REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 31 JULY 2013

Purpose of the Report

1. This report provides the Month 4 monitoring statement on the City Council's Revenue Budget and Capital Programme. The first section covers Revenue Budget Monitoring and the Capital Programmes are reported from paragraph 87.

Revenue Budget Monitoring

Summary

2. The budget monitoring position at month 3 indicated a forecast overspend of £8.3m, based on expenditure incurred to date and forecasted trends to the year end. The latest monitoring position at month 4 shows a forecast overspend of £6.7m to the year end: i.e. a forecast improvement of £1.6m since last month. This is summarised in the table below:

Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 3
CYPF	89,336	89,381	(45)	⇩
PLACE	147,107	145,732	1,375	⇩
COMMUNITIES	183,664	171,051	12,613	⇧
POLICY, PERFORMANCE & COMMUNICATION	2,709	2,645	64	⇔
RESOURCES	64,116	65,522	(1,406)	⇩
CORPORATE	(480,192)	(474,331)	(5,861)	⇩
GRAND TOTAL	**6,740**	**-**	**6,740**	⇩

3. In terms of the month 4 overall forecast position of £6.7m overspend, the key reasons are:

- Place are showing a forecast overspend of £1.4m, due to risks associated with contract negotiations to deliver waste management savings of £1m and slippage on planned staffing efficiencies from the re-design of the former Housing / Regeneration and Development Service teams of £385k.
- Communities are showing a forecast overspend of £12.6m, due predominately to a £9.8m overspend in Care and Support relating to Learning Disability Services and the purchase of Older People's care and a £2.9m overspend on Mental Health purchasing budgets.

- Resources are showing a forecast reduction in spending of £1.4m, due to £874k savings on the housing benefits subsidy and £966k of insurance fund savings. These savings are partly offset by a £377k overspend in Business Information Solutions ICT costs and £175k of unfunded E-Business project costs.
- Corporate budgets are showing a forecast reduction in spending of £5.9m, due mainly to savings against the redundancy and carbon reduction credits budgets of £2m and £120k respectively but also the receipt of additional grant income totalling £3.6m.

4. The reasons for the movement from month 3 are:

- Children Young People and Families are forecasting an improvement of £792k, due to implementation of management actions to balance the CYPF position as agreed at month 3 EMT. These actions include identifying efficiencies within children's placements of £170k and the utilisation of grants for complimentary services.
- Place are forecasting an improvement of £767k, due to a reduction in the forecast spend on the Streets Ahead contract of £285k and projected reductions in planned spend on local growth fund projects of £194k.
- Communities are forecasting an adverse movement of £1.1m, due to the recognition of the impact of clearing a backlog of Home of Choice service users of £727k and an increase in spend on Mental Health and Substance Misuse purchasing budgets of £377k.
- Resources are forecasting an improvement of £743k, mainly due to a re-profiling of the Capita ICT contract payments and associated adjustments to contributions from reserves.
- Corporate budgets are forecasting an improvement of £441k, due mainly to Carbon Reduction Credits savings of £120k and additional Council Tax Freeze Grant of £271k as a result of a change in the calculation formula for Sheffield's entitlement.

Individual Portfolio Positions

Children Young People and Families (CYPF)

Summary

5. As at month 4 the Portfolio is forecasting a full year outturn of a reduction in spending of £45k on cash limit (shown in the table below), and DSG is forecast to overspend by £71k. The cash limit position is an improvement of £792k and DSG is an improved position of £63k from the month 3 position. The key reasons for the forecast outturn position are:

- **Business Strategy:** £156k forecast reduction in spend, due to a £295k forecast overspend in Children's Public Health, offset by increased income of £480k on the Education Services Grant (ESG).
- **Children and Families:** forecasting an overall net balanced budget, which includes £185k forecast overspend in legal fees, £313k forecast overspend on residential homes, £236k forecast reduction in spend on fieldwork services and £403k forecast reduction in spending on Youth Justice.
- **Inclusion & Learning Services:** £389k forecast overspend, due to £128k forecast overspend on faith travel passes, £247k forecast overspend on travel passes due to an increase in demand and £54k overspend on Learning Support.
- **Lifelong Learning, Skills & Communities:** £281k forecast reduction in spending on the City Skills Fund.

Financials (Non – DSG activity)

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 3
BUSINESS STRATEGY	4,492	4,648	(156)	⇔
CHILDREN & FAMILIES	67,080	67,077	3	⇩
INCLUSION & LEARNING SERVICES	5,211	4,822	389	⇔
LIFELONG LEARN, SKILL & COMMUN	12,553	12,834	(281)	⇔
GRAND TOTAL	**89,336**	**89,381**	**(45)**	⇩

Commentary

6. The following commentary concentrates on the key changes from the previous month.

Non DSG Budgets

Children and Families

7. As at month 4, Children and Families is currently forecasting a balanced budget (shown in the table above). This is an improvement of £801k from the previous month.

8. The improvement this month is due to the management action, agreed at EMT, being implemented and reflected in the month 4 position. These actions include:

   - Placement efficiencies of £170k
   - Utilising of Adoption Grant of £137k
   - Utilising of Successful Families Grant towards complimentary Prevention and Assessment Teams within Children and Families services of £460k.

DSG Budgets

9. The key reason for the improvement is in Business Strategy relating to:

   - **School contingencies:** an improvement of £25k, due to the level of claims being lower than anticipated.
   - **Trade union duties:** an improvement of £14k, due to additional income being received.

Place

Summary

10. As at month 4 the Portfolio is forecasting a full year outturn of a £1.4m overspend, an improvement of £676k from the month 3 position. The key reasons for the forecast outturn position are:

    - **Business Strategy & Regulation:** £1m forecast overspend arising from risks associated with contract negotiations with the Contractor on the new service to deliver the full £2.1m waste management savings in the 2013/14 Budget.
    - **Regeneration & Development Services:** £385k forecast overspend primarily due to slippage in the delivery of the planned £2.2m staffing efficiencies from the fundamental re-design of the former Housing / Regeneration and Development Service teams.

Financials

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 3
BUSINESS STRATEGY & REGULATION	30,341	29,362	979	⇔
CAPITAL & MAJOR PROJECTS	816	615	201	⇔
CREATIVE SHEFFIELD	3,848	3,848	0	⇔
CULTURE & ENVIRONMENT	18,048	18,218	(170)	⇔
MARKETING SHEFFIELD	922	900	22	⇔
PLACE PUBLIC HEALTH	(42)	0	(42)	⇔
REGENERATION & DEVELOPMENT SER	93,174	92,789	385	⇩
GRAND TOTAL	**147,107**	**145,732**	**1,375**	⇩

Commentary

11. The following commentary concentrates on the key changes from the previous month.

Regeneration & Development Services

12. The activity is forecasting an overspend of £384k, an improvement this period of £528k. The improvement is largely attributable to a reduction in the forecast spend within Highways including the Streets Ahead contract / service of £285k and projected reductions / slippage in planned spend on local growth fund projects, notably the local housing company of £194k.

