost and demand pressures faced by services that are partially offset by one-off items. These "one-offs" consist of grant income, draws from specific reserves or provisions and income from central government or external sources.

Full Year Variance £m	One-off	BIPs	Trend	Total Variance
Neighbourhood Services	(4.1)	2.5	4.8	3.2
Adults	(9.9)	3.9	9.5	3.5
Children's	(3.9)	3.7	8.9	8.7
Strategic Support	0.0	0.0	4.7	4.7
City Futures	0.0	0.4	0.2	0.6
Public Health & Integrated Commissioning	0.0	0.0	(0.2)	(0.2)
Corporate	0.0	0.0	(3.0)	(3.0)
Total	(17.9)	10.6	25.0	17.6

1.4. In 2021/22, the Council set aside £70m of reserves to manage the financial risks associated with delivering a balanced budget position. Overspends against budgets in 2021/22 and 2022/23 have meant we have drawn almost £40m from this reserve already leaving just over £30m to manage any future budget deficits. If we overspent by £17.6m as this current forecast outturn position suggests, just £13m would be left to mitigate future budget pressures.



1.5. 2023-24 Q1 Financial Position by Committee

1.5.1. The major budget risk areas are in Childrens & Adults Social Care and in Homelessness services

Full Year £m	Outturn	Budget	Variance
Adult Health & Social Care	146.9	143.7	3.2
Education, Children & Families	124.7	115.8	8.9
Housing	10.2	7.0	3.2
Transport, Regeneration & Climate	39.6	40.0	(0.4)
Economic Development & Skills	9.5	9.4	0.1
Waste & Street Scene	63.5	64.2	(0.8)
Communities Parks and Leisure	41.7	41.3	0.3
Strategy & Resources	(418.4)	(421.5)	3.1
Total	17.6	(0.0)	17.6

1.5.2. In 22/23, the Council's forecast overspend improved by over £14m from the first quarter's forecasts to final outturn. This was mainly due to additional income received rather than underlying improvements in budgets and cost reductions. A big contributor to this was the Government's £500m discharge fund announced in November 2022, the sustainability of this income source and other mitigations from the last financial year are still unclear and cannot be relied upon.

Many underlying budget issues in social care services still remain and this is reflected in the current forecast position.

1.5.3. Most of the overspend is due to underlying cost and demand pressures in services. We estimate that £25m is embedded in the baseline costs but is somewhat mitigated by one-off income:

Full Year Variance £m	One-off	BIPs	Trend	Total Variance
Adult Health & Social Care	(9.9)	3.9	9.1	3.2
Education, Children & Families	(3.9)	3.7	9.1	8.9
Housing	(1.7)	0.2	4.7	3.2
Transport, Regen & Climate	0.0	0.1	(0.5)	(0.4)
Economic Development & Skills	0.0	0.0	0.1	0.1
Waste & Street Scene	(0.5)	0.2	(0.4)	(0.8)
Communities Parks and Leisure	0.0	0.2	0.2	0.3
Strategy & Resources	(1.8)	2.2	2.7	3.1
Total	(17.9)	10.6	25.0	17.6

1.5.4. Balancing the General Fund 2023/24 budget was only possible because the Council identified £47.7m of savings:

General Fund Budget Improvement Plans (in £m)

Committee	Total Savings	Financial Savings Deliverable in Year	In Year Gap	Financial Savings Deliverable Next Year	Undeliverable Savings
Adult Health & Social Care	31.6	27.6	3.9	2.3	1.6
Communities, Parks & Leisure	2.0	1.9	0.2		0.2
Economic Devt & Skills	0.5	0.5	0.0		0.0
Education, Children & Families	6.9	3.2	3.7	0.3	3.4

Housing	0.6	0.5	0.2		0.2
Strategy & Resources	4.1	1.9	2.2	2.2	0.1
Transport, Regen & Climate	0.8	0.7	0.1		0.1
Waste & Street Scene	1.1	0.9	0.2		0.2
Total	47.7	37.1	10.6	4.8	5.7

The current forecasts show £10.6m savings plans are undeliverable this year. This represents a delivery rate of 78% against target. In 22/23, less than 65% of savings targets were delivered. Whilst we are improving upon overall delivery performance, we are still falling short of targets meaning further draws could be required from our reserves to meet these overspends if they are not managed and mitigated. Delivering in year budgets must be a key focus for all services for the Council to retain financial sustainability.

- 1.5.5. Whilst inflation is beginning to fall, costs incurred are very unlikely to fall significantly resulting in these increased costs now being embedded in our cost base. There is an increased demand for services alongside cost pressures in social care, home to school transport and homelessness services.

1.6. **Key Committee Overspends:**

- 1.6.1. **Adult Health and Social Care are forecast to overspend by £3.2m** The high cost of packages of care put in place during covid increased our baseline costs and this carries into 23/24. A huge amount of work has been done as part of an investment plan to tackle the underlying issues. One off funding has mitigated the position this year leaving a £0.7m overspend in the purchasing budgets. Work continues on the package reviews to reduce the baseline costs for the future. Recovery work is underway including establishment of Task & Finish groups and the development of business cases around invest to saves including focus on enablement, day services, reviewing high cost 1 to 1 support and maximising income. The main area of overspend in the service now sits in staffing budgets. Service improvements in the Short -Term Intervention Team (STIT) are underway to deliver a stable position.

- 1.6.2. **Education, Children and Families are forecast to overspend by £8.9m** The key overspends in the service relate to placements with external residential placements a particular issue which are forecast to exceed the previous year's costs by £4.8m. This sits alongside undelivered targets from the previous year of £2m. The average placement cost is £5,400 per week. However due to a limited number of places in the city, placements for the most complex children can cost a great deal more. Actions are being taken to ensure that the right costs for placements are being met by all elements including education and where possible health. High-cost placements are also being reviewed.

The savings proposal for £1.6m to increase fostering placements this year is forecast to not be delivered. Marketing is taking place, but our number of foster carers remains static. Nationally this has been an issue since the pandemic as older foster carers decided to exit the market and there has not been the like for like recruitment to new foster carers.

Further demand in home to school transport costs are forecast to create a £3m overspend against budgets this year. This has the potential to increase in October when we know exactly how many children require transportation to school. An overarching review of this area will commence in 2024.

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- 1.6.3. **Homelessness support in temporary and exempt accommodation is forecast to cost the Council £8.4m** The Government does not fully subsidise all housing benefit payments made by the Council even though it sets the rules that determine the amount the Council has to pay. In 2022/23, the Council incurred a loss of £5.9m as a result of the legislation relating to temporary homelessness and supported accommodation. The Council is essentially bridging the gap between the amount the accommodation costs to procure and the amount we are able to recover via housing benefits.

