



SHEFFIELD CITY COUNCIL Cabinet Report

13

Report of: Eugene Walker

Date: 9 November 2011

Subject: Revenue Budget & Capital Programme Monitoring
2011/12 – As at 31 August 2011

Author of Report: Allan Rainford; 52596

Summary: This report provides the Month 5 monitoring statement on the City Council's Revenue Budget and Capital Programme for 2011/12.

Reasons for Recommendations 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.

Recommendations:

Please refer to paragraph 132 of the main report for the recommendations.

Background Papers: Revenue Budget and Capital Programme 2011/12
– Special Council 4th March 2011.

Category of Report: OPEN/~~CLOSED~~

Statutory and Council Policy Checklist

Financial implications
YES/NO Cleared by: Eugene Walker
Legal implications
YES/NO Cleared by:
Equality of Opportunity implications
YES/NO Cleared by:
Tackling Health Inequalities implications
YES/NO
Human rights implications
YES/NO :
Environmental and Sustainability implications
YES/NO
Economic impact
YES/NO
Community safety implications
YES/NO
Human resources implications
YES/NO
Property implications
YES/NO
Area(s) affected
Relevant Scrutiny Board if decision called in
Strategic Resources and Performance
Is the item a matter which is reserved for approval by the City Council? YES/NO
Press release
YES/NO

REVENUE BUDGET & CAPITAL PROGRAMME MONITORING 2011/12 – AS AT 31 AUGUST 2011

PURPOSE OF THE REPORT

1. This report provides the Month 5 monitoring statement on the City Council's Revenue Budget and Capital Programme for 2011/12.

SUMMARY

2. The latest monitoring position on the General Fund budget for 2011/12 is summarised in the table below. This analysis shows the reported position at Month 5 of a £591k overspend. The position reported at month 4 was a £3.3million forecast overspend, this month therefore represents an improvement of £2.7million. This is before a Portfolio proposal to carry forward £1.2million of LEGI funding, a proposal which is not recommended until the overall budget position is balanced.

Portfolio	FY Outturn	FY Budget	FY Variance
CYPF	90,572	89,415	1,157
PLACE	153,493	151,604	1,888
COMMUNITIES	184,015	184,020	(5)
DEPUTY CHIEF EXECUTIVE	18,292	19,405	(1,113)
RESOURCES	60,428	60,599	(171)
CORPORATE	(506,209)	(505,044)	(1,165)
Grand Total	591	(1)	591

3. In terms of the budget monitoring position, the key points at month 5 are:
 - Children Young People and Families are showing a forecast overspend of £1.2m. This is an improvement of £1.1m from the month 4 position as a result of additional savings in Business Strategy due to better than expected grant income.
 - Place are showing a forecast overspend of £1.9m. This is an improvement of £254k from the month 4 position predominantly in the Waste Management service as a result of a favourable resolution of contractual negotiations on the collection of green waste and increased income from recycled materials.
 - Communities are showing a forecast underspend of £5k, an improvement of £42k from the month 4 position.
 - Resources are showing a forecast underspend of £200k, an improvement of £1.4m from the month 4 position. The improvement

is due to the approval of the accommodation strategy, which absorbs pressures previously identified, and the identification of further savings to offset costs.

- Deputy Chief Executive's are showing a forecast underspend of £1.1m, which is a slight deterioration of £100k from the forecast position reported at month 4. The deterioration has arisen through a downward revision of Legal Services' projected income, partially offset by reduced staffing requirements.
- Corporate budgets are showing a forecast underspend of £1.2m, an improvement of £57k from the month 4 position. The improvement is mainly due to an increase in the level of VAT rebates.

4. The Capital Programme monitoring is reported in paragraph 74.

INDIVIDUAL PORTFOLIO POSITIONS

CHILDREN YOUNG PEOPLE AND FAMILIES (CYPF)

Summary

5. As at Month 5, the CYPF Portfolio is forecasting a full year outturn of £1.157m over budget.
6. The key reasons for the forecast outturn position are:
 - A £1.6m underspend in Business Strategy due to better than expected grant income and reduced expenditure in management reviews;
 - A £2.909m overspend in Children and Families which relates to overspends in Fieldwork Services £2.439m mainly due to staffing costs and a £486k overspend in relation to Learning Difficulties and Disabilities. At the present time the forecast does not represent the worst case scenario and if this were to be forecast the overspend position would be £4m overspent.
7. There has been a £1.095m improvement in the forecast outturn since month 4, the reasons, in brief, for this are:
 - An improvement of £1.5m in Business Strategy due to further savings identified in management reviews.