Communities

Summary

13. As at month 4 the Portfolio is forecasting a full year outturn of a £12.6m overspend, an adverse movement of £1.1m from the month 3 position. The key reasons for the forecast outturn position are:

- **Business Strategy:** a forecast reduction in spending of £314k. A small element of vacancy control savings target still held in Business Strategy of £125k to reflect anticipated vacancies that may occur in the second half of the year. The remainder is due to savings initiatives identified in Business Strategy.
- **Care and Support:** a significant forecast overspend of £9.8m. This overspend is across Older People's / Physical Disabilities (together, known as "Adults") / Learning Disabilities (LD) care purchasing budgets, and is due to the full year effect of 2012/13 activity, and anticipated continued growth in 2013/14. This position includes the use of the corporate contingency, identified in the budget process, for Adult Social Care.

- **Commissioning:** a forecast overspend of £2.6m due to Mental Health purchasing budgets forecasting an overspend of £2.9m, due to an increase in the number of people coming to us for care provision (predominantly using Self Directed Support Personal Budgets); alongside a Substance Misuse purchasing overspend of £55k. Other areas forecasting an overspend in this Service are: LD Strategy & Delivery £166k on LD-specific Housing Related Support; and Mental Health Commissioning £152k, relating to savings on the S75 Agreement with SHSCT not being achieved and £50k overspend on Social Care Commissioning Staffing. These are, to some degree, offset by the target reduction in spending of £580k on Housing Related Support Programme (formerly Supporting People) and net reduced spending on Social Care and Housing Commissioned Services of £100k.
- **Community Services:** a forecast overspend of £521k. Libraries are reporting an overspend of £343k, due to on-going pressures on business rates, contract cleaning and utilities, along with income shortfalls. Locality Management shows an overspend of £139k, due to part year (rather than full year) implementation of the Community Assemblies budget saving. Community Safety has a small overspend of £33k and Public Health within the Portfolio is reporting a balanced position.

14. There is a detailed on-going recovery plan within the Portfolio to address the overspend position and this is reflected in the year end forecast position. This includes: vacancy control; expenditure controls including panels for placements; ensuring the fair and efficient allocation of resources to meet individuals' substantial and critical needs and that reviews are carried out in a timely responsive manner. Further options are being considered and reviewed including a review of the in-house services which are not currently reflected in the bottom line position.

Financials

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 3
BUSINESS STRATEGY	11,915	12,229	(314)	⇔
CARE AND SUPPORT	113,552	103,770	9,782	⇧
COMMISSIONING	47,306	44,682	2,624	⇧
COMMUNITY SERVICES	10,891	10,370	521	⇔
GRAND TOTAL	**183,664**	**171,051**	**12,613**	⇧

Commentary

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

Care and Support

16. A forecast £9.8m overspend. This is an adverse movement of £727k from the previous month. The adverse movement this month is due primarily to the recognition of the impact of clearing a backlog of Home of Choice service users, following an agreement with the Right First Time Board. There is still work underway to determine if the CCG can contribute towards this cost.

Commissioning

17. A forecast £2.6m overspend. This is an adverse movement of £322k from the previous month. The adverse movement this month is due to an increase in spend of Mental Health and Substance Misuse Care Purchasing of £377k offset by reduced spend on various Social Care Commissioned and Housing Commissioned Services of £55k.

Resources

Summary

18. As at month 4 the Portfolio is forecasting a full year outturn of a reduction in spending of £1.4m, an improvement of £743k from the month 3 position. The key reasons for the forecast outturn position are:

- **Business Information Solutions:** £377k overspend mostly due to reduced income from project recharges.
- **Commercial Services:** £175k overspend due to unfunded E-Business project costs.
- **Commercial Services (savings):** £102k income shortfall.
- **Human Resources:** £80k forecast overspend in supplies and services.

Offset By:

- **Central costs:** £1.2m reduction in spending due to £966k income from insurance saving and £184k due to ECO funding received back from the Capita contract.
- **Finance:** £123k reduction in spending due to early staff savings for the 2014/15 budget.
- **Housing Benefit:** £874k reduction in net position as a result of subsidy adjustments. This reduction in spending represents less than 0.5% movement on a demand led £191m budget.

Financials

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 3
BUSINESS INFORMATION SOLUTIONS	847	470	377	⇩
COMMERCIAL SERVICES	801	626	175	⇔
COMMERCIAL SERVICES (SAVINGS)	(718)	(820)	102	⇔
CUSTOMER FIRST	3,057	3,057	0	⇔
CUSTOMER SERVICES	2,818	2,793	25	⇔
FINANCE	2,197	2,320	(123)	⇔
HUMAN RESOURCES	1,222	1,142	80	⇩
LEGAL SERVICES	5,277	5,265	12	⇔
PROGRAMMES AND PROJECTS	1,262	1,250	12	⇔
TRANSPORT AND FACILITIES MGT	32,524	32,566	(42)	⇔
TOTAL	49,287	48,669	618	⇩
CENTRAL COSTS	14,701	15,851	(1,150)	⇔
HOUSING BENEFIT	128	1,002	(874)	⇔
GRAND TOTAL	**64,116**	**65,522**	**(1,406)**	⇩

Commentary

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

Business Information Solutions

20. A forecast £377k overspend due to reduced income from project recharges. There has been a £400k improvement this month as a result of re-profiling the Capita ICT contract payments from now until the end of the current contract which involves an adjustment to contributions from the I2S reserve.

Policy, Performance and Communications

Summary

21. As at month 4 the Portfolio is forecasting a full year outturn of an overspend of £64k, an improvement of £20k from the month 3 position. The key reason for this position is higher election canvassing costs. This is unchanged from last month.

Financials

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 3
ACCOUNTABLE BODY ORGANISATIONS	0	0	0	⇔
POLICY, PERFORMANCE & COMMUNICATION	2,844	2,780	64	⇔
PUBLIC HEALTH	(135)	(135)	0	⇔
GRAND TOTAL	**2,709**	**2,645**	**64**	⇔

Corporate items

Summary

22. The month 4 forecast position for Corporate budgets is a £5.9m reduction in spending which is an improvement of £441k on the month 3 position. The table below shows the items which are classified as Corporate and which include:

- **Corporate Budget Items:** corporate wide budgets that are not allocated to individual services / portfolios, including capital financing costs and the provision for redundancy / severance costs.
- **Corporate Savings:** the budgeted saving on review of management costs and budgeted saving from improved sundry debt collection.
- **Corporate income:** Formula Grant and Council tax income, some specific grant income and contributions from reserves.

