



## Report to Policy Committee

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

**Tel:** +44 114 474 1438

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

**Report to:** *Finance Committee*

**Date of Decision:** *19<sup>th</sup> March 2024*

**Subject:** *2023-24 Q3 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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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:

- a) Note the updated information and management actions 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 Q3 2023/24 Capital Programme Monitoring as described in **Appendix 1**.
- c) Note the Treasury Management report for Q3 2023/24 as described in **Appendix 2**
- d) Note the Collection Fund monitoring report for Q3 2023/24 as described in **Appendix 3**

**Background Papers:**  
[2023/24 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: Philip Gregory, <i>Director of Finance and Commercial Services</i>		
	Legal: Sarah Bennett, <i>Assistant Director, Legal Services</i>		
	Equalities & Consultation: Adele Robinson, <i>Equalities and Engagement Manager, Policy, and Performance</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	<b>SLB member who approved submission:</b> <i>Philip Gregory, Director of Finance and Commercial Services</i>		
3	<b>Committee Chair consulted:</b> <i>Cllr Zahira Naz, Chair of the Finance Committee</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.		
	<table border="0"> <tr> <td><b>Lead Officer Name:</b> <i>Philip Gregory</i>  <i>Jane Wilby</i></td> <td><b>Job Title:</b> <i>Director of Finance and Commercial Services</i>  <i>Head of Accounting</i></td> </tr> </table>	<b>Lead Officer Name:</b> <i>Philip Gregory</i>  <i>Jane Wilby</i>	<b>Job Title:</b> <i>Director of Finance and Commercial Services</i>  <i>Head of Accounting</i>
<b>Lead Officer Name:</b> <i>Philip Gregory</i>  <i>Jane Wilby</i>	<b>Job Title:</b> <i>Director of Finance and Commercial Services</i>  <i>Head of Accounting</i>		
	<b>Date:</b> 1 <sup>st</sup> March 2024		

## 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 Q3 Financial Position by Directorate

1.2. At the end of the third quarter of 2023-24, the Council's revenue budget shows a forecast overspend of £16.7m. This was an improvement of £700k from the previous quarter's outturn position.

Full Year £m	Q3 Outturn	Budget	Q3 Variance	Q2 Variance	Move ment
Neighbourhood Services	148.9	146.8	2.1	3.3	(1.2)
Adults	146.7	144.2	2.6	3.4	(0.8)
Children's	142.5	131.3	11.2	8.8	2.4
City Futures	49.2	48.8	0.4	1.0	(0.6)
Strategic Support	15.0	10.6	4.5	4.4	0.0
Public Health & Integrated Commissioning	12.8	11.2	1.6	1.8	(0.2)
Corporate	(498.4)	(492.9)	(5.5)	(5.2)	(0.3)
<b>Total</b>	<b>16.7</b>	<b>(0.0)</b>	<b>16.7</b>	<b>17.4</b>	<b>(0.7)</b>

1.3. This overspend is due to a combination of factors. Agreed Budget Implementation 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	(4.7)	2.9	3.9	2.1
Adults	(11.2)	3.5	10.3	2.6
Children's	(5.0)	4.0	12.2	11.2
City Futures	(0.1)	0.4	0.1	0.4
Strategic Support	(1.1)	0.1	5.5	4.5
Public Health & Integrated Commissioning	(0.5)	0.0	2.0	1.6
Corporate	0.0	0.0	(5.5)	(5.5)
<b>Total</b>	<b>(22.7)</b>	<b>10.9</b>	<b>28.5</b>	<b>16.7</b>

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 general fund budgets in 2021/22 and 2022/23 have meant we have drawn almost £40m from this reserve to date. Current overspends of £16.7m would deplete this reserve to just £14m for budget overspends for 24/25 and beyond. Given this challenging position and likely requirement in the next few years to draw on this reserve, a further £12.5m has been identified from a one-off surplus from our collection fund. This is subject to approval at full council on 6<sup>th</sup> March.

## 1.5. 2023-24 Q3 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	Q3 Outturn	Budget	Q3 Variance	Q2 Variance	Movement
Adult Health & Social Care	154.6	152.5	2.1	3.1	(1.0)
Communities Parks and Leisure	46.8	47.1	(0.4)	0.8	(1.2)
Economic Development & Skills	11.1	11.1	0.0	(0.0)	0.1
Education, Children & Families	145.6	132.4	13.2	10.9	2.3
Housing	11.1	8.2	2.9	3.2	(0.3)
Strategy & Resources	(462.7)	(462.5)	(0.2)	0.6	(0.8)
Transport, Regeneration & Climate	43.6	43.6	(0.0)	(0.0)	0.0
Waste & Street Scene	66.6	67.6	(1.0)	(1.1)	0.1
<b>Total</b>	<b>16.7</b>	<b>(0.0)</b>	<b>16.7</b>	<b>17.4</b>	<b>(0.7)</b>

1.5.2. In 22/23, the Council's 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. Whilst there is a likelihood we may receive some additional government funding in the final quarter of 2023/24, it is unlikely we will see an improvement on this scale.

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 £28.5m 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	(11.5)	3.5	10.1	2.1
Communities Parks and Leisure	(0.2)	0.1	(0.2)	(0.4)
Economic Development & Skills	0.1	0.0	(0.1)	0.0
Education, Children & Families	(5.2)	4.0	14.4	13.2
Housing	(1.7)	0.2	4.4	2.9
Strategy & Resources	(3.6)	2.8	0.6	(0.2)
Transport, Regeneration & Climate	0.0	0.1	(0.2)	(0.0)
Waste & Street Scene	(0.6)	0.3	(0.7)	(1.0)
<b>Total</b>	<b>(22.7)</b>	<b>10.9</b>	<b>28.5</b>	<b>16.7</b>

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

---

**General Fund Budget Implementation Plans (in £m)**

---

Committee	Total Savings	Financial Savings Deliverable in Year	In Year Gap	Financial Savings Deliverable Next Year (Slippage)	Undeliverable Savings
Adult Health & Social Care	31.6	28.0	3.5	3.5	0.0
Comm, Parks & Leisure	2.0	1.9	0.1		0.1
Economic Dev & Skills	0.5	0.5	0.0		0.0
Ed, Children & Families	6.9	2.9	4.0	0.3	3.6
Housing	0.6	0.5	0.2		0.2
Strategy & Resources	4.1	1.4	2.7	2.5	0.2
Transport, Regen & Climate	0.8	0.7	0.1		0.1
Waste & Street Scene	1.1	0.8	0.3		0.3
<b>Grand Total</b>	<b>47.7</b>	<b>36.8</b>	<b>10.9</b>	<b>6.4</b>	<b>4.5</b>

The current forecasts show £10.9m savings plans are undeliverable this year. This represents a delivery rate of 77% against target with a further 23% set to be delivered in the following year.