In 2023-24, this is forecast to cost the Council £4.9m for temporary accommodation and £3.5m for supported accommodation. The shortfalls are split between the Housing General Fund and Strategy and Resources budgets respectively.

The Budget Implementation Group

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- 1.6.4. **A subgroup has been set up to drive improvements in Budget delivery** A senior officer working group has been established to help drive delivery of the budget. The purpose of the Budget Improvement Group (BIG) is to improve the delivery of the Council's annual Revenue Budget (both General Fund and Housing Revenue Account) and in particular the delivery of the Budget Improvement Plans (BIPs). It will look to facilitate Council wide learning. The group is jointly chaired by the Director of Finance and Commercial Services and the Chief Operating Officer. The group has a nominated core member from each Directorate: Adults, Children's, City Futures, Neighbourhoods and Strategic Support Services.

Transformation Funding

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- 1.6.5. **We identified £4m to support transformation activity** As part of 2023-24 budget setting, the Council identified a £4m fund that would be used to support programmes of change in the organisation, expedite the delivery of savings plans or support where delivery of savings has become "stuck". The "BIG" group has provided advice, challenge, and recommendations for allocation of the transformation funding to the Council's Performance and Delivery Board.

In August 2023, the Performance & Delivery board approved bids to support delivery of programmes in Adult Social Care, Housing, Children's services, ICT, HR, and Organisational Strategy to build upon the Future Sheffield programme. These key projects will help stabilise the organisation and bring budgets back to a steady footing for the future. Each programme of work will be monitored, and progress reported to the Council's Performance & Delivery board to ensure activity remains on track. Overall performance will be reported to S&R committee and finance committee as part of in-year budget monitoring, with relevant policy committees overseeing progress on programmes in their areas.

Medium Term Financial Analysis (MTFA)

- 1.6.6. **The MTFA presented to S&R Committee on 7th September detailed committee budget savings targets** An updated medium term financial analysis is due to be presented to Strategy & Resources committee on 7th September to give members an early view of the forecast financial position for the Council for the next 4 years and to set the financial constraints within which the budgeting and business planning process will need to work to achieve a balanced budget position over the medium term. The analysis forecasts a budget gap of £18m for 24/25 that will need to be bridged by services in order to set a balanced budget for 2024/25.

- 1.6.7. The below table outlines the proposed committee savings targets following an equitable application of funds resulting in a deliverable outcome for all Committees:

Committee	Original Pressures	Remaining Income Allocations				Other Funding (split based on NRB)	Target to Find	Savings Identified	Sales, Fees and Charges Income	New Pressures	Adjusted Target To Find
		Pay award Funded	ASC Precept	Social Care Grant	Significant RPIX contracts and Housing Benefits						
Adult Health & Social Care	27.0	(1.9)	(5.4)	(10.9)		(0.9)	7.8	(4.6)	(4.5)	2.7	1.5
Education, Children & Families	12.4	(2.7)		(5.0)		(0.7)	4.1	0.0	(0.2)	4.4	8.3
Housing General Fund	3.6	(0.4)			(2.5)	(0.0)	0.7	0.0	(0.0)	2.9	3.5
Transport, Regeneration & Climate	1.0	(0.4)				(0.2)	0.5	0.0	(0.1)	(0.1)	0.3
Economic Development & Skills	0.9	(0.2)				(0.1)	0.7	0.0	(0.0)	0.1	0.7
Waste & Street Scene	9.8	(0.6)			(6.4)	(0.4)	2.5	0.0	(0.5)	0.5	2.5
Communities Parks and Leisure	1.5	(1.2)				(0.2)	0.0	0.0	(0.2)	0.5	0.4
Strategy & Resources (Corporate)	9.9	0.0				0.0	6.9	(6.2)	0.0	0.0	0.7
Strategy & Resources (Committee)	4.7	(2.7)				(0.4)	0.8	(0.4)	(0.1)	(0.0)	0.3
Total	70.8	(10.0)	(5.4)	(15.9)	(12.7)	(2.9)	23.9	(11.1)	(5.6)	11.0	18.1

Key points to note:

- The proposal will cover the anticipated 2024/25 pay awards for all Committees.
- The Adult Social Care Precept is applied to the AHSC Committee.
- The Social Care grant is split between Adult Social Care & Education, Children & Families based on their relative shares of the original social care pressures for 2024/25.
- £7.2m has been allocated towards contract inflation pressures which are out of the control of the relevant committee. Examples include the waste contract, highways, and Microsoft licencing.
- £5.5m has also been set aside to cover the significant increase in Housing Benefit subsidy losses for Exempt Properties (S&R £3m) and £2.5m contribution to support the large increase in Homelessness accommodation costs around housing benefits support.

- 1.6.8. Services are required to develop solutions to bridge the budget gap for 2024/25 and bring forward proposals to the November policy committee meetings. At the same time working hard to bring the in-year overspend down through ongoing work on recovery plans and additional support to deliver budget implementation plans (BIPs).

This current forecast in-year overspend must be urgently managed and mitigated to avoid the risk that the Council has to look to our available Budget Contingency Reserve (£30m) to balance at year end. Maintenance of a prudent level of contingency reserves is critical to ensure stability and sustainability for 2024/25 onwards.

23-24 Q1 Committee Budget Outturn Position

1.7. Adult Health & Social Care- £3.2m overspend

The forecast revenue outturn position for the AHS&C Committee is overspent by £3.2m	Full Year Forecast £m	Outturn	Budget	Variance
ADULTS, CARE AND WELLBEING		138.3	134.8	3.5
INTEGRATED COMMISSIONING (Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)		8.5	8.9	(0.3)
Total		146.9	143.7	3.2

1.7.1. The 2023/24 settlement provided additional "one-off" funding for social care	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
ADULTS, CARE AND WELLBEING		(9.9)	3.9	9.5	3.5
INTEGRATED COMMISSIONING (Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)		0.0	0.0	(0.3)	(0.3)
Total		(9.9)	3.9	9.1	3.2

In February 2023 the Department for Levelling Up, Housing and Communities (DLUHC) approved the 2023/24 settlement for Local Government. Included within the Settlement were some funding and taxation commitments for 2024/25. These included details of Council Tax thresholds and additional funding for social care.

Beyond 2024/25 the picture is less clear. However, there is a general acknowledgement that due to fiscal constraints, there will be very little, if any, increase in public sector spending in unprotected services such as Local Authorities over the remaining period of the Medium-Term Financial Analysis. This settlement has been treated as "one-off" in year due to future uncertainty.