- A deterioration of £430k in Children and Families. This is due to the continuation of increasing costs as identified in the Month 4 monitoring report.

Financials (Non – DSG activity)

Service	FY Outturn	FY Budget	FY Variance
BUSINESS STRATEGY	11,318	12,957	(1,640)
CHILDREN & FAMILIES	60,335	57,426	2,909
CHILDREN'S COMMISSIONER	9,439	9,528	(89)
INCLUSION & LEARNING SERVICES	2,542	2,569	(28)
LIFELONG LEARN, SKILL & COMMUN	6,939	6,935	5
Grand Total	90,572	89,415	1,157

Commentary

DSG and Non DSG Budgets

8. A proportion of the Portfolio's budget is funded by Dedicated Schools Grant Income. Under the terms of the grant any under or overspend has to be carried forward to the following year which is consistent with the number of academic year activities it supports. This budget has overspent by £589k which under the rules of DSG funding will be funded from non-allocated DSG reserves. The overspends which are generating the draw down on reserves are spread across all of the services and are explained in the commentary of the report, but as they are funded from DSG reserves they do not contribute to the underspend position reported in the Financials table.

Business Strategy

9. Business Strategy is forecast to be £1.6m underspent by year end in relation to non-DSG funding. The forecast under spend in Non-DSG is due to reduced expenditure in management reviews and better than expected grant income. This is being used to offset other overspends across the portfolio. DSG related expenditure is overspent by £671k which under the rules applied to DSG funding will be funded from DSG reserves.

Children & Families

10. Children & Families is forecasting a £2.909m overspend by year end in relation to non-DSG expenditure. This represents an additional £430k when compared with Month 4. The increase in the forecast position is due to previously identified cost increasing trends (identified in the Month 4 monitoring report) continuing. The main areas of variance from non-DSG budget are shown below:

- Fieldwork Services £2.439m overspent (£2.099m Month 4) due to a £2.154m overspend in Fieldwork Strategy which relates to staff costs, plus £57k overspend in relation to legal fees, £854k overspend in relation to Independent Fostering placements and £349k overspend in relation to the Contact Contract.
 - Provider Services £150k overspent (£201k Month 4) due to overspends in Adoption of £282k mainly as a result of a forecast overspend on inter agency fees, Children's Residential Homes - £324k due to the use of agency staffing and Fostering – presently forecasting a £297k underspend.
 - Learning Difficulties and Disabilities £486k overspent due to a forecast overspend of £391k in relation to Children with Disabilities placement costs.
 - Policy and Service Improvement £150k underspent due to better than expected grant income.
 - There are other variances across Children's & Families culminating in a £16k underspend.
11. A significant proportion of this budget funds demand led services, this can lead to fluctuations in spend that are difficult to anticipate and therefore forecast. Levels of current demand have exceeded the basis upon which the budget was set and this is leading to some of the overspends detailed above. The 2011/12 budget was set in October 2010 when Looked After Children figures stood at 590, by April 2011 this had risen to 635. At the present time the forecast does not represent the worst case scenario and if this were to be forecast the overspend position would be £4m overspent.
12. Actions that the Portfolio are undertaking to address this overspend can be found at Appendix 1.

Children's Commissioner

13. The Service is forecast to have a year end non-DSG underspend of £89k and a £202k overspend in relation to DSG. The £202k overspend in relation to DSG expenditure is due to the variances in relation to SEN which under the rules applied to DSG funding will be covered by DSG reserves.

Inclusion & Learning Services

14. The Service has a non-DSG underspend outturn of £28k and a £146k underspend outturn in relation to DSG, largely relating to underspends in targeted support.