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. Inflation is continuing to fall; from April 2023 CPI at 7.8% to 4.2% in December (month 9). Whilst we are seeing some stabilisation in the cost base, the fall in inflation does not mean that our costs will now reduce, higher costs are now embedded in baseline expenditure. 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 £2.1m** The main area of overspend in the service sits in staffing budgets. The high cost of packages of care put in place during covid increased our baseline costs and this carries into 23/24. Work to review packages of care has continued throughout 23/24 which has helped to reduce baseline costs in Homecare. This work and one-off funding has mitigated the position again this year leaving a £0.5m overspend in the purchasing budgets. However, there remains an underlying pressure of around £10m, a significant aspect of which is within Learning Disabilities, plus £3.5m savings undelivered in 23/24 which will need to be resolved through the Recovery Plan for 2024/25. This was presented to Committee 31 January 2024 detailing how underlying issues, which are estimated at around £17m including additional staff pressures, will be addressed. Action owners and responsible Assistant Directors are currently working through implementation plans to ensure the requisite staff capacity and any additional resources are made available.

- 1.6.2. **Education, Children and** The key overspends in the service relate to placements with external residential placements a particular issue which are

---

**Families are forecast to overspend by £13.2m**

forecast to overspend by £6.7m. The average placement cost has increased to £5,800 per week but due to a limited number of places in the city, placements for the most complex children can cost much more. Actions are being taken to ensure that 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. Overall looked after children numbers have remained stable with increased demand being met, where possible, through family based placements.

Further demand in home to school transport costs are forecast to create a £3.6m overspend against budgets this year. Since the start of the new school year, the overspend has increased due to a further 180 children now requiring transportation to school. Sheffield City Council are now supporting over 2,365 children with transportation to school, this has increased by almost 1,000 children in 4 years, and demand is forecast to continue to increase. An overarching SEND review, including Home to School Transport, is currently underway. Outcomes from the review will bring about longer-term changes to reduce pressures but the underlying cost base will be difficult to reduce due to the rising demand for the service.

Integrated Commissioning budgets are forecast to overspend by £2m in recognition of the unachieved saving from 2022/23 relating to leveraging additional funding from Health partners.

---

**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 £4.5m 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**

---

**1.6.4. A working group is in place to drive**

A senior officer working group has been established to help drive delivery of the budget. The purpose of the Budget Implementation Group (BIG) is to improve the delivery of the

---

<b>improvements in budget delivery</b>	Council's annual Revenue Budget (both General Fund and Housing Revenue Account), challenge and drive delivery of the Budget Implementation Plans (BIPs) and make recommendations for the allocation of transformation funding. 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.
--	--

---

### **Transformation Funding**

---

1.6.5. <b>The Council identified £4m to support transformation activity</b>	As part of 2023-24 budget setting, the Council identified a £4m fund that would be used to support programmes of transformational 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 are working to stabilise the organisation and bring budgets back to a steady footing for the future. Each programme of work is being monitored, and progress reported to the Council's Performance & Delivery board to ensure activity remains on track. Overall performance will be reported to the finance committee as part of in-year budget monitoring briefings, with relevant policy committees overseeing progress on programmes in their areas.

---

### **Medium Term Financial Analysis (MTFA) & 2024/25 Budget**

---

1.6.6. <b>By law, the council must set a balanced budget</b>	The Council is facing a challenging financial position. The Strategy and Resources Committee on 5 <sup>th</sup> September received the Council's Medium-Term Financial analysis, highlighted the financial pressures facing the Council over the coming 4 years and the potential gap of £61.2m in resources.
--	---

Each Committee has worked to reach savings targets to achieve a balanced budget for 2024/25. On February 21<sup>st</sup> 2024, the Strategy and Resources committee recommended the budget to full Council on 6<sup>th</sup> March.

For 2024/25 we are forecasting pressures of £79m for Committees budgets. These pressures result from rising demand for services but also significant increases in contract and price inflation due to the current economic backdrop. Approximately £49m of these pressures relate to Social Care Services. Through our 2024/25 Business Planning Process, Committees managed to identify £8m of savings to help deliver the balanced budget. Delivery of these savings will require steadfast commitment, and targeted resources from the Council to be successful.

---

---

In addition to these savings, increases in Business Rates income and associated grants, uplifts to sales fees and charges where appropriate, additional funding from government (mainly ringfenced to social care) along with the difficult decision to increase Council Tax by 4.99%, means we are able to set a balanced budget for 2024/25.

---



## 23-24 Q3 Committee Budget Outturn Position

### 1.7. Adult Health & Social Care- £2.1m overspend

The forecast revenue outturn position for the ASC Committee is overspent by £2.1m	Full Year Forecast £m	Outturn	Budget	Variance
ADULTS, CARE AND WELLBEING INTEGRATED COMMISSIONING ( Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)		146.7	144.2	2.6
<b>Total</b>		<b>154.6</b>	<b>152.5</b>	<b>2.1</b>

The Adult Health & Social Care committee is forecasting an overspend of £2.6m as at Q3. This is an improvement of £0.8m since the Q2 outturn forecast. A £1.3m favourable movement was due to drawdown of funding from reserve balances following conclusion of work to review eligible spend identified in the accounts. Some of this favourable movement has been offset with additional pressures brought about through increased staffing costs as a result of ongoing recruitment across the service.

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 INTEGRATED COMMISSIONING ( Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)		(11.2)	3.5	10.3	2.6
		(0.3)	0.0	(0.2)	(0.5)
<b>Total</b>		<b>(11.5)</b>	<b>3.5</b>	<b>10.1</b>	<b>2.1</b>

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.

Within the "one-offs" of £11.5m this year include £6.2m social care grant from government, alongside discharge funding and Continuing Health Care Funding. There is a risk the level of demand for this type of care continues once the funding ceases resulting in an additional pressure for the service.