Financials

	FY Outturn £'000	FY Budget £'000	FY Variance £'000
Corporate Budget Items	89,972	92,183	-2,211
Savings Proposals	-450	-450	0
Income from Council Tax, RSG, NNDR, other grants and reserves	-569,713	-566,064	-3,649
Total Corporate Budgets	**-480,192**	**-474,331**	**-5,861**

23. Corporate Budget items are showing a forecast reduction in spending of £2.2m, due mainly to the reassessment of the budget requirement for redundancy cost of £2m, other miscellaneous income of £91k including the recovery of previous years' National Non-Domestic Rates (NNDR) overpayments and £120k saving against the Carbon Reduction Credits budget resulting from more up to date information on the estimated 2013/14 costs. The Carbon Reduction Credits savings account for the total forecast improvement of £120k on the previous month within corporate budget items.

24. Additional income accounts for the remaining £3.6m reduction in spend. This additional income includes a £1.1m RSG refund, £947k un-ringfenced adoption grant, £1.4m LACSEG refund and £271k additional Council Tax Freeze grant. The additional Council Tax Freeze Grant is the only movement from month 3 and is due to a change in the calculation formula for Sheffield's entitlement.

Collection Fund

25. In 2013/14 approximately £260m of our expenditure will be financed, directly, through locally collected taxation, out of a total of £477m:

	£m
Council Tax	164.2
Business Rates Locally Retained	95.3
	259.5
RSG/Business Rates Top Up Grant	217.9
TOTAL	**477.4**

26. This taxation is collected by the Council and credited to the Collection Fund. The Government receives 50% of the business rates collected (the "Central Share") and uses this to finance grant allocations to local authorities. The Fire Authority receives 1% of Business Rates collected and we retain the remaining 49%.

27. RSG and Top-up Grant were calculated by the Government using a needs-based formula; both grants are fixed for 2013/14. However, the locally retained share of Business Rates is at risk because it is dependent on our ability in year to generate the required level of Business Rate income.

28. Following the implementation of the Government's Business Rates Retention Scheme on 1 April 2013, steps have been taken to monitor the Collection Fund more closely. The overall position is subject to change

due to the impact of national austerity measures on Business Rates income and the impact of the introduction of the local Council Tax Support Scheme on Council Tax collection rates.

29. The 2014/15 budget assumes a £3m improvement in Business Rates yield, in part due to the significant provision for appeals that was taken in 2013/14. In order to avoid a deficit on the collection fund at the end of 2014/15 it is important that some growth in Business Rates Income is generated throughout the next year.

Summary

30. As at the end of quarter one the collection fund is forecasting a surplus position at year end. The potential surplus on collection fund is forecast at £1.6m. Due to the Business Rates Retention System the Council would retain £0.8m of this. However, due to the volatility in several areas of the fund, this surplus should not be assumed to be available for use in 2014/15.

Income Stream	**2013/14 Budget £m**	**Amounts collected in first quarter £m**	**Forecast year end Position £m**	**Forecast Year End Surplus £m**
Council Tax	164.2	54.4	164.2	0
Business Rates Locally Retained	95.3	32.1	96.1	0.8
	259.5	86.5	260.3	0.8
RSG/Business Rates Top Up Grant	217.9	54.5	217.9	0
TOTAL	**477.4**	**141**	**478.2**	**0.8**

Business Rates

31. The following table shows the elements involved in the determination of the business rate position. This examines the current position and then compares the resultant year end forecast with the estimate of business rates income which was drawn up during the budget process.

Collection Fund - Business Rates	Budget 2013/14 £m	Year to Date £m	Forecast Year End Position £m	Variance £m
Gross Business Rates income yield	(245.5)	(245.9)	(245.9)	(0.4)
LESS Estimated Reliefs	33.0	30.1	31.8	(1.2)
Losses and Cost of Collection	3.3	0.4	3.3	0.0
Losses on Appeals in Year	3.2	0.5	3.2	0.0
Provision for Future Appeals	11.6	11.6	11.6	0.0
Net Business rates	**(194.4)**	**(203.3)**	**(196.0)**	**(1.6)**
Appropriation of net business rates:				
Sheffield City Council	(95.3)	(99.6)	(96.0)	(0.7)
SY Fire Authority	(1.9)	(2.0)	(2.0)	(1)
Government	(97.2)	(101.7)	(98.0)	(0.8)
Total Appropriations	**(194.4)**	**(203.3)**	**(196.0)**	**(1.6)**

32. £0.1m transitional grant is also received by the Council, which brings the figure for locally retained business rates to £96.1m.

Gross Rate Yield

33. The Gross Rate Yield (GRY) represents the Rateable Value of the City multiplied by the Business Rates Multiplier. This is a measure of the total business rates billed in the city before taking account of reliefs, discounts and other adjustments.

34. The rateable value of the city has increased slightly since budget setting. This is attributable to various factors including new businesses and this is reflected in the slight increase seen in GRY.

35. There are potential increases in the business rates base in the future but the precise level and timing of any additional receipts is uncertain at the present time.

36. The completion of the Indoor Market on the Moor in November 2013 will bring with it an increase to the GRY but this will be offset in part by the closure of Castle Market and the displacement of other businesses into the new building. The net impact of this will not be known until the new market enters the rating list and so will not be included in forecasts until the Quarter 2 report.

Reliefs and Discounts

	Budget 2013/14 £m	Year to Date Quarter 1 £m	Forecast Year-End Outturn £m	Variance £m
Small Business Rates Relief	6.1	5.8	6.1	0.0
Mandatory Charity Relief	16.2	16.0	16.3	0.1
Discretionary Relief	0.6	0.5	0.5	(0.1)
Empty Property / Statutory Exemption	9.0	7.7	7.9	(1.1)
Partly Occupied Premises Relief	1.1	0.1	1.0	(0.1)
	33.0	**30.1**	**31.8**	**(1.2)**

37. Most reliefs and discounts are awarded in full at the point of billing at the start of the year. The total level of reliefs awarded in the first quarter amounts to £30.1m which is below the value assumed in the budget.

38. There is a high degree of volatility in empty property reliefs. A prudent position was established during budget setting due to the potential for businesses to manipulate this relief. To date, year-end forecasts are below budget for empty properties relief leaving us in a potentially beneficial position.