1.7.2. Of the £31.6m savings targets, £27.6m are on track to be delivered in year with some saving set to outperform budget, leaving a £3.9m in year gap:

Budget Savings (BIPS) £m					
Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Red	9.5	4.5	5.0	2.0	3.0
Amber	1.0	0.6	0.4	0.3	0.0
Green	21.1	22.5	-1.4	0.0	-1.4
Total	31.6	27.6	3.9	2.3	1.6

Savings Description	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Appropriate use of residential care	0.5	0.3	0.3		0.3
Contract savings	0.3	0.1	0.1	0.1	0.0
Dedicated case management for young adults	0.4		0.4	0.4	0.0
Direct Payments	0.3	0.2	0.1	0.1	0.0
Driving Improvements in Social Work Practice	1.1		1.1		1.1
Ending of temporary funding	0.8	0.6	0.2		0.2
Homecare Transformation Project - Strength Based Reviews	0.5	0.3	0.2	0.2	0.0
New approach to joint packages of care	1.3	0.9	0.5		0.5
Nursing care costs	0.3	0.2	0.2	0.2	0.0
Review cost increases	0.3	0.2	0.1	0.1	0.0
Review of Better Care Fund	0.5	0.3	0.3		0.3
Review of Living & Ageing Well	0.2		0.2		0.2
Review of Living & Ageing Well	0.7		0.7		0.7
Review significant cost increases	1.1	0.7	0.4	0.4	0.0
Reviewing homecare post pandemic	1.0	0.6	0.4	0.4	0.0
Supported Living	0.5	0.3	0.2	0.2	0.0
RED BIPS Total	9.5	4.5	5.0	2.0	3.0

1.7.3.	Purchasing activities are overspent by £0.7m	Full Year £m	Outturn	Budget	Var.
	Learning Disabilities		34.6	32.5	2.0
	Older People		23.2	24.1	(0.8)
	Physical Disabilities		17.5	18.2	(0.8)
	Mental Health		9.3	9.1	0.2
	Total Purchasing		84.6	83.9	0.7

Learning Disabilities Purchasing, excluding the Social Care Grant is £8.2m overspent. This is net of £1.7m Continuing Health Care income from 22/23. Recovery work is underway including establishment of task & finish groups and the development of business cases around invest to saves including focus on enablement, day services, reviewing high cost 1 to 1 support and maximising income.

1.7.4.	The recovery plan details how the service will address the budget	The Adult Social Care recovery plan which will be presented to committee on 20 th September 2023 details how the service intends to address in 2023/24 in 5 key focus areas:
		<ul style="list-style-type: none"> • Recovery reviews • Enablement approach for working age adults, • Staffing costs • Residential care

	<ul style="list-style-type: none"> Disability Facilities Grant
<p>1.7.5. Transformation funding has been approved to support delivery of the BIPs</p>	<p>Funding has been approved to keep agency teams in place until the end of the financial year. This is a short-term investment to reduce long-term costs. Additional governance arrangements have been put in place to manage the performance of agency teams, with monthly reporting to the Council's Performance and Delivery Board.</p>
<p>1.7.6. A delay in housing related support provision is forecast to create a small underspend in 2023/24</p>	<p>A £0.3m underspend in Integrated Commissioning relates to Housing Related Support. Expenditure had been previously agreed for a new complex needs service for vulnerable adults who have accommodation needs. The service is unable to start until a suitable property is found and because it has not been possible to secure anywhere to date, the service will not start until later in the year.</p>
<p>1.7.7. The Fair Cost of Care Exercise and Social Care Reform will increase Adult Social Care responsibilities and costs</p>	<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. Any grant allocated is unlikely to fully cover the cost of those increases.</p> <p>Social Care Reform will levy significant new responsibilities on Local Authorities and introduces a cap on care costs. The grant allocated is unlikely to fully cover the costs of those increases or the required increase staffing base needed to deliver our new responsibilities.</p> <p>Following an announcement in the government's Autumn Statement 2022, the planned adult social care charging reforms are now delayed until October 2025. Market pressure may present a risk to Sheffield City Council's budgets, without clarity on support from Central Government.</p>
<p>1.7.8. Savings delivery remains the biggest challenge to the committee's financial position</p>	<p>The key financial risk going into 2023/24 for the service is the pace of savings required and the impact of prior year's savings carrying into 2023/24 on top of current challenges. when significant new additional savings are also required of the service.</p> <p>As with the other areas of the Council, cost and pay inflation are the major drivers for social care pressures into the medium term. Adults Social Care services are also forecasting increased pressures as a result of fee uplifts, growth and other demographic changes, plus increased transition costs between children's and adult care.</p>

1.8. **Communities, Parks & Leisure Committee – overspend of £0.3m**

1.8.1.	The Communities Parks & Leisure Committee is forecast to overspend by £0.3m	Full Year £m	Outturn	Budget	Variance
		Community Services (Community Safety; Family Centres; Youth Services; Community Services Business Support)	9.8	9.6	0.2
		Parks, Leisure & Libraries (Bereavement; Coroner and Medico Legal; Libraries and Archives; Parks and Countryside; Partnerships and Special Projects; Physical Activity and Sports; Public Health)	31.1	30.9	0.2
		Integrated Commissioning (Voluntary Sector)	0.8	0.8	(0.0)
		Total	41.7	41.3	0.3

1.8.2.	There is forecast to be a shortfall of BIP delivery of £0.2m relating to Parks and Libraries	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
		Community Services (Community Safety; Family Centres; Youth Services; Community Services Business Support)	0.0	0.0	0.2	0.2
		Parks, Leisure & Libraries	0.0	0.2	0.0	0.2
		Integrated Commissioning (Voluntary Sector)	0.0	0.0	(0.0)	(0.0)
		Total	0.0	0.2	0.2	0.3

1.8.3. Of the committee's £2m savings, £200k will not be delivered in year:

Budget Savings (BIPS) £m

Service	Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
PARKS, LEISURE & LIBRARIES	Red	0.6	0.5	0.1		0.1
	Amber	0.4	0.4	0.0		0.0
	Green	0.7	0.7	0.0		0.0
PARKS, LEISURE & LIBRARIES Total		1.7	1.5	0.2		0.2
COMMUNITY SERVICES	Green	0.4	0.4	0.0		0.0
COMMUNITY SERVICES Total		0.4	0.4	0.0		0.0
Grand Total		2.0	1.9	0.2		0.2

1.8.4.	Libraries will under deliver BIPs by £135k	Libraries are set to fall short of the £585k target by £135k. This is part of a multi-year savings programme of £771k over 3 years. The shortfall will be mitigated by high vacancy rates this year. The next stage of redesign of library service is needed including a review of home library service as well as longer term review which needs to link into Council's approach to face to face service delivery in communities.
		A small proportion of the BIP relating to parks will also fall short this year but be offset elsewhere in the service budgets.
1.8.5.	Underspends in Youth offset some overspends in Early Help & Prevention	The Youth service underspent by £1.1m last year due to delays in the implementation of a new operating model and recruitment slippage. Continued delays into 23/24 are set to create a £200k underspend again this year. This is somewhat mitigating overspends in early help and prevention staffing and family centres budgets.
1.8.6.	The Parks Leisure & Libraries Services are forecast to overspend by £200k	Coroner and Medico Legal Centre are forecast to overspend by £150k due to increased staffing and contractual costs and small assorted overspends elsewhere are being offset by place strategy and change (£336k) due to unfilled vacancies in the service.