1.7.2. Of the £31.6m savings targets, £28m are on track to be delivered in year with some saving set to outperform budget, leaving a £3.5m in year gap: Of the £31.6m savings, £12.6m relate to additional grant income not a reduction in costs. Of the £3.5m of savings declared unachievable in 23/24, £3.5m are hoped to be delivered in 24/25 and with the remaining £1.4m declared undeliverable offset by £1.4m over delivery on some savings.

#### Budget Savings (BIPS) £m

Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Red	7.0	2.5	4.5	3.3	1.2
Amber	1.4	1.0	0.4	0.2	0.2
Green	23.2	24.6	-1.4	0.0	-1.4
<b>Total</b>	<b>31.6</b>	<b>28.0</b>	<b>3.5</b>	<b>3.5</b>	<b>0.0</b>

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
Consistent bed rates	0.4		0.4	0.4	
Dedicated case management for young adults	0.4		0.4	0.4	
Direct Payments	0.3	0.2	0.1	0.1	
Driving Improvements in Social Work Practice	1.1		1.1	1.1	
Homecare Transformation Project - Strength Based Reviews	0.5	0.3	0.2	0.2	
Nursing care costs	0.4		0.4		0.4
Review cost increases	0.3	0.2	0.1	0.1	
Review of Better Care Fund	0.5		0.5		0.5
Review of Living & Ageing Well	0.2		0.2	0.2	
Review significant cost increases	1.1	0.7	0.4	0.4	
Reviewing homecare post pandemic	1.0	0.6	0.4	0.4	
Supported Living	0.5	0.3	0.2	0.2	
<b>RED BIPS Total</b>	<b>7.0</b>	<b>2.5</b>	<b>4.5</b>	<b>3.3</b>	<b>1.2</b>

1.7.3. Purchasing activities are overspent by £0.5m	Full Year £m	Outturn	Budget	Var.
Learning Disabilities	35.9	32.4	3.4	
Older People	23.9	24.8	(0.9)	
Physical Disabilities	17.0	18.2	(1.2)	
Mental Health	8.3	9.1	(0.8)	
<b>Total Purchasing</b>	<b>85.1</b>	<b>84.6</b>	<b>0.5</b>	

		The one-off income as noted above is offsetting overspends in Learning Disabilities purchasing budgets. Without this mitigation, LD budgets would be £11.2m overspent. The Recovery Plan for 2024/25 was presented to Committee 31 January 2024 detailing how underlying issues, including the overspend in Learning Disabilities, will continue to be addressed.
1.7.4.	<b>The recovery plan detailed how the service will address the budget position in 2023/24</b>	<p>The Adult Social Care recovery plan was presented to committee on <a href="#">20<sup>th</sup> September 2023</a> detailed how the service intends to address in 2023/24 in 5 key focus areas:</p> <ul style="list-style-type: none"> <li>• Recovery reviews</li> <li>• Enablement approach for working age adults,</li> <li>• Staffing costs</li> <li>• Residential care</li> <li>• Disability Facilities Grant</li> </ul> <p>The service provided an update on performance against this plan in <a href="#">January 2024</a>. The service noted an underlying pressure in the service is £17m, this informs the level of savings target for 2024/25</p>
1.7.5.	<b>Transformation funding has been approved to support delivery of the BIPs</b>	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.
1.7.6.	<b>A delay in housing related support provision is forecast to create a small underspend in 2023/24</b>	A £460k 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. £350k relates to uncommitted contract spend and £100k due to staff vacancies.
1.7.7.	<b>The service is £2.4m overspent on staffing</b>	Staffing is £2.4m overspent across the service including STIT (Short -Term Intervention Team) £0.3m, Enablement teams £0.2m, Living and aging well teams £0.4m, Mental Health and Wellbeing teams £0.4m and £0.9m across Governance and Financial Inclusion teams. This is after accounting for offsetting income. There is a risk the staffing commitment in the service is outside of agreed budgets moving into 2024/25.
1.7.8.	<b>A reduction in the disabled facilities grant has created an overspend</b>	Community Equipment is £0.3m overspent and City-Wide Care Alarms £0.5m overspent due to no longer having access to Disabled Facilities Grant to fund these services.
1.7.9.	<b>Savings delivery remains a challenge to</b>	The key financial risk for 2023/24 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

---

**the committee's financial position** are also required of the service. So far, BIP delivery is positive at 89% with the remainder to be delivered in 2024/25.

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.

---

1.8. **Communities, Parks & Leisure Committee – overspend of £0.4m**

1.8.1.	The Communities Parks & Leisure Committee is forecast to overspend by £0.4m	Full Year £m	Outturn	Budget	Variance
	<b>Community Services</b> (Community Safety; Family Centres; Youth Services; Community Services Business Support)		11.6	11.8	(0.2)
	<b>Parks, Leisure &amp; Libraries</b> (Bereavement; Coroner and Medico Legal; Libraries and Archives; Parks and Countryside; Partnerships and Special Projects; Physical Activity and Sports; Public Health)		34.5	34.3	0.2
	<b>Integrated Commissioning</b> (Voluntary Sector)		0.8	0.8	(0.0)
	<b>Business Improvement</b>		(0.1)	0.2	(0.3)
	<b>Total</b>		<b>46.7</b>	<b>47.1</b>	<b>(0.4)</b>

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
	<b>Community Services</b> (Community Safety; Family Centres; Youth Services; Community Services Business Support)		(0.2)	0.0	0.0	(0.2)
	<b>Parks, Leisure &amp; Libraries</b>		0.0	0.1	0.1	0.2
	<b>Integrated Commissioning</b> (Voluntary Sector)		0.0	0.0	(0.0)	(0.0)
	<b>Business Improvement</b>		0.0	0.0	(0.3)	(0.3)
	<b>Total</b>		<b>(0.2)</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(0.4)</b>

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
	Green	1.1	1.1	0.0		0.0
<b>PARKS, LEISURE &amp; LIBRARIES Total</b>		<b>1.7</b>	<b>1.6</b>	<b>0.1</b>		<b>0.1</b>
COMMUNITY SERVICES	Green	0.4	0.4	0.0		0.0
<b>COMMUNITY SERVICES Total</b>		<b>0.4</b>	<b>0.4</b>	<b>0.0</b>		<b>0.0</b>
<b>Grand Total</b>		<b>2.0</b>	<b>1.9</b>	<b>0.1</b>		<b>0.1</b>

1.8.4. <b>Libraries will under deliver BIPs by £125k</b>	Libraries services are forecast to fall short of their savings target this year by £125k. This undelivered BIP 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.
1.8.5. <b>There is a potential further underspend in Youth Services</b>	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 2023/24 are contributing to an underlying underspend in the service currently forecast at £567k but could more if the planned spend in Q4 does not materialise.
1.8.6. <b>Community services is forecast to overspend by £300k</b>	The overspend in the community services budgets (excluding Youth Services), relates to community support workers costs that were previously funded through Clinically Extremely Vulnerable grant funding which is no longer in place to support the expenditure.
1.8.7. <b>Parks &amp; Leisure Services are forecasting a combined overspend of £0.2m</b>	The majority of the overspend in the Parks & Leisure service is due to Coroner and Medico Legal Centre which are forecast to overspend by £153k due to increased staffing and contractual costs.