39. Growth is anticipated in several of the reliefs based on analysis of historic trends. However, the year-end forecast is still £1.2m below budget.

40. The level of reliefs and discounts awarded can be affected by economic conditions, court rulings and businesses' behaviour and will be closely monitored throughout the remainder of the year.

Appeals

41. In 2013/14 the Council budget included an anticipated £3.2m refunds in year resulting from appeals. The budget also includes a provision for £11.6m future appeals against bills that have already been collected either in this year or in earlier periods. The first year of the Business Rates Retention System has brought with it a requirement to account for these back dated appeals.

42. So far in year the Council have paid out £0.5m refunds as a result of appeals but this is expected to rise to £3.2m by year end.

43. Appeals are notoriously difficult to forecast due to the lack of available information from the Valuations Office Agency. One large successful appeal could significantly alter this forecast. The £3.2m forecast if based on historical trend analysis and this will continue to be monitored throughout the year.

Collection Rates

44. The Net Collectable Debit (NCD) is the Gross Rate Yield less any discounts and reliefs applied. The amount of Business Rates collected at the end of Quarter 1 stands at £65.6m or 30.97% of the NCD (£32.1m retained share).

45. The collection rate was 28.7% at the same point in 2012/13 and so considering difficult economic conditions we are well placed to achieve budgeted levels of collection.

Losses and Cost of Collection

46. Write offs to date amount to less than £0.3m, this is forecast to increase to £2.6m which will bring us in line with the budgeted figure for Losses and Cost of Collection.

47. The figure of £3.3m shown in the table above includes £0.7m Cost of Collection. This is the forecast cost of chasing debts, including legal expenses.

Overall Forecast Outturn for business rates

48. Bringing together the elements identified above results in an improvement of £1.6m compared to budget. If this position materialises it would result in a surplus on the Collection Fund which would be distributed for use in 2014/15. However, this is a very early estimate and given the uncertainty around appeals and reliefs, no assumptions should be made about availability of resources in 2014/15.

Council Tax

49. Council tax is being monitored closely by the revenues and benefits team. This monitoring involves analysis of the discounts and exemptions, movements on the tax base and collection rates. Deductions for elements such as student exemptions can swing the year end forecast significantly from month to month.

50. At quarter one, the overall number of exemptions currently awarded is 11,700, which is a decrease compared to the level of 14,000 assumed in the budget (the majority of which are for households occupied wholly by students). This means there is the potential for more council tax income to be collected. However, it is anticipated that the number of exemptions granted will increase due to student numbers increasing throughout the remainder of the year.

51. At the end of Quarter 1, the number of discounts awarded is 91,600, which is an increase on the budgeted level of 91,000 (the vast majority

of which are Single Person Discounts). This potentially means a reduction in the level of Council Tax income.

Collection Rates

52. The amount of Council Tax collected during Quarter 1 of this financial year stands at £54.4m, representing 27.15% of the Net Collectable Debit. Performance is slightly lower than at the same time last year although this was anticipated given the introduction of Council Tax Support from April 2013.

Overall Forecast Outturn for Council Tax

53. Given the uncertainties and the number of variables that impact on the overall position, the forecast does not include any variations from budget.

Local Growth Fund

54. The position on the Local Growth Fund is as follows:

		£m
Income	Reserves as at 31/03/13	-3.0
	13/14 NHB Grant	-4.6
	Total Income	-7.6
Expenditure	13/14 Spend to date at Month 4	0.5
	Forecast to Year End	4.9
	Future Years Commitments	3.4
	Total Expenditure	8.8
	Funding Requirement	**1.1**

55. The Local Growth Fund is supporting a series of approved capital and revenue projects which currently total £8.8m. This is £1.1m in excess of the New Homes Bonus received to date. The New Homes Bonus, which supports the LGF, is paid in instalments over six years so the authority has earned the right to future payments totalling £4.6m per annum for the next three years at least and this should be able to meet the future expenditure commitments.

56. The Government has recently announced that it intends to bring forward proposals to divert an as yet unspecified amount of New Homes Bonus payment to the Local Enterprise Partnerships to fund projects across the City Region. The precise details are uncertain and in the circumstances

no further commitments to projects are being made until the impact on the NHB funding regime is understood.

Housing Revenue Account

57. As at month 4 the full year outturn position is a forecast in-year surplus of £8.6m. At this stage, this represents a projected improvement of £2.4m from the revised budget. Overall, any predicted improvement on the account will be factored into the planned update of the Business Plan and Capital Investment Programme later in the year.

58. The main reason for the variation in the overall improved position reported above relates to a predicted reduction in capital financing costs of £1.5m. This is primarily a result of reduced interest costs arising from the Council's on-going active Treasury Management Strategy.

59. Now that the HRA is self-financing, the Council has to consider the long term risks on interest rates and ensure that its 30 year business plan includes a sustainable level of debt.

60. Other main areas contributing to the year-end forecast position include:

- revised service charge income (£382k)
- decrease in running costs (£1.1m)
- increase in the cost of council tax on vacant properties and provision for rent arrears (£535k)
- reduction in overall rental income (£67k).

HOUSING REVENUE ACCOUNT	FY Outturn £'000	FY Budget £'000	FY Variance £'000
1.RENTAL INCOME	(142,512)	(142,579)	67
2.OTHER INCOME	(5,161)	(4,779)	(382)
3.FINANCING	53,059	54,581	(1,522)
4.OTHER CHARGES	3,716	3,181	535
5.REPAIRS	33,083	33,092	(9)
6.TENANT SERVICES	49,257	50,350	(1,093)
Grand Total	**(8,558)**	**(6,154)**	**(2,404)**

Community Heating

61. The budgeted position for Community Heating is a draw down from Community Heating reserves of £670k. As at month 4 the forecast position is a draw down from reserves of £216k resulting in a reduction

in spending of £454k. This is largely due to a reduction in energy consumption compared to budget.

COMMUNITY HEATING	FY Outturn £'000	FY Budget £'000	FY Variance £'000
Income	(3,519)	(3,548)	*29*
Expenditure	3,735	4,218	(483)
Grand Total	**216**	**670**	**(454)**

Corporate Financial Risk Register

62. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. The most significant risks are summarised in this report for information together with a summary of the actions being undertaken to manage each of the risks.

2013/14 Budget Savings and Emerging Pressures

63. There will continue to be a robust monitoring process to ensure that the agreed budget for 2013/14 is implemented, especially given the cumulative impact of £182m of savings over the last three years. As part of the budget a number of key risk areas were identified which present the highest degree of uncertainty.