1.9. **Economic Development & Skills Committee – £0.1m overspend**

1.9.1.	The Economic Development & Skills Committee budgets is forecast to overspend by £100k	Full Year £m	Outturn	Budget	Variance
		EDUCATION & SKILLS (Employment and Skills; Family and Community Learning)	0.8	0.8	0.0
		PARKS, LEISURE & LIBRARIES (Events)	0.4	0.3	0.1
		ECONOMY, CULTURE & SKILLS	8.3	8.2	0.0
		Total	9.5	9.4	0.1

The forecast for services within the committee is to overspend by £100k £80k within the events budgets and £30k in Economy, Culture & Skills.

1.9.2.	Whilst the net budget is £9.4m, the Committee is reliant on £15.5 m of income to support the services.	Service	Net Budget	Outturn - Income	Outturn - Expend	Total Outturn	Total Variance
		ECONOMY, CULTURE & SKILLS	8.2	(6.8)	15.1	8.3	0.0
		EDUCATION & SKILLS	0.8	(7.9)	8.7	0.8	0.0
		PARKS, LEISURE & LIBRARIES	0.3	(0.8)	1.2	0.4	0.1
		Grand Total	9.4	(15.5)	24.9	9.5	0.1

1.9.3. **Budget Savings (BIPS) £m**

Service	Financial RAG	Description	Total Savings	Savings Deliverable in Year	In Year Gap
ECONOMY, CULTURE & SKILLS	Green	Maximising income from external grant sources	0.1	0.1	0.0
	Green	Reduction in activity budget for responding to in-year opportunities	0.1	0.1	0.0
ECONOMY, CULTURE & SKILLS Total			0.1	0.1	0.0
EDUCATION & SKILLS	Green	Review of delivery model of SEND at Sheaf Training Centre.	0.1	0.1	0.0
		Use grant funding to mitigate pay award pressure	0.3	0.3	0.0
EDUCATION & SKILLS Total			0.4	0.4	0.0
Total			0.5	0.5	0.0

1.9.4. **The committee's BIPS will be delivered** The four savings targets totalling £0.5m are forecast to be fully delivered this year.

1.10. Education, Children & Families Committee - £8.9m overspend

1.10.1.	The Education, Children & Families General Fund is overspent by £8.9m	Full Year £m	Outturn	Budget	Variance
		Children & Families	109.6	104.4	5.3
		Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	13.6	10.1	3.5
		Integrated Commissioning (Commissioning; Children's Public Health; Early Help and Prevention)	1.5	1.3	0.1
		Total	124.7	115.8	8.9

1.10.2.	The 2023/24 settlement provided additional "one-off" funding for social care	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
		Children & Families	(3.9)	3.3	5.9	5.3
		Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	0.0	0.4	3.1	3.5
		Integrated Commissioning	0.0	0.0	0.1	0.1
		Total	(3.9)	3.7	9.1	8.9

In February 2023 the Department for Levelling Up, Housing and Communities (DLUHC) approved the 2023/24 settlement for Local Government. Included within the Settlement were some funding and taxation commitments for 2024/25. These included details of Council Tax thresholds and additional funding for social care.

Beyond 2024/25 the picture is less clear. However, there is a general acknowledgement that due to fiscal constraints, there will be very little, if any, increase in public sector spending in unprotected services such as Local Authorities over the remaining period of the Medium-Term Financial Analysis. This settlement has been treated as "one-off" in year due to future uncertainty.

1.10.3. Budget Savings (BIPs) £m

Service	Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
CHILDREN & FAMILIES	Red	4.3	1.3	3.1	0.3	2.7
	Amber	0.2		0.2		0.2
	Green	1.4	1.4	0.0		0.0

CHILDREN & FAMILIES Total		6.0	2.7	3.3	0.3	3.0
EDUCATION & SKILLS	Red	0.4		0.4		0.4
	Amber	0.1	0.0	0.1		0.1
	Green	0.4	0.4	0.0		0.0
EDUCATION & SKILLS Total		0.9	0.4	0.4		0.4
INTEGRATED COMMISSIONING	Green	0.1	0.1	0.0		0.0
INTEGRATED COMMISSIONING Total		0.1	0.1	0.0		0.0
Grand Total		6.9	3.2	3.7	0.3	3.4

Of the committee's £6.9m Budget Implementation Plans (BIP) are forecast to fall short by £3.7m representing a 46% delivery rate.

1.10.4. Details of the BIPs set to fall short of the target are shown below:

Financial RAG	Description	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Red	A targeted campaign to increase numbers of fostering places available by 40 by OCT 2023	1.6		1.6		1.6
	Engage with partner to more cost effective way of working	0.3		0.3		0.3
	Edge of Care Staffing	0.2	0.0	0.1	0.0	0.1
	On-call service review	0.3		0.3		0.3
	Rebase the MAST budget	1.2	1.1	0.1	0.1	-0.0
	Review care leaver offer to ensure access to support continues post 21	0.4	0.2	0.2	0.2	-0.0
	Sufficiency and Placement Mix - identify and transition 18 year-old Care expedite transfer to Council / Social Housing	0.5		0.5		0.5
Children & Families Total		4.3	1.3	3.1	0.3	2.7
Red	Max opportunities across TS, C&F and SENDSARS for collaboration work to drive efficiencies in Home to School transport	0.4		0.4		0.4
Education & Skills Total		0.4		0.4		0.4
Total		4.7	1.3	3.4	0.3	3.1

1.10.5. **Placement costs continue to create overspends for the service** The key overspends in the service relate to placements with external residential a particular issue. These are forecast to exceed the previous year's costs by £4.8m. This sits alongside undelivered targets from the previous year of £2m.

The average placement is £5,400 per week. However, due to a limited number of places in the city, the most complex children can cost a great deal more. Actions are being taken to ensure that the right costs for placements are being met by

all elements including education and where possible health. High-cost placements are also being reviewed.