## 1.9. Economic Development & Skills Committee – balanced

1.9.1.	The Economic Development & Skills Committee budgets is forecast to hit a balanced position for the year	Full Year £m	Outturn	Budget	Variance
		<b>EDUCATION &amp; SKILLS (Employment and Skills; Family and Community Learning)</b>	0.9	0.9	(0.0)
		<b>PARKS, LEISURE &amp; LIBRARIES (Events)</b>	0.7	0.6	0.1
		<b>ECONOMY, CULTURE &amp; SKILLS</b>	9.6	9.7	(0.1)
		<b>Total</b>	<b>11.1</b>	<b>11.1</b>	<b>0.0</b>

The forecast for services within the committee is to balance with small offsetting overspends in events and underspends in Economy, Culture & Skills.

1.9.2. Whilst the net budget is £11.1m, the Committee is reliant on £16.6m of income to support the services much of this within Education and Skills from European Social Fund (ESF). The Budget breakdown is shown in the below table:

Service	Net Budget	Outturn - Income	Outturn - Expend	Total Outturn	Total Variance
CULTURE, TOURISM & EVENTS	4.3	(0.2)	4.7	4.4	0.2
DIRECTOR OF ECON DEV & CULTURE	2.1	(0.4)	2.3	1.9	(0.2)
EMPLOYMENT & SKILLS	1.8	(5.7)	7.2	1.6	(0.2)
ECONOMY & BUSINESS SUPPORT	1.1	(0.5)	1.9	1.3	0.2
FAMILY & COMMUNITY LEARNING	0.9	(8.1)	9.0	0.9	(0.0)
EVENTS	0.6	(0.8)	1.4	0.7	0.1
BUSINESS DEVELOPMENT & FUND MA	0.4	(0.9)	1.3	0.4	(0.0)
<b>Grand Total</b>	<b>11.1</b>	<b>(16.6)</b>	<b>27.7</b>	<b>11.1</b>	<b>0.0</b>

### 1.9.3. Budget Savings (BIPS) £m

Service	Financial RAG	Description	Total Savings	Savings Deliverable in Year	In Year Gap
<b>ECONOMY, CULTURE &amp; SKILLS</b>	<b>Green</b>	Maximising income from external grant sources	0.1	0.1	0.0
	<b>Green</b>	Reduction in activity budget for responding to in-year opportunities	0.1	0.1	0.0
<b>ECONOMY, CULTURE &amp; SKILLS Total</b>			<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>EDUCATION &amp; SKILLS</b>	<b>Green</b>	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
<b>EDUCATION &amp; SKILLS Total</b>			<b>0.4</b>	<b>0.4</b>	<b>0.0</b>
<b>Total</b>			<b>0.5</b>	<b>0.5</b>	<b>0.0</b>

---

1.9.4.	<b>The committee's Budget Implementation Plans will be delivered</b>	The four savings targets totalling £0.5m are forecast to be fully delivered this year.
--------	--	--

---



## 1.10. Education, Children & Families Committee - £13.2 overspend

1.10.1.	The Education, Children & Families General Fund is overspent by £13.2m	Full Year £m	Outturn	Budget	Variance
	<b>Children &amp; Families</b>		121.0	113.6	7.4
	<b>Education &amp; Skills</b> (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)		20.6	16.8	3.8
	<b>Integrated Commissioning</b> (Commissioning; Children's Public Health; Early Help and Prevention)		4.0	2.0	2.0
	<b>Total</b>		<b>145.6</b>	<b>132.4</b>	<b>13.2</b>

The EC&F committee budget is set to overspend by £13.2 as at Q3, this position has worsened by £2.3m since the Q2 outturn position; £1.9m worse in children & families, primarily placements and our in house residential facility and a further increase in home to school transport costs of £0.5m.

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
	<b>Children &amp; Families</b>		(5.0)	3.5	8.8	7.4
	<b>Education &amp; Skills</b> (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)		0.0	0.4	3.3	3.8
	<b>Integrated Commissioning</b>		(0.2)	0.0	2.2	2.0
	<b>Total</b>		<b>(5.2)</b>	<b>4.0</b>	<b>14.4</b>	<b>13.2</b>

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.

In January 2024 the Government made a statement to announce additional measures for local authorities, worth £600 million. This included £500 million of new funding for councils with responsibility for adults and children's social care, distributed through the Social Care Grant. There has been an allocation of £5.6m for Sheffield that will be applied against

current spend within the Children's directorate budgets in 2024/25.

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	4.6	1.3	3.3	0.3	3.0
	Amber	0.2		0.2		0.2
	Green	1.2	1.2	0.0		0.0
<b>CHILDREN &amp; FAMILIES Total</b>		<b>6.0</b>	<b>2.4</b>	<b>3.5</b>	<b>0.3</b>	<b>3.2</b>
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
<b>EDUCATION &amp; SKILLS Total</b>		<b>0.9</b>	<b>0.4</b>	<b>0.4</b>		<b>0.4</b>
INTEGRATED COMMISSIONING	Green	0.1	0.1	0.0		0.0
<b>INTEGRATED COMMISSIONING Total</b>		<b>0.1</b>	<b>0.1</b>	<b>0.0</b>		<b>0.0</b>
<b>Grand Total</b>		<b>6.9</b>	<b>2.9</b>	<b>4.0</b>	<b>0.3</b>	<b>3.6</b>

Of the committee's £6.9m Budget Implementation Plans (BIP) £4m are forecast to fall short this year representing a 42% delivery rate.