64. When the Government's Business Rates Retention Scheme was introduced in April 2013, a substantial proportion of risk was transferred to local government, particularly in relation to appeals, charitable relief, tax avoidance, hardship relief and negative growth. The issue of appeals dating back to the 2005 rating list is the greatest risk causing concern across all authorities. There are properties with a rateable value of £195m under appeal currently in Sheffield, with an allowance for £14.8m of refunds in 2013/14. Officers are still working to estimate the impact of appeals, but in reality the picture will only become clearer when actual trends are monitored in year.

65. When the Government's Business Rates Retention Scheme was introduced in April 2013, a substantial proportion of risk was transferred to local government, particularly in relation to appeals, charitable relief, tax avoidance, hardship relief and negative growth. The issue of appeals dating back to the 2005 rating list is the greatest risk causing

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66. Adult social care demand pressures, plus the impact of changes in health i.e. the Right First Time programme and reductions in Continuing Health Care (CHC) funding, are presenting significant challenges on delivering the Communities portfolio budget in 2013/14. As a result of these pressures, the portfolio's forecast outturn position is an overspend of around £12.6m in 2013/14.

67. In Children Young People & Families portfolio, the key area to highlight is the changes to the Criminal Justice System for children on remand which came into effect from April 2013, with a possible impact of £700k built in as a pressure, but the exact impact is very uncertain. The £700k pressures are currently covered by efficiency savings that still have to be firmed up. There is no clarity on any funding from Central Government for this new burden.

Digital Region

68. Following the recent announcement that Digital Region will be closed down, the Council will be required to cover the cost of their share of the estimated closure costs including the potential claw back of the ERDF funding of £27m given for the original investment in the project. The Digital Region Project Group has been tasked to minimise all costs of closure through negotiation over the next 12 months however the Councils share of the maximum estimated closure costs have been provided for in the 2011/12 accounts.

Capital Receipts & Capital Programme

69. Failure to meet significant year on year capital receipts targets due to depressed market and reduced Right-to-Buys, resulting in potential over-programming / delay / cancellation of capital schemes.

Pension Fund

70. Bodies whose Pension liability is backed by the Council are likely to find the cost of the scheme a significant burden in the current economic context. If they become insolvent the resulting liability may involve significant cost to the Council.

Electric Works

71. The running costs of the business centre are not covered by rental and other income streams. The approved business plan set aside contingency monies to cover potential deficits in its early years of operation. However, there remains a risk that the occupancy of units within Electric Works might be slower (lower) than that assumed within the business case, such that the call on the contingency is greater (earlier) than planned. A report on the future of Electric Works will be brought to Members in 2013.

Contract Spend

72. The high and increasing proportion of Council budgets that are committed to major contracts impairs the Council's flexibility to reduce costs or reshape services. This is exacerbated by the fact that in general these contracts carry year-on-year inflation clauses based on RPIx which will not be available to the Council's main funding streams, e.g. Council Tax, RSG and locally retained Business Rates.

Economic Climate

73. There is potential for current adverse economic conditions to result in increased costs (e.g. increased homelessness cases) or reduced revenues. The Council seeks to maintain adequate financial reserves to mitigate the impact of unforeseen circumstances.

NHS Funding Issues

74. There are significant interfaces between NHS and Council services in both adults' and children's social care. The Council has prioritised these services in the budget process, but savings have nevertheless had to be found. Working in partnership with colleagues in the Health Service, efforts have been made to mitigate the impact of these savings on both sides. However, on-going work is required now to deliver these savings in a way that both minimises impacts on patients and customers and minimises financial risks to the NHS and the Council.

75. The Council is participating in the Right First Time (RFT) programme with the Clinical Commissioning Group (CCG) and Hospital Trust. This programme aims to shift pressures and resources from the hospital to community settings over the longer term, which should assist the Council in managing adult social care pressures. However, there are short-term pressures from the programme changes that are adding costs to the Council.

Housing Regeneration

76. There is a risk to delivering the full scope of major schemes such as Parkhill and SWaN because of the severe downturn in the housing market. This could result in schemes ‘stalling’, leading to increased costs of holding the sites involved, and in the case of SWaN, potential exposure to termination payments. In addition, the ending of the Housing Market Renewal programme has caused funding pressure on the Council’s capital programme, e.g. on site clearance work and in enabling further phases of commenced demolition schemes.

Trading Standards

77. There is a low risk that it is not possible to recover outstanding contributions from the other South Yorkshire Authorities. However, negotiations are in the final stages and there is an expectation that an agreement will be reached.

External Funding

78. The Council makes use of a number of grant regimes, central government and European. Delivering the projects that these grants fund involves an element of risk of grant claw back where agreed outputs are not delivered. Strong project management and financial controls are required.

Education Funding

79. In 2013/14 25 academy conversions are anticipated (20 primary / 5 secondary), of which 4 primary schools have already converted.

80. Academies are entitled to receive a proportion of the Council’s central education support services budgets. Based on projected academy conversions it is estimated that:

    - up to £1.75 million of DSG funding will be given to academies to fund support services.
    - up to £3.25 million will be deducted from the Council’s allocation of Education Services Grant (ESG), and given to academies.

81. If an academy is a sponsored conversion then the Council will have to bear the cost of any closing deficit balance that remains in the Council’s accounts. It is estimated that this may be up to £750k based on current projected academy conversions during 2013/14.

82. Where new independent schools (free schools) or Academies are set up and attract pupils from current maintained PFI schools, then the funding

base available to pay for a fixed long term PFI contract would reduce, leaving the Council with a larger affordability gap to fund. There are also further potential risks if a school becoming an academy is a PFI school, as it is still unclear how the assets and liabilities would be transferred to the new academy and whether the Council could be left with residual PFI liabilities.

Treasury Management

83. The on-going sovereign-debt crisis is subjecting the Council to significant counterparty and interest rate risk. Counterparty risk arises where we have cash exposure to banks and financial institutions who may default on their obligations to repay to us sums invested. There is also a real risk that the Eurozone crisis could impact upon the UK's recovery, which in turn could lead to higher borrowing costs for the nation.

84. The Council is mitigating counterparty risk through a prudent investment strategy, placing the majority of surplus cash in AAA highly liquid and diversified funds. On-going monitoring of borrowing rates and forecasts will be used to manage our interest-rate exposure.

Welfare Reforms

85. The government is proposing changes to the Welfare system, phased in over the next few years, which will have a profound effect on council taxpayers and council house tenants in particular. The cumulative impact of these changes will be significant. Changes include:

    - Abolition of council tax benefit – replaced by a local scheme with effect from April 2013 which is cash limited and subject to a 10% reduction from previous levels. The Council approved a replacement scheme, including a hardship fund in January 2013, but there are risks to council tax collection levels and pressures on the hardship fund.