1.10.6. **The number of children in care is fairly stable** Even though there is an increase in demand at the front door, we are maintaining our number of children in care that is with a backdrop of increased Unaccompanied Asylum Seeker Children. The number of looked after children has reduced from 674 (2021), to 666 (2022) to 653 (2023). This is low in contrast to comparators. This impacts on the cost of placements given the cases tend to be more complex and therefore more expensive.

1.10.7. **We are struggling to recruit foster carers** The savings proposal for £1.6m to increase fostering placements this year is also forecast to not be delivered. Marketing is taking place, but our number of foster carers is remains static. Nationally this has been an issue since the pandemic as older foster carers decided to exit the market and there is not the like for like recruitment to new foster carers.

Foster placements has dropped from 71.0%to 65.1%, this has caused the major rise to the number of children placed in children’s homes, secure units, and hostels (including semi-independent living) from 19.0% to 25.1%, which is largely higher than comparators (range 12%to 16%).

This needs to be seen in the changes to our placement mix- more young people who we look after are young asylum-seeking children – who historically have been less likely to be placed within family-based care. A project is underway to increase Supported Lodgings – which should impact the use of semi-independent living. Whilst we want to increase the offer across the city, we are specifically working to target communities who have expressed an interest in supporting young people from asylum seeking backgrounds and who we have not historically reached effectively.

1.10.8. **Home to school transport is set to cause a £3m overspend this year** Further demand in home to school transport costs are forecast to create a £3m overspend against budgets this year. This has the potential to increase further in October when we know exactly how many children require transportation to school. An overarching review of this area will commence in 2024.

1.10.9. Dedicated Schools Grant (DSG) is forecast to overspend by £0.3m	DSG Full Year Forecast £m	Outturn	Budget	Variance
	Children & Families	6.9	6.9	(0.0)
	Education & Skills	231.9	231.8	0.1
	Integrated Commissioning	3.5	3.3	0.2
	Total	242.2	242.0	0.3

The main cause of overspend in Education & Skills is due to £0.1m increase in Early Years EHCP plans.

The integrated commissioning overspend relates to back dated costs of increased Medical Services contract with Nexus.

1.11. **Housing Committee - General Fund Overspend of £3.2m & Housing Revenue Account overspend of £0.5m**

1.11.1.	The Housing General Fund is forecast to overspend by £3.2m against budget.	Full Year £m	Outturn	Budget	Variance
		Housing General Fund	10.1	7.0	3.2
		Regeneration And Development (Housing Growth - General)	0.1	0.1	0.0
		Total	10.2	7.0	3.2

The majority of the overspend in the Housing General Fund relates to homeless temporary accommodation and the loss the Council incurs as a result of Government subsidy rules.

1.11.2. **An increase in demand for Supported Accommodation & Housing Benefit Regulations have created a budget problem for the Council**

The Government does not fully subsidise all housing benefit payments made by the Council even though it sets the rules that determine the amount the Council has to pay.

In 2022/23, the Council incurred a loss of £2.8m as a result of the legislation relating to temporary homelessness accommodation. The Council is essentially bridging the gap between the amount the accommodation costs, in this case using hotels and B&Bs, and the amount we are able to recover via housing benefits from DWP, "subsidy loss".

In 2023/24 based on current demand and costs, the forecast subsidy loss is expected to reach £4.9m. There is no budget to support this. The in-year position has been mitigated by the use of prior year Homelessness grants totalling £1.7m, the team are working through the detail to ensure we are maximising use of grant funding towards the issue and clarifying eligibility on a number of other funding streams. Use of this funding could create pressures on staffing budgets in the next 2 years, but teams are looking for ways to resolve this. This particular mitigation is a one-off and is not an option for future years. Urgent action must be taken to reduce the loss incurred by the Council in this area.

1.11.3. **The Housing Solutions team are developing short- and long-term strategies to deal with the problems**

A report will be brought to the November Housing Policy committee to give further detail on the issues faced by the Authority and details actions to help bring this overspend down. Ultimately, we need to stop using hotels and B&Bs as Temporary Accommodation for a variety of reasons, not just because of the financial cost. The service is developing a Temporary Accommodation strategy that will set out our approach, and options including commissioning models or recommendations for policy decisions.

The situation has arisen post lockdown and following the introduction of the Homelessness Reduction Act in 2017 coupled with the shortage of affordable housing in the city and a limited range of options, our use of hotel and B&B accommodation has reached an unsustainable and unaffordable level. The increase in Homelessness is a national issue and there are now more than 100,000 households in

Temporary Accommodation which is the highest level for 20 years.

Some of the immediate measures in place to contain the problem include:

- **Voids** – working with the recently established team in housing to ensure we are utilising our stock to maximum effectiveness,
- Investigating **private sector** capacity and alternative delivery models to better use private sector rental as interim housing options
- Introduction of temporary **new management** resource in the housing solutions team focussing on strengthening process and challenge
- Recruiting **additional temporary staff** to deal with backlogs of cases and increasing the number of staff in the prevention team,
- Encouraging **partnering** of exempt supported accommodation providers with registered providers and social landlords to maximise claim eligibility.
- Commissioned end-to-end independent **process reviews** of placements to ensure rapid re-housing is taking place and challenging the robustness process and placement decisions,
- Reviewing, and moving on, **longer term placements in temporary and supported accommodation** to provide more cost effective options to those at immediate risk of hotel accommodation,
- Developing business cases to strengthen the bolster resource in the **claims review team**,
- Working with **other Authorities** to understand potential localised solutions within the sub-region.

In the longer term, other actions are also underway:

- Current construction costs have made planned new TA schemes unaffordable in their current form. **Value engineering** work on capital investment opportunities for Temporary Accommodation are underway to find ways to make investments financially viable.
- Becoming more **creative** with our acquisition approach including repurposing alternative accommodation or leasing opportunities
- Working with **partner organisations**, including the South Yorkshire Housing Partnership to expand housing that is available
- Focus towards improving earlier **prevention** levels and focus on prevention activities including supporting residents to maintain tenancies and better targeted support.
- Our work with the **Royal Foundation** offers greater opportunities and access to resources with the aspiration to eliminate family homelessness.

1.11.4. **There is further demand risk to Housing General Fund budgets** The Home Office are accelerating decisions on backlogs of asylum cases, and this is likely to start being felt in the next month. This will mean more people will be presenting as homeless following positive decisions in addition to the usual flow. This would result in a higher than usual number of people who have No Recourse to Public Funds (NRPF) with negative decisions. Partner organisations are signposting to Supported Exempt Accommodation (SEA). Both are likely to add pressures to the use of hotels and SEA. We are working with Migration Yorkshire and Home Office to try and understand the scale of the issue and what the impact will be and looking for any alternative options.