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

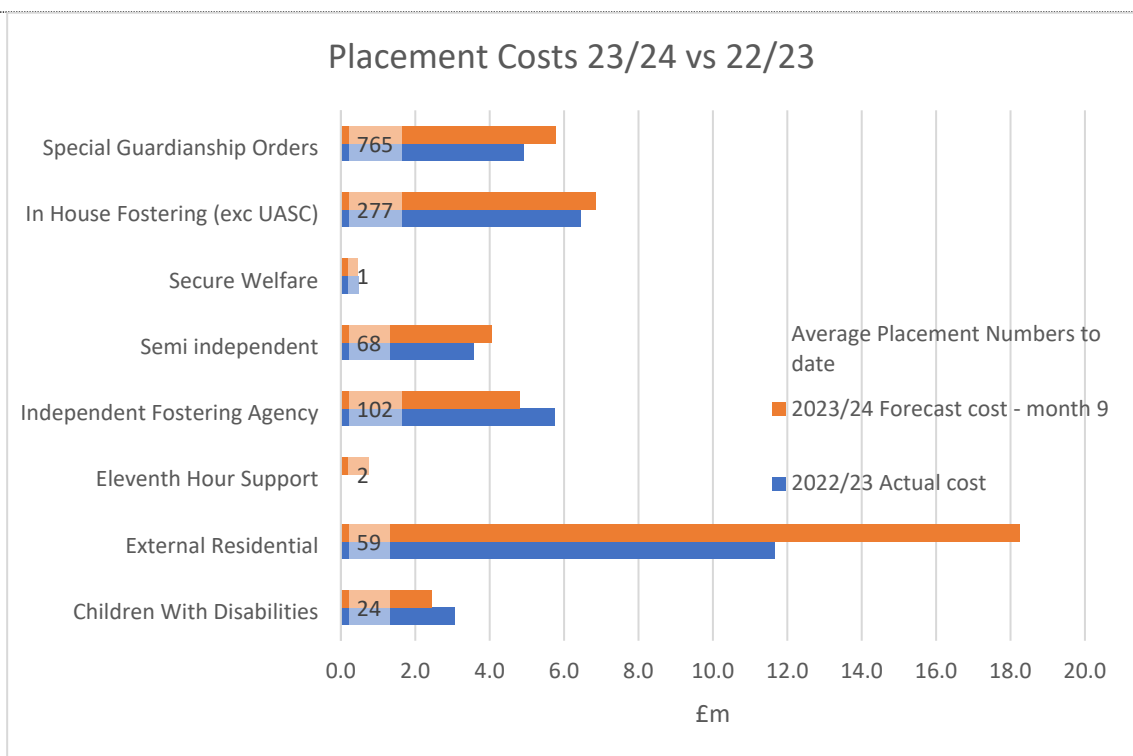
Financial RAG	Description	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Red	A targeted campaign to increase numbers of fostering places available by 40 by OCT 2023	1.6		1.6		1.6
	Engage with partner to more cost effective way of working	0.3		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
	Decentralise funding to increase efficiency	0.2	0.0	0.2	0.0	0.2
<b>Children &amp; Families Total</b>		<b>4.6</b>	<b>1.3</b>	<b>3.3</b>	<b>0.3</b>	<b>3.0</b>

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
<b>Education &amp; Skills Total</b>		<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
<b>Total RED BIPS</b>		<b>4.9</b>	<b>1.3</b>	<b>3.7</b>
		<b>0.3</b>	<b>3.3</b>	

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 £7.4m. This sits alongside undelivered targets from the previous year of £2m.

The average placement is £5,800 per week. However, due to a limited number of places in the city, the most complex children can cost much 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 chart shows a comparison in costs year on year by placement type. The significant difference is noticeably in our external residential placements which are forecast to cost £18.3m in 2023/24 compared with £11.7m in 2022/23. There has been an increase in the number of placements in external residential this year which is more expensive than other placement types.

1.10.7. **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 652 (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.

1.10.8. **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 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.

1.10.9. **£2m undelivered savings proposal from 22/23 adds to the committee overspend** Integrated Commissioning budgets are forecast to overspend by £2m in recognition of the unachieved saving from 2022/23 which reduced the base budgets this year. The saving related to leveraging additional funding from Health partners.

1.10.10. **Home to school transport is set to cause a £3.6m overspend this year** Further demand in home to school transport costs are forecast to create a £3.6m overspend against budgets this year. The new school year has increased this overspend with a further 89 children now requiring transportation to school. Sheffield City Council are now supporting 2,365 children with transportation to school, this has increased by almost 1,000 children in 4 years.

An overarching review of home to school transport has now commenced to drive actions to reduce costs and no of trips provided. The impact of this work is unlikely to deliver measurable results this year but should reduce the overspend in the longer term.

1.10.11. <b>Dedicated Schools Grant (DSG) is forecast to overspend by £0.6m</b>	<b>DSG Full Year Forecast £m</b>	<b>Outturn</b>	<b>Budget</b>	<b>Variance</b>
	<b>Children &amp; Families</b>	7.7	7.7	0.0
	<b>Education &amp; Skills</b>	230.3	229.4	0.9
	<b>Community Services</b>	0.6	0.6	0.0
	<b>Integrated Commissioning</b>	4.2	4.1	0.1
	<b>Organisational Strategy P&amp;D</b>	0.2	0.2	0.0
	<b>Total</b>	<b>243.0</b>	<b>242.0</b>	<b>1.0</b>

---

The main cause of overspend in Education & Skills is due to increases in Early Years EHCP plans and Special Educational Needs.

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

---

1.11. **Housing Committee - General Fund Overspend of £2.9m & Housing Revenue Account overspend of £4.8m**

1.11.1.	<b>The Housing General Fund is forecast to overspend by £2.9m against budget.</b>	<b>Full Year £m</b>	<b>Outturn</b>	<b>Budget</b>	<b>Variance</b>
		Housing General Fund	11.0	8.0	2.9
		Regeneration And Development (Housing Growth - General)	0.1	0.2	(0.1)
		<b>Total</b>	<b>11.1</b>	<b>8.2</b>	<b>2.9</b>

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 £4.5m. 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**

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.	<b>There is further demand risk to</b>	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
---------	--	---

---

**Housing General Fund budgets**

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 overspent by £4.8m

Full Year £m	Outturn	Budget	Q3 Variance	Q2 Variance	Movement
Net Income – Dwellings	(160.7)	(161.6)	0.8	1.4	(0.6)
Other income	(7.8)	(7.4)	(0.4)	(0.8)	0.4
Repairs & Maintenance - Responsive repairs	53.0	47.4	5.7	3.3	2.4
Repairs & Maintenance - Other	1.4	1.9	(0.5)	(0.6)	0.1
Depreciation	25.0	25.0	0.0	0.0	0.0
Tenant Services					
-Council Tax	1.9	1.9	0.0	0.0	0.0
-Disrepairs	4.9	4.0	0.9	0.7	0.2
-Other	54.8	55.9	(1.1)	(1.5)	0.3
Interest on borrowing	13.0	13.6	(0.7)	(0.7)	0.0
Contribution to Capital Programme	14.5	19.3	(4.8)	(1.9)	(2.9)
<b>Total</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.0)</b>

The account position worsened by £2.9m from Q2 outturn to Q3. This is explained mainly by poor performance in repairs and maintenance and increases in disrepair costs.