    - Housing Benefit changes – with effect from April 2013 social housing tenants have seen their benefits cut if they are considered to have a spare bedroom, thereby impacting on their ability to pay rent.

    - Introduction of universal credit – from October 2013 administered by DWP. Along with the impact of reducing amounts to individuals and the financial issues that might cause, the biggest potential impact of this change is the impact on the HRA and the collection of rent. This benefit is currently paid direct to the HRA; in future this will be paid direct to individuals. This will potentially increase the cost of collection and rent arrears. There will also be an impact on the current contract with Capita and internal client teams.

Housing Revenue Account (HRA)

86. There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. As well as the introduction of Universal Credit, outlined in the risk above, the main identified risks to the HRA are:

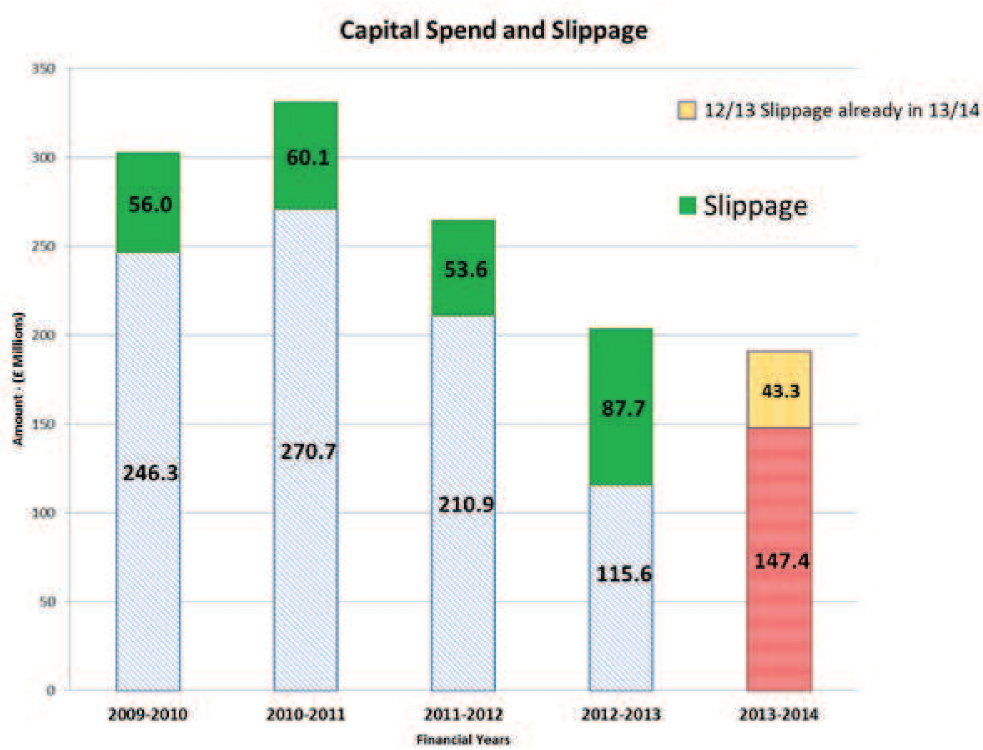
- Interest rates: fluctuations in the future levels of interest rates have always been recognised as a risk to the HRA, and;
- Repairs and Maintenance: existing and emerging risks within the revenue repairs budget include unexpected increased demand (for example due to adverse weather conditions).

The Capital Programme for 2013/14

Summary

87. Last year the monthly Capital Monitoring report demonstrated the unacceptable level of performance on Capital Programme Delivery. Forecasts were either not completed or too optimistic. This resulted in £43.3m of unplanned slippage at the end of 2012-13.

88. The graph below shows the impact of adding the slippage from 2012/13 onto the approved Capital Programme for 2013-14.



This would give a programme for 2013-14 of £190.7m which is substantially above the £115.6m delivered in 2012-13.

89. The initial performance figures for 2013-14 show that performance has at best kept pace with the that seen in 2012-13 but it is clear that the project managers' own forecasts show a shortfall against budget approaching £50m, and, given the current spending levels, it is evident that the shortfall on budget will grow once the exercise is complete. In the circumstances, therefore, given the significant amount of effort being put into the re-profile, a report on the capital programme will follow at a future date when a realistic programme has been devised.

90. In effect, officers will be preparing a revised capital programme by recognising a large amount of slippage and then re-profiling this into future years. Normally slippage requests would be taken through Cabinet as part of the monthly monitoring report. In order to determine a more accurate Budget, as quickly as possible, it is proposed that the approval of the slippage be delegated to the Cabinet member for Finance. Any new approvals would be submitted to Cabinet as required by Financial Regulations.

Approvals

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

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

- 5 additions to the capital programme with a total value of £1.4m;
- 16 variation to the capital programme creating a net increase of £0.41m;
- 20 slippage request with a total value of £23.5m;
- 4 procurement strategies worth £3.9m;
- 8 contract awards worth £13.6m.

93. Further details of the schemes listed above can be found in Appendix 1.

Implications of this Report

Financial implications

94. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2013/14 and, as such it does not make any recommendations which have additional financial implications for the City Council.

Equal opportunities implications

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

Property implications

96. Although this report deals, in part, with the Capital Programme, it does not, in itself, contain any property implications, nor are there any arising from the recommendations in this report.

Recommendations

97. Members are asked to:

a) Note the updated information and management actions provided by this report on the 2013/14 budget position

b) In relation to the Capital Programme Member are asked to approve:

i) the proposed additions to the capital programme listed in Appendix 1, including the procurement strategies and delegations of authority to the Director of Commercial Services or Delegated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;

ii) the proposed variations and slippage in Appendix 1;

iii) the acceptance of the grants in appendix 2 and to note the conditions and obligations attached to them.

Reasons for Recommendations

98. To formally record changes to the Revenue Budget and the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.

Alternative options considered

99. A number of alternative courses of action are considered as part of the process undertaken by Officers before decisions are recommended to

Members. The recommendations made to Members represent what Officers believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme.