1.11.5.	The Housing Revenue Account is forecast to overspend by £0.5m	Full Year £m	Outturn	Budget	Variance
	Net Income – Dwellings		(160.2)	(161.6)	1.4
	Other income		(7.7)	(6.9)	(0.8)
	Repairs & Maintenance		50.2	48.8	1.4
	Depreciation		25.0	25.0	0.0
	Tenant Services		54.1	55.5	(1.4)
	-Council Tax		1.9	1.9	0.0
	-Disrepairs		4.4	3.9	0.5
	Interest on borrowing		12.9	13.6	(0.7)
	Contribution to Capital Programme		19.3	19.7	(0.5)
	Total		(0.0)	(0.0)	(0.0)

1.11.6. **The key variance is rent loss of £1.6m from vacant properties** £1,590k of the variance relates to an undelivered BIP saving to implement measures to improve void rent loss, however a multi-functional voids team is now in place to address this. This is offset by (£334k) lower bad debt provision than budget.

1.11.7. **Other income is £800k higher than anticipated** Furnished accommodation service charges have overachieved by over £430k against budgeted levels and the service has benefitted from additional interest of £470k

1.11.8. **Repairs and maintenance costs are £1.4m over budget** There are overspends in responsive repairs of over £1m in the service. Key variances include overspends of £3.9m in subcontractor costs due to workflow increases in voids and working at height, £758k on equipment and materials, £540k employee costs, and an under recovery on the obsolete heating programme of £276k, offset by (£4.6m) forecast capital income recharges mainly relating to firestopping, voids and working at height. The total overspend is largely represented by the unachieved BIP as show in 1.11.11.

1.11.9. **Tenant Services is forecast to underspend by £1.4m** There are a variety of overspends in tenant services largely offset by lower recharges, additional capital management fee income £346k and vacancies in fire safety £329k, Tenancy enforcement team £294k and communal areas £241k.

1.11.10. **Disrepair claims are continuing to cause overspends** Legal fees on disrepair cases are still high, partly due to an unachieved BIP, though an improvement plan is in place to reduce claims and further cost escalations.

1.11.11. **Capital financing costs are lower than budget** HRA capital financing costs i.e., the interest payable on debt are lower than budget by £700k.

1.11.12. **Budget Savings (BIPS) £m**

Service	Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
HOUSING GENERAL FUND	Red	0.2		0.2		0.2
	Green	0.3	0.3	0.0		0.0
HOUSING GENERAL FUND Total		0.4	0.3	0.2		0.2
REGENERATION & DEVELOP	Green	0.2	0.2	0.0		0.0
REGENERATION AND DEVELOPMENT Total		0.2	0.2	0.0		0.0
HOUSING REVENUE ACCOUNT	Red	5.0	1.8	3.1		3.1
	Green	17.8	17.8	0.0	0.0	0.0
HOUSING REVENUE ACC Total		22.8	19.7	3.1	0.0	3.1
Grand Total		23.5	20.2	3.3	0.0	3.3

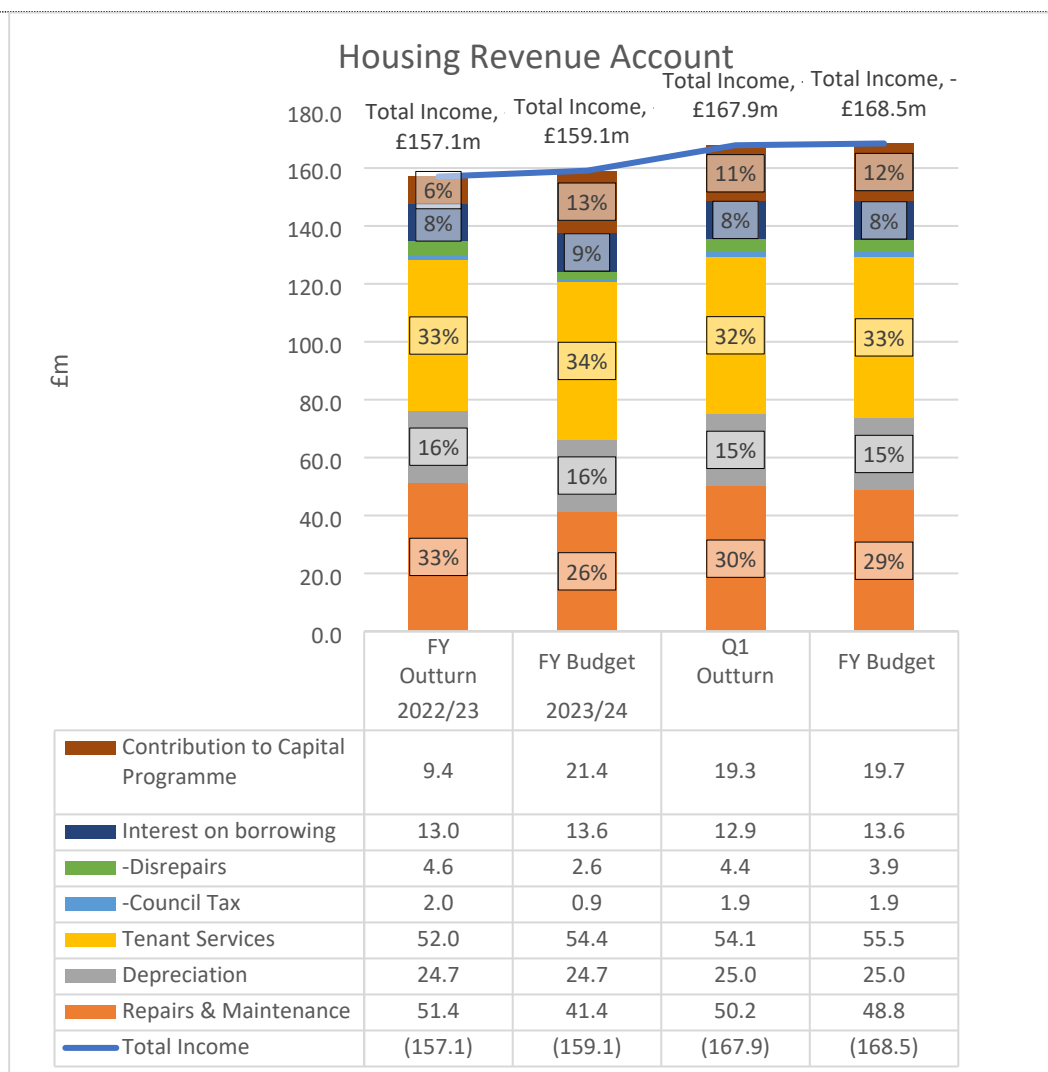
Of the £23.5m savings targets in place for 2023/24, £20.2m are forecast to be delivered. The £0.2m saving in the Housing General Fund relates to temporary accommodation which given the context of current budget pressures is not achievable this year.