1.11.6. **The key variance is rent loss of £1.3m from vacant properties** £1.3m of the variance relates rent loss from vacant properties including an undelivered BIP saving to implement measures to improve void rent loss. A multi-functional voids team is now in place to address this. This is offset by (£698k) lower bad debt provision than budget.

1.11.7. **Other income is (£0.4m) higher than anticipated** The service has benefitted from additional interest of £468k due to prevailing interest rates, partially offset by garage rent loss due to vacancies.

1.11.8. **Repairs and maintenance costs are £5.7m over budget** There are overspends in responsive repairs of over £5.7m. Key variances include overspends of £5.9m in subcontractor costs due to workflow increases in voids and working at height, £2.0m on equipment and materials, £2.0m agency costs partially offset by £0.9m underspend on employees, offset by (£3.9m) forecast capital income recharges mainly relating to firestopping, voids and working at height. The total overspend is compounded by the unachieved BIP shown in 1.11.12. Increased expenditure in the service has prevented any progress against delivery of this BIP. New leadership in the service is in place with a keen focus on investigating root cause analysis of expenditure trends and activity drivers impacting teams and costs. The analysis work is closely aligned with support and advice from finance colleagues. The forecast outturn position for Q3 accounts for activity and costs to be maintained for the final quarter of the



year; we do not expect to see a further increase in the next few months.

- 1.11.9. **Tenant Services is forecast to underspend by (£1.1m)** There are a variety of overspends in tenant services largely offset by lower recharges. Estate & Environment (tipping and transport) £454k and Furnished Accommodation £244k, offset by (£346k) additional capital management fee income, (£234k) lower than anticipated recharges, plus significant staffing underspends in Fire Safety (£360k), Housing Employability Project (£339k) and Asset Management Programme (£199k).
- 1.11.10. **Disrepair claims are continuing to cause overspends** Legal fees on disrepair cases are still high and creating overspends to budget partly due to an unachieved BIP. 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) due to a delayed need for borrowing to finance the housing capital programme.

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
<b>HOUSING GENERAL FUND Total</b>		<b>0.4</b>	<b>0.3</b>	<b>0.2</b>		<b>0.2</b>
REGENERATION & DEVELOP	Green	0.2	0.2	0.0		0.0
<b>REGENERATION AND DEVELOPMENT Total</b>		<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	
HOUSING REVENUE ACCOUNT	Red	5.6	1.4	4.2	1.0	3.2
	Green	17.2	17.2	0.0	0.0	0.0
<b>HOUSING REVENUE ACC Total</b>		<b>22.8</b>	<b>18.6</b>	<b>4.2</b>	<b>1.0</b>	<b>3.2</b>
<b>Grand Total</b>		<b>23.5</b>	<b>19.1</b>	<b>4.4</b>	<b>1.0</b>	<b>3.3</b>

Of the £23.5m savings targets in place for 2023/24, £19.1m 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.

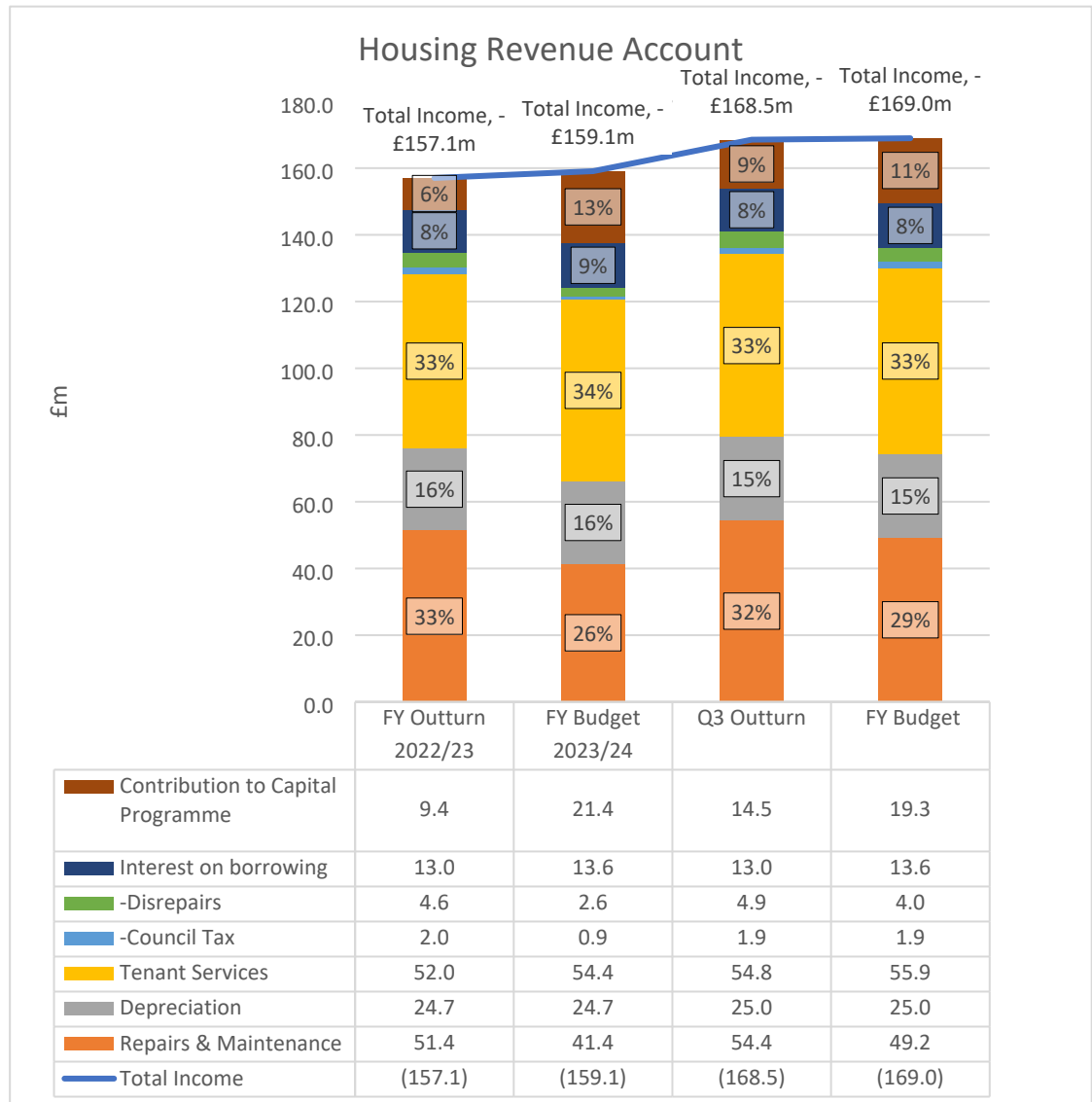
Other red rated savings relate to the HRA, the main shortfall with repairs & maintenance:

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	0.1	1.6
Introduce recharges to tenants for a range of repairs caused by loss, misuse or damage.	0.3	0.1	0.2
Reduction in sub-contractor usage and a review of overheads in RMS	1.5		1.5
Reductions in staff through VER/VS	0.6	0.2	0.4

Review of Community Buildings	0.2	0.2
<b>TOTAL RED HRA BIPS</b>	<b>5.6</b>	<b>1.4</b>

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	(4.7)	(4.4)	(0.3)
Expenditure	4.2	4.3	(0.0)
<b>Total</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>(0.3)</b>

There have been adjustments in forecast income and expenditure over the last 3 months to more closely reflect actuals seen to date and expected consumption for the rest of the year.

---

1.11.15.	<b>Overspends in the HRA impact the capital programme</b>	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 - £0.2m overspend

1.12.1.	The Strategy and Resources Committee budget is forecast to overspend by £0.2m	Full Year £m	Outturn	Budget	Variance
		Housing Benefit	3.7	0.2	3.5
		General Counsel	3.7	2.7	0.9
		Regeneration And Development (Property)	(4.1)	(4.6)	0.6
		People & Culture	6.6	6.0	0.5
		Operational Services (Customer Services; Facilities Management; Transport)	21.9	21.6	0.4
		Policy & Democratic Engagement	8.3	8.1	0.3
		Digital Innovation & Ict	15.3	15.1	0.1
		Corporate Transactions	(522.0)	(522.0)	0.0
		Public Health (Public Health Dph)	0.0	0.0	0.0
		Resources Management& Planning	(0.0)	0.0	(0.0)
		Organisational Strategy P & D	4.7	4.7	(0.0)
		Finance & Commercial Services	22.0	22.0	(0.0)
		Community Services (Local Area Committees)	2.9	2.9	(0.0)
		Contract Rebates & Discounts	(1.1)	(0.7)	(0.4)
		Central Costs	(48.0)	(47.5)	(0.4)
		Consolidated Loans Fund	23.5	29.1	(5.5)
		<b>Total</b>	<b>(462.7)</b>	<b>(462.5)</b>	<b>(0.2)</b>

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. This is a complex national issue experienced nationally amongst other Local Authorities. Members in other Local Authorities have directly raised the issues with Government and have sought financial support. This is an option for the Housing Policy Committee to consider about the HB regulations and addressing the costs incurred.

---

1.12.3.	<b>Shortfalls in income from commercial property are forecast to create a £0.6m budget gap</b>	<p>There is a shortfall against budgeted income for Electric Works of £201k due to low occupancy rate. A one-off dilapidation payment of £135k from former tenant Skybet has helped to reduce the income shortfall in 23/24. The property lost key tenants in 2022/23, leaving occupancy at 62%, which hasn't fluctuated since. The level of occupancy required to meet income targets is approximately 85%.</p> <p>The property team are falling short of their fee targets by £163k on property disposals and £112k on acquisitions. There is also a further £187k shortfall in other commercial estate income and vacant property management costs.</p>
1.12.4.	<b>Shortfalls in 2022/23 BIP delivery have left legacy issues for 2023/24</b>	<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 &amp; 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>
1.12.5.	<b>Interest income from cash balances continues to remain strong</b>	<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 February 2024, the interest rate was held at 5.25%, the market implied path is that the bank rate will remain at this level until July 2024 when a fall to 5% is expected. A further drop of 0.5% is anticipated by December 2024 based on current assumptions.</p> <p>The Council has strong cash balances and agile treasury management activity has enabled us to benefit from these favourable market investment rates. Slippage in the capital programme has also reduced the need to externalise borrowing. A forecast £5.5m improvement against expectations has been reflected in the Q3 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 - balanced**

1.13.1.	The Transport, Regeneration & Climate Committee is forecast balance to budget	Full Year £m	Outturn	Budget	Variance
	<b>Streetscene &amp; Regulation</b> (Clean Air Zone)		0.0	0.0	0.0
	<b>Inclusive Growth &amp; Development</b> (Planning Services; ITA Levy; Transport and Infrastructure)		41.2	41.1	0.0
	<b>Regeneration And Development</b> (Capital Delivery; Property Regeneration, Director Of Regeneration And Development)		2.4	2.5	(0.0)
	<b>Total</b>		<b>43.6</b>	<b>43.6</b>	<b>(0.0)</b>

The TRC committee has demonstrated effective financial management against budgets and has continued to forecast a balanced revenue outturn position this quarter. Q2 also forecasted to balance income and expenditure against budget.