Eugene Walker
Director of Finance

Scheme Description	**Approval Type**	**Value £000**	**Procurement Route**
GREAT PLACE TO LIVE			
Highways			
Don Valley SYITS The project is to improve traffic management in the Lower Don Valley corridor and was originally approved as a joint scheme between SCC and Rotherham MBC several years ago. Sheffield receives all the funding and reimburses RMBC. The project currently has an approved budget of £297k - slippage from last year funded from the Local Sustainable Transport Fund (LSTF). Changes in the funding arrangements will result in: • RMBC reclaiming its costs directly from the funding provider. As a result, the budget held by Sheffield will be reduced by £204k. • Additional funding from the LSTF to continue the work into 13/14 (£36.5k) and 14/15 (£80k).	EMT Variation	(88)	N/A
Northern General Hospital Parking Scheme This project is to implement additional parking restrictions / local parking management around the Northern General Hospital where	Addition	30	Schedule 7 "Streets Ahead" delivery

there is always substantial demand. The scheme will introduce some time limited bays on a number of streets and a pay and display in a local car park and this scheme will provide new signage and lining to enforce the parking regulations in the area. The project costs are funded solely by a contribution received from the Northern General Hospital.			contract
Citywide 20mph Zone Approval is being sought to increase the value of the existing scheme by £380k from the LTP 13/14 allocation. The scheme is delivering the Council's endorsed strategy from March 2012 to help to reduce the number of road accidents by introducing 20 mph speed limits in residential areas and "School Keep Clear" markings at every school in Sheffield. The overall value of the scheme will be £435k funded from LTP.	Variation	380	Schedule 7 "Streets Ahead" delivery contract
SYITS Automatic Number Plate Registration Operation & Development (SYITS ANPR OPN & DEV) Approval is being sought to increase the existing scheme by £99k	EMT Variation	99	Procurement Strategy will be via emergency

from the 13/14 LTP allocation to a total value of £199k. The scheme provides journey time data on both radial and orbital routes across the city. The new allocation of funding ensures the operation and development of the system for the next year. The project is solely funded by LTP monies.			route.
Libraries			
Parsons Cross Library Project This project is to finish this year and will result in a saving of £129k. The unspent funding will be returned to the Corporate Resource Pool.	Variation	(129)	N/A
Homes			
The existing programme has been reviewed and re-profiled to reflect a more credible delivery schedule. A summary of the main movements are listed below:	Slippage	(23,363)	N/A
• **Future Spending Plans. (£12.8m)** A large programme like the Housing programme (typically £60m per year) always contains a contingency sum to cover risks, opportunities and unplanned events. The review of the programme has identified that there are no suitable projects to that can be delivered this year in the time remaining so this money will be slipped forward to future years.			

• **DH Environmental Work Programme (£3.3m)** The Decent Homes Environmental programme aims to improve the appearance of the neighbourhood. The programme has been delayed by the cold weather in Spring and slower than expected procurement. For example, the Door Entry work has only recently gone out to tender a period of Leaseholder consultation will also take place resulting with the contract not stating until March 2013. This will result in the work taking place in 2014/15 instead of the original plan of 2013/14.			
• **Metering Pilot (£1.4m)** Initially the timeline for this project forecast that work would commence on this project early in 2013/14. Confirming the specification and procurement of a contractor has taken longer than originally expected and has therefore delayed work starting. It is now expected that some work will start in January 2014 and has then been profiled in line with this starting time and completion will now be in 2016/17.			
• **Pipework Renewal (£1.4m)** This project has been slightly delayed as the design phase has taken longer than anticipated and work is now expected to commence in 2013/14 and complete in 2014/15.			
• **Pitched Roofing Roofline (£0.9m)** • **Flat Roofing (£1.2m)** The detailed specification and surveying work required for this project has been affected by staff resources which has affected the timeline for the tendering work. The appropriate leaseholder consultation must then take place. The award of the contract is not anticipated until September 2014.			

• **Long Term Empties – Purchase and Repair (£0.6m)** This project is to purchase or repair long term empty property's. The planned acquisitions for 2013/14 have been delayed due to the delay in the signing of the contract with Homes and Community Agency. This variation is to move £630k from 2013/14 into 2014/15 which results of 8 acquisitions planned in 2013/14 and 23 in 2014/15. This project is funded by prudential borrowing £2.260m and £538k Homes and Community Agency funding.			
Parks			
Park Hill Green Links The project is to create of a new shared pedestrian / cycle path, with lighting, in the Sheaf Valley Park area. It will run from the train station to Park Hill flats and forms part of Phase 2 of the Sheaf Valley Park Masterplan. The variation is to increase the capital element and reduce the revenue contribution by £25k in addition to re-profiling the budget due to a delay in the anticipated start date to January 2014 (as outlined in the revised business case). The increase will result in an overall project total of £381k which is funded from the Local Growth Fund.	Variation & Slippage	Variation 25 Slippage 183.5	N/A

Claywood Green Links The project is to create a new green-link from the Sheffield railway station to Norfolk Park as part of phase 2 of the Sheaf Valley Park Masterplan. Approval is being sought to increase the capital element of the project and reduce the revenue element by £32.7k, as detailed in the revised business case. In addition, the budget is being re-profiled (to include slippage) due to a delayed project start date which is now anticipated to be January 2014. This will increase the total project to £512.5k which is funded from the Local Growth Fund.	Variation & Slippage	Variation 32.7 Slippage 238.7	n/a
Urban Nature Parks The primary aim of this project is to achieve revenue saving as a result of public expenditure reductions. Anticipated savings are £100k p/a for three years. The project plans to change the management of 300 hectares over 55 sites from formal amenity management to naturalist planting / management. The project will also increase the number of trees, access improvements, path creation and upgrades, improved	Addition (conditional approval)	750	Competitive quotations for all expenditure under £50k. Client & Commercial Services to scope potential to

signage, improved security, new and enhanced habitats. The project will be funded as follows:- PIF (Parks Investment Fund) 355,510 CRP (Corporate Resource Pool) 244,490 Forestry Commission Grant (during project delivery) 105,000 Forestry Commission Grant (payable over ten years) 45,000 750,000 Approval is conditional on the outcome of the grant funding bid which should be known on 13th September 2013. Approval is also being sought from CPG to allow the use of the required CRP funding. Consideration also needs to be given to the cash flow implications of the grant funding.			aggregate requirements over a 2 year period. Interpretation work and signage to be procured from the Design and Print Service P&C Ranger team and Playground Team to be used for services where available and VFM.