Other red rated savings relate to the HRA, the main shortfall with repairs & maintenance:

Description	Total Savings	Savings Deliverable in Year	In Year Gap
Improvement in disrepair management	1.2	0.9	0.3
Improvement in void rent loss	1.8	0.3	1.5
Introduce recharges to tenants	0.3	0.2	0.2
Reduction in sub-contractor usage and a review of overheads in (RMS)	1.5	0.5	1.0
Review of Community Buildings	0.2		0.2
Total	5.0	1.8	3.1

1.11.13. The below chart shows the breakdown of the HRA in comparison to the prior year.

Uplifts to budgets in disrepairs, council tax, tenant services and most significantly repairs and maintenance should make contributing to the capital programme more achievable this financial year.



1.11.14.	Community heating account underspent by £0.4m	Full Year £m	Outturn	Budget	Variance
		Income	(5.0)	(4.4)	(0.6)
		Expenditure	4.5	4.3	0.2
		Total	(0.5)	(0.1)	(0.4)

1.11.15. **Overspends in the HRA impact the capital programme** The forecast outturn position results in a reduced contribution to the future programme. A sustained improvement in revenue budgets in 2023/24 must be delivered to ensure the long-term capital programme and HRA business plan remains affordable.

1.12. Strategy and Resources - £3.1m overspend

1.12.1.	The Strategy and Resources Committee budget is forecast to overspend by £3.1m	Full Year £m	Outturn	Budget	Variance
		Housing Benefit	3.7	0.2	3.5
		Regeneration And Development (Property)	(3.9)	(4.9)	1.0
		Organisational Strategy P & D	4.8	4.3	0.4
		Human Resources	6.3	5.9	0.5
		General Counsel	3.1	2.6	0.5
		Operational Services (Customer Services; Facilities Management; Transport)	20.5	20.1	0.4
		Policy & Democratic Engagement	6.1	5.7	0.3
		Digital Innovation & ICT	15.2	15.2	(0.0)
		Finance & Commercial Services	19.1	19.1	0.1
		Central Costs	(5.1)	(4.9)	(0.2)
		Public Health (Public Health DPH)	(0.1)	(0.1)	(0.0)
		Other Central Costs - Capita	0.0	0.0	0.0
		Corporate Transactions	(515.2)	(515.2)	0.0
		Community Services (Local Area Committees)	2.9	2.9	(0.0)
		Resources Management& Planning	0.3	0.3	(0.0)
		Contract Rebates & Discounts	(1.0)	(0.7)	(0.3)
		Consolidated Loans Fund	25.1	28.1	(3.0)
		Total	(418)	(421)	3.1

1.12.2. **An increase in demand for Supported Accommodation & Housing Benefit Regulations have created a budget problem for the Council**

Exempt accommodation is defined in the Housing Benefit regulations as being accommodation provided by a Council, a Housing Association, a registered Charity, or a voluntary organisation where care or support or supervision is provided by the landlord or is provided on behalf of the landlord.

Where exempt accommodation is provided by a *Housing Association*, the subsidy rules mean that the Council receives 100% in subsidy in respect of the awards of Housing Benefit that are paid. Where exempt accommodation is provided by a *voluntary organisation or a registered charity* (but not by a Housing Association), the subsidy rules mean that the Council does not receive 100% in subsidy in respect of the awards of Housing Benefit that are paid.

The Housing Independence Service completed an exercise a few years ago with short term service providers who were not registered social landlords to encourage them to register themselves or partnered them with existing social landlords to act as the official landlord for the service they were providing. Completing a similar exercise with long-term providers and Adult Care and Housing commissioners will help relieve future pressures on Council budgets.

The subsidy shortfall cost the Council £3m for this type of accommodation in 22/23 and is forecast to cost in the region of £3.5m for 23/24 unless immediate action is taken to limit our exposure to the issue.

1.12.3. **Shortfalls in income from commercial property are forecast**

There is a shortfall against budgeted income for Electric Works of £305k due to low occupancy rate. The property lost key tenants in 2022/23 and more have left in this financial year

	<p>to create a £1m budget gap</p>
	<p>leaving occupancy at 57% where the budget is for 85% occupancy to meet income targets.</p> <p>The property team are falling short of their fee targets by £219k on property disposals and £128k on acquisitions. There is also a further £200k shortfall in other commercial estate income.</p>
<p>1.12.4. Shortfalls in 2022/23 BIP delivery have left legacy issues for 2023/24</p>	<p>Savings plans in 2022/23 required significant budget savings relating to operating model changes in the Council's Strategic Support Services directorate. Some of the savings plans were not delivered in 22/23 and have slipped into this financial year. Affected services include Organisational Strategy Performance and Delivery (formally Business Change), Human Resources, General Council (Legal Services), Finance & Commercial Services, Policy, and Democratic Engagement.</p> <p>The Future Sheffield programme will look to re-base budgets in some of these services over the coming months to ensure resourcing is financially sustainable in the directorate. Allocations from the transformation fund have been made to support this programme of work to right size services to ensure operational and financial resilience for the future.</p>
<p>1.12.5. Interest income from cash balances continues to remain strong</p>	<p>High interest rates have had a positive impact for the Council for 2022/23 and further gains above budget have been made into 2023/24. At the Bank of England's last Monetary Policy Committee meeting in August 2023, the interest rate increased by a further 0.25% to 5.25%.</p> <p>The Council has strong cash balances and agile treasury management activity has enabled us to benefit from these favourable market investment rates. A forecast £3m improvement against expectations has been reflected in the Q1 forecast and goes some way towards mitigating some of the challenges faced in Strategy and Resources committee budgets.</p>

1.13. **Transport, Regeneration & Climate Committee - underspend of £0.4m**

1.13.1.	The Transport, Regeneration & Climate Committee is forecast to underspend by £0.4m	Full Year £m	Outturn	Budget	Variance
		Streetscene & Regulation (Clean Air Zone)	0.0	0.0	0.0
		Inclusive Growth & Development (Planning Services; ITA Levy; Transport and Infrastructure	37.3	37.6	(0.3)
		Regeneration And Development (Capital Delivery; Property Regeneration, Director Of Regeneration And Development)	2.3	2.4	(0.1)
		Total	39.6	40.0	(0.4)

1.13.2.	Underlying income trends contribute to the budget position	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
		Streetscene & Regulation (Clean Air Zone)	0.0	0.0	0.0	0.0
		Inclusive Growth & Development (Planning Services; ITA Levy; Transport and Infrastructure	0.0	0.1	(0.4)	(0.3)
		Regeneration And Development (Capital Delivery; Property Regeneration, Director Of Regeneration And Development)	0.0	0.0	(0.1)	(0.1)
		Total	0.0	0.1	(0.5)	(0.4)

Services within the committee are required to deliver £800k of savings this year. Current forecasts show £700k of the BIPs are on target.