1.13.2.	Underlying income trends contribute to the budget position	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
	<b>Streetscene &amp; Regulation</b> (Clean Air Zone)		0.0	0.0	0.0	0.0
	<b>Inclusive Growth &amp; Development</b> (Planning Services; ITA Levy; Transport and Infrastructure)		0.0	0.1	(0.1)	0.0
	<b>Regeneration And Development</b> (Capital Delivery; Property Regeneration, Director Of Regeneration And Development)		0.0	0.0	(0.0)	(0.0)
	<b>Total</b>		<b>0.0</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(0.0)</b>

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

### 1.13.3. Budget Savings (BIPS) £m

Service/ Description	Total Savings	Deliverabl e in Year	In Year Gap
DLUC funding for Regeneration team (year 1 of 2/3)	0.2	0.2	0.0
<b>REGENERATION AND DEVELOPMENT Total</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>
Increase price of skip permits to cover increased costs	0.0	0.0	0.0
Increase to base budget to reflect sustained improvement	0.2	0.2	0.0
Increase to discretionary fees and charges to cover increased cost of service.	0.2	0.1	0.1
Increased charge to cover pay award	0.1	0.1	0.1
Reduction in the SCC contribution to SY fund with no impact on provision.	0.0	0.0	0.0
Use of Planning reserve to fund balance of pay award if deemed as required	0.1	0.1	0.0
<b>PLANNING, INVESTMENT &amp; SUSTAIN Total</b>	<b>0.6</b>	<b>0.4</b>	<b>0.1</b>
<b>Committee Total</b>	<b>0.8</b>	<b>0.7</b>	<b>0.1</b>

The shortfall against target relates to the proposal to increase fees and charges for Building Control services.

### 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:

Service	Budget	Outturn - Income	Outturn - Expenditure	Total Outturn	Total Variance
PRECEPTS AND LEVIES	23.8		23.8	23.8	(0.0)
TRANSPORT & INFRASTRUCTURE	14.0	(6.6)	19.8	13.2	(0.8)
PLANNING SERVICES	3.2	(3.3)	7.3	4.0	0.8
CAPITAL DELIVERY SERVICE	2.0	(6.1)	8.1	2.0	(0.0)
PROPERTY REGENERATION	0.3	(1.0)	1.3	0.3	(0.0)
DIR OF PLANNING INVEST & SUS	0.2	0.0	0.2	0.2	0.0
DIRECTOR OF REGEN AND DEVELOPM	0.1	(0.6)	0.7	0.1	(0.0)
CLEAN AIR ZONE	0.0	(7.4)	7.4	0.0	0.0
<b>Grand Total</b>	<b>43.6</b>	<b>(25.0)</b>	<b>68.6</b>	<b>43.6</b>	<b>(0.0)</b>

1.13.5. **The underspend is due to Highway Network activity** Contributory factors in the underspend are vacancies within Transport & Infrastructure relate to extra income from higher than planned Highway Network Management activity. This is entirely offset by continued reduced planning fee income for the year.

1.13.6. **There are overspends in development control** Planning applications are forecast to fall short of income targets by £441k and building standards £363k this year, which is a similar position to the previous quarter. Income is unlikely to recover to budgeted levels for the remainder of the year.

## 1.14. Waste & Street Scene Committee is £1m underspent

1.14.1.	The Waste & Street scene committee is forecast to underspend by £1m.	Full Year £m	Outturn	Budget	Variance
		<b>Streetscene &amp; Regulation</b> (City Centre Management; Director Of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services)	66.6	67.6	(1.0)
		<b>Total</b>	<b>66.6</b>	<b>67.6</b>	<b>(1.0)</b>

The W&SS committee forecasts an underspend against budget as at Q3, this is within £0.1m of the position forecast at Q2 representing good quality forecasting and financial management of Council budgets.

1.14.2.	Whilst the committee is forecast to underspend this year, £300k of savings plans are set to fall short of target	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
		<b>Streetscene &amp; Regulation</b> (City Centre Management; Director Of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services)	(0.6)	0.3	(0.7)	(1.0)
		<b>Total</b>	<b>(0.6)</b>	<b>0.3</b>	<b>(0.7)</b>	<b>(1.0)</b>

Full details of the budget saving targets are shown below.

### 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
<b>Red Total</b>		<b>0.1</b>		<b>0.1</b>		<b>0.1</b>
Amber	Challenge planning conditions and allow SSC to compete with private operators for commuter and longer parking Milton street & Devonshire Green car parks to reset tariffs and parking periods Reduction in night time running hours of City Centre fountains	0.1		0.1		0.1
		0.1	0.0	0.1		0.1
<b>Amber Total</b>		<b>0.2</b>	<b>0.0</b>	<b>0.1</b>		<b>0.1</b>
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
<b>Green Total</b>		<b>0.8</b>	<b>0.8</b>	<b>-0.0</b>	<b>-0.0</b>
		<b>1.1</b>	<b>0.8</b>	<b>0.3</b>	<b>0.3</b>

Permanent budget mitigations have been agreed from other service areas to balance the budget position in the service and will not result in pressures for future years.

- 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	Net Budget	Outturn - Income	Outturn - Expend	Total Outturn	Variance
WASTE MANAGEMENT	31.7	(5.5)	37.1	31.6	(0.1)
HIGHWAYS CONTRACT ENVIRONMENTAL REGULATIONS	29.5	(47.5)	77.0	29.5	(0.0)
HIGHWAY MAINTENANCE DIVISION	4.8	(1.7)	6.9	5.2	0.4
CITY CENTRE MANAGEMENT	2.0	(2.0)	4.0	2.0	(0.0)
SHEFFIELD CITY MARKETS DIR OF STREETSCENE AND REGS	1.9	(1.4)	3.7	2.3	0.5
EMERGENCY PLANNING	1.4	(1.7)	3.3	1.6	0.2
LICENSING	1.2	0.0	0.6	0.6	(0.6)
PLACE HUB	0.3	(0.1)	0.4	0.3	(0.0)
COST OF LIVING HUB	0.2	(1.5)	1.8	0.3	0.1
PARKING SERVICES	0.0	0.0	(0.0)	(0.0)	(0.0)
<b>Grand Total</b>	<b>67.6</b>	<b>(85.0)</b>	<b>151.5</b>	<b>66.6</b>	<b>(1.0)</b>

The above breakdown of the committee's budget provides good context for the high value expenditure budgets of the committee. A £1.0m underspend represents just 1.5% deviation from net budget and less than 1% 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%, contract indices for 2024/25 reflect January rates at 4.2%; medium-term planning assumptions have allowed for 4% for 2025/26 and 3% thereafter in line with current market expectations.

## 1.6 **Capital Programme Monitoring Q3 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 3 against the 2023/24 approved budget.

## 1.7 **Treasury Management Report Q3 2023/24**

**Appendix 2** summarises the Treasury Management position for the period to 31<sup>st</sup> December 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 Q3 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 Q3 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.

This page is intentionally left blank