Endcliffe Park Parkour The project is to deliver adventure play facilities in Endcliffe Park focussing particularly on the 13+ group. The build will consist on various metal frames / structures and walls of varying heights. It is the aim that the facility will be used by the Sheffield Parkour Movement and general park users wanting a more challenging play environment than that provided in the children's playground. For further details refer to appendix 2. The project is funded as follows:- S106 (all income received) 19,611 Ministry of Defence (MOD) grant 18,000 Friends of Porter Valley 389 38,000	Addition	38	Not required
Wincobank Hill Phase 2 This project is for the delivery of phase 2 of the Wincobank Hill revival project and aims to continue the on-going regeneration of the site with the creation of a pond, installation of goals ends and improvements to 1,300m2 footpaths	Addition	67	Full competitive tender for path and pond works Current in-

The project will be funded by monies received and held by SCC from Wincobank Wood Recreation Ground Charitable Trust.			house provider to install the goal ends
COMPETITIVE CITY:-			
Vibrant City			
Lyceum Capital Refurbishment Sheffield Theatres Trust (STT) has secured a grant from Arts Council England for the refurbishment of the Lyceum Theatre. The grant award requires that STT obtain match funding to complement the grant and the Council has agreed to do so by procuring equipment to be installed in the theatre. Improving the theatre will help preserve Sheffield's cultural and entertainment offer. The investment helps the Council deliver its Revenue Budget Strategy by making trust partners' business plans more sustainable and thus less reliant on subsidies from the Council. The project will be funded from the Corporate Resource Pool .	Addition	500	To be submitted at a later date
Connect Pedestrian Signs This project originally received approval in November 10 for £30k funded by S106 monies for new / replacement signage within the City Centre. Approval is being sought to add additional third party contributions to	Variation	19	n/a

the project received from Sheffield Hallam University and East Midlands Trains to enable the on-going replacement / installation of signs. This will create a remaining budget of £33k			
Plugged in South Yorkshire A successful bid to increase the number of rapid electric vehicle charges has given additional grant funding of £75k from the Department of Transport, which will be used to purchase and install 2 extra public accessible rapid charge points. For further details refer to appendix 2 Grant conditions state the funding will only be awarded once charge points are established and installation prior to 1st April 2014. This increases the overall value of the project to £309.5k.	EMT Variation	75	n/a
STAGE APPROVALS:-			
PROCUREMENT STRATEGY and CONTRACT AWARDS **Decent Homes Environmental Programme – Car Parking, Pedestrian Barrier and Dropped Kerbs.** The Environment Programme is targeted at Council housing estates and blocks of	Procurement Strategy		Schedule 7 “Streets Ahead”

flats. The aim is to make them more desirable places to live by improving security and the communal areas in and around the properties. This strategy is for the procurement of two car parking schemes at Rolleston Road and Bowfield Road in the East Area of the City, one pedestrian barrier at Jubilee Road in the East Area and dropped kerbs in the South East Area. In order to ensure compliance with the technical specification for the works, mitigate risk and synchronise with the Streets Ahead programme, it is recommended that the single source option of using the Highways PFI contractor be chosen.			delivery contract
Asbestos surveying, Testing & Reporting All Sheffield Council Housing properties have to have an asbestos survey, the results recorded to provide a data base to inform contractors before they carry out work on properties to comply with health and safety requirements and reduce the risk of claims being made against SCC relating to working to asbestos. In order to obtain best value for money, it is recommended that this work is tendered for by competitive tender.	Procurement Strategy		Competitive Tender Process
DH Environmental Work to Garages in NW Area This work is part of the DH Environmental project which is a tenant led programme focussing on projects to improve neighbourhoods. The works comprise major repairs and items of renewal to 578 garage plots in the NW area that have been assessed as being sustainable as part of the Garage strategy. The work includes: the removal of asbestos, renewal of garage roofs, renewal of garage doors, repairs to roofline and gutter systems, repairs to brickwork and concrete panels and asphalting work.	Procurement Strategy		Jobs Compact

This relatively simple work is well suited to the Jobs Compact agreement with Kier Sheffield LLP and recognising the other employment opportunities that brings to the City, it is recommended that this procurement strategy be adopted.			
Reducing Long Term Empty Properties – Purchase and Repair The Purchase and Repair Scheme provides an opportunity for owners of properties which have been empty for longer than 2 years to sell their house at market value to the Council. The property would then be brought into the Housing Revenue Account (HRA) stock as permanent Council housing and let on a secure tenancy. The Homes and Communities Agency has provided grant funding of £17,366 per unit to assist with purchase and repair costs. It is proposed that the rest of the costs will be funded by prudential borrowing against the HRA. A procurement strategy for this scheme has already been approved for the first year of the scheme, this is for year two. The first year of this project has been undertaken by Kier Sheffield LLP. It is proposed that year 2 is procured through the Efficiency North Procure regional framework contract following the expiry of the current Construction & Building Services contract	Procurement Strategy		EN Procure Regional Framework Contract
EMERGENCY APPROVALS:- (Note only)			
None this Period			
DIRECTOR VARIATIONS:- (Note only)			
None this Period			

Grant Awarding Body	Name of the Grant	Project to be funded by the Grant	Conditions and Obligations	Value £000
Department for Transport (DfT) Office for Low Emission Vehicles (OLEV)	DfT OLEV; Local Authority Rapid Charge Point Scheme	South Yorkshire Electric Vehicle Rapid Charging Network (Plugged-In SY)	Main Conditions to fulfil • Claims to be certified by an approved finance officer • Retention of all income and expenditure records for at least 6 years after the end of the grant period (which is currently to March 2014). These may be viewed by the funder at any time • Maintain the equipment for at least three years after installation • Provide usage data (if required) for at least three years from the date of installation • Adhere to prescribed technical specifications • Adhere to publicity requirements • Charge points need to be installed and operational by 31 March 2014, otherwise funding may be withheld Clawback • Failure to comply with any of the grant conditions may result in the grant being reduced, suspended, withheld or repaid. • The recovery of grant as a result on non-compliance could be applied to any grant from the same funder and is not restricted to this particular project.	£75,000

			Risks • Failure of the third party organisation to maintain sufficient records so as to enable SCC to discharge its liability to the funder – need to ensure that the obligations and responsibilities of the third party provider are clear, monitored and enforceable. • Failure to deliver the project by March 2014 resulting in clawback but commitments signed with suppliers which would expose the Council to financial and reputational loss.	
Ministry of Defence (MOD)	Community Covenant	Endcliffe Park Parkour Project	Main Conditions to fulfil • Spending needs to be consistent with the initial funding application • A full account of expenditure (including receipts and invoices) must be retained for 6 years • Report to MOD no later than one month after completion confirming benefits and costs Clawback • Whilst there are no specific references to clawback for non-compliance with the funding terms, there is a requirement that unspent funds must be returned Risk • On the basis of the information supplied, these appear to be minimal. Risks appear to be more related to project delivery than to the obligations imposed by the funder.	£20,000 (£18k Capital and £2k Revenue)