The shortfall against target relates to the proposal to increase fees and charges for Building Control services. New methodology for liabilities (WIP) has been introduced but has created a negative movement in July, impacting forecast outturn and overall deliverability of BIP target. The activity levels still support original forecast.

1.13.3.	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, somewhat offset by a continuation of reduced planning fee income for the year in the region of £0.5m
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1.13.4.	A breakdown of budgets included in the TRC committee is provided below for further detail on the split between income and expenditure budgets:
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Service	Budget	Outturn - Income	Outturn - Expendi ture	Total Outturn	Total Variance
PRECEPTS AND LEVIES	23.8		23.8	23.8	(0.0)
TRANSPORT & INFRASTRUCTURE	13.4	(6.2)	18.8	12.6	(0.8)
CAPITAL DELIVERY SERVICE	2.0	(5.7)	7.7	2.0	(0.0)
PROPERTY REGENERATION	0.3	(0.8)	1.1	0.3	(0.1)
PLANNING SERVICES	0.3	(4.2)	4.9	0.7	0.5
DIR OF PLANNING INVEST & SUS	0.1	0.0	0.1	0.1	0.0
DIRECTOR OF REGEN AND DEVELOPM	0.1	(0.1)	0.2	0.1	(0.0)
CARBON REDUCTION			0.0	0.0	0.0
CLEAN AIR ZONE	0.0	(6.4)	6.4	0.0	0.0
SUSTAINABILITY & INVESTMENT		0.0	0.0	0.0	0.0
Grand Total	40.0	(23.5)	63.1	39.6	(0.4)

1.14. Waste & Street Scene Committee is £0.8m underspent

1.14.1.	The Waste & Street scene committee is forecast to underspend by £0.8m.	Full Year £m	Outturn	Budget	Variance
Streetscene & Regulation (City Centre Management; Director Of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services)		63.5	64.2	(0.8)	
Total		63.5	64.2	(0.8)	

1.14.2.	Whilst the committee is forecast to underspend this year, £200k of savings plans are set to fall short of target	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
Streetscene & Regulation (City Centre Management; Director Of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services)		(0.5)	0.2	(0.4)	(0.8)	
Total		(0.5)	0.2	(0.4)	(0.8)	

1.14.3. Budget Savings £m*rounded to nearest £100k

Financial RAG	Description	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Red	Further dimming of lighting & reduction to carbon emissions	0.1		0.1		0.1
Red Total		0.1		0.1		0.1
Amber	Challenge planning conditions for longer parking tariff periods	0.1		0.1		0.1
	Reduction in nighttime running hours of City Centre fountains	0.1	0.1	0.1		0.1
Amber Total		0.2	0.1	0.1		0.1
Green	5% cuts to supplies & services budgets	0.1	0.1	0.0		0.0
	50% cut to training budgets	0.0	0.0	0.0		0.0
	Create new car park at West Lane	0.1	0.1	0.0		0.0
	Freeze the annual contribution to the lifecycle costs sinking fund	0.3	0.3	0.0		0.0
	Removal of underspent budget	0.1	0.1	0.0		0.0
	Removal of vacant posts to create improved structure and service delivery	0.2	0.2	0.0		0.0
Green Total		0.8	0.8	0.0		0.0
TOTAL		1.1	0.9	0.2		0.2

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

Service Area	Budget	Outturn - Income	Outturn - Expend	Total Outturn	Variance
WASTE MANAGEMENT	30.9	(6.3)	37.1	30.8	(0.1)
HIGHWAYS CONTRACT	29.0	(48.0)	77.0	29.0	0.0
ENVIRONMENTAL REGULATIONS	3.4	(1.7)	5.4	3.7	0.3
PLACE HUB	2.7	0.0	2.7	2.7	0.0
HIGHWAY MAINTENANCE DIVISION	1.5	(0.9)	2.5	1.7	0.1
CITY CENTRE MANAGEMENT	1.5	(1.4)	3.2	1.8	0.3
SHEFFIELD CITY MARKETS	1.1	(1.6)	3.1	1.4	0.3
STREETSCENE®	0.5	0.0	(0.2)	(0.2)	(0.7)
EMERGENCY PLANNING	0.2	(0.1)	0.3	0.2	(0.0)
LICENSING	0.1	(1.5)	1.7	0.2	0.2
COST OF LIVING HUB	0.0	(11.0)	11.0	(0.0)	(0.0)
PARKING SERVICES	(6.7)	(12.3)	4.4	(8.0)	(1.2)
Grand Total	64.2	(84.8)	148.3	63.5	(0.8)

The above breakdown provides good context for the high value expenditure budgets of the committee. An £800k underspend represents just 1.2% deviation from net budget and less than 0.5% of expenditure budgets.

- 1.14.5. **Contract inflation over the past two years has driven up base budgets** Whilst inflation is beginning to fall, contract inflation pressures driven by RPIX are now embedded in our cost base. Contract inflation was applied for 2022/23 at 8%, for 2023/24 at 12.6% and medium-term planning assumptions have allowed for 7% for 2024/25 costs, 4% for 2025/26 and 3% thereafter in line with current market expectations.

1.6 **Capital Programme Monitoring Q1 2023/24**

Further details on the capital spending priorities of each of these Committees are contained in our Capital Strategy which is refreshed each year. **Appendix 1** sets out the overall position at quarter 1 against the 2023/24 approved budget.

1.7 **Treasury Management Report Q1 2023/24**

Appendix 2 summarises the Treasury Management position for the period to 30th June 2023 and the potential implications for revenue budgets. The report meets the requirements of both the Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. The regulatory environment places responsibility on Members for the review and scrutiny of Treasury Management policy and activities. This report is therefore important, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

1.8 **Collection Fund Monitoring Report Q1 2023/24**

The Council, as a billing authority, is required by law to set up and maintain a Collection Fund separate from the General Fund. It records transactions relating to both the Council Tax and the National Non-Domestic Rates (NDR). It shows how these local taxes have been distributed to the Council's General Fund. **Appendix 3** provides an update of the Council's collection fund position as at Q1 and forecast outturn position for 23/24.

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

- 2.1 The recommendations in this report are that each Policy Committee notes their 2023/24 budget forecast position and takes action on overspends.

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 The primary purpose of this report is to provide Members with information on the City Council's revenue, capital, treasury, and collection fund budget monitoring position for 2023/24.

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 and the Capital Programme.

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