Lifelong Learning Skills & Communities

15. The service outturn for non-DSG is an overspend of £5k and £146k under for DSG. The main reasons for the underspend are discussed below:
- The Youth Service is forecasted to be £1.22m overspent – The cause being £668k on Connexions and £552k on Youth. This overspend is based on the potential redundancy and overhead costs at Sheffield Futures detailed in the work currently undertaken by Finance in support of the service. As at Month 5 potential funding has been identified within CYPF to offset this forecasted overspend. Sheffield Futures require an additional payment of £300k in October for cash flow purposes which is assumed in the £1.22m detailed above. Due to continuing work between Sheffield Futures and the Council it is likely that the £1.22m will be significantly reduced in the next forecast due to better cost information and increased certainty around Sheffield Futures on-going cash position.
 - The Youth Offending Service is forecasted to be £151k overspent – The primary cause being the demand for secure placements.
 - Employment & Skills is forecasted to be £168k underspent – This small surplus of fund may be needed to fund activity on specific individuals, the service has been asked to provide a business case on this requirement. It is preferable that this underspend be used to offset other overspends in LLSC and the Portfolio.

Use of Reserves

CYPF non-DSG Reserves

16. CYPF has in place non-DSG reserves which have been built up as a result of planned underspends. The balance on non DSG reserves at 1st April 2011 was £770k. £400k of this reserve has been used in line with the Council Budget Report to offset pressures in the Children and Families service. All of the reserves are planned to be utilised in this financial year to continue service delivery.

School DSG Reserves

17. The central DSG reserve at 1st April 2011 was £5.4m of which £3.2m is committed to be used on specific activity in 2011/12. These activities are as follows, £548k for Vocational Skills Programme (VSP) Delivery; £1.628m for Individual Schools Budget; & £1.058m for Management Reviews. In addition a further £1.5m is required for future years' activity. These activities are as follows £650k for VSP Delivery; £225k for Schools Education Service Supply Agency (SESSA); & £602k for School's Sickness Insurance. As the DSG budget is currently overspending the unallocated funds are required to cover other service demands in this financial year.
18. At 1st April 2011 Schools held £17.2m revenue and £1.1m capital Reserves. Finance and the Portfolio are working with Schools to ensure these reserves are used in an appropriate way.

PLACE

Summary

19. As at Month 5, the Place Portfolio is forecasting a full year outturn of £1.9m over budget, an improvement of £254k since the previous period. The key reasons (described in greater detail under commentary) for this position are:
- Design & Project Management: £886k over budget due to a predicted shortfall in income (£1.2m), offset by staff savings (£300k), pending further action being taken to balance workload/resources.
 - Development Services: £452k over budget with the key issue being delays in securing/negotiating contract saving proposals on the waste management contract (£1.4m), largely offset by a number of mainly one-off savings (£1.2m), pending a successful conclusion to the ongoing negotiations.
 - Housing Enterprise & Regeneration: £324k over budget due to a provision now made for the risk of grant clawback on Tudor Square (£250k), pending further work/negotiations.
 - Streetforce: £626k over budget from additional debt provisions (£340k) and projected trading shortfalls/additional insurance and one-off mainframe costs (£286k), pending further reductions in debt and/or improved profitability.

20. The key reason for a £254k improvement this period is

- Development Services: £310k improvement due to further savings (green waste contract) and additional income now secured.

Financials

Service	FY Outturn	FY Budget	FY Variance
BUSINESS STRATEGY & REGULATION	8,361	8,368	(7)
CREATIVE SHEFFIELD	1,796	1,796	-
CULTURE & ENVIRONMENT	43,038	43,423	(385)
DESIGN AND PROJECT MANAGEMENT	49	(837)	886
DEVELOPMENT SERVICES	99,858	99,406	452
HOUSING, ENTERPRISE & REGEN	2,181	1,857	324
STREET FORCE	(2,054)	(2,680)	626
SUSTAINABLE DEVELOPMENT	272	272	-
GRAND TOTAL	153,501	151,605	1,896

Commentary

Culture & Environment

21. The current forecast for this activity is £385k under budget, a small improvement of £90k on the previous period.
22. The variance is largely attributable to reduced spend/additional income within Parks and Countryside (£334k) and Bereavement Services (£64k).

Design & Project Management

23. The current forecast for this activity is £886k over budget, a small improvement of £45k on the previous period.
24. The variance is attributable to a projected shortfall against budget in trading income of around £1.2m (20%), offset to some extent by staff savings of around £300k.
25. Action taken to date has resulted in approval for 10 staff to leave, 4 by the end of September and the remainder by end of October. A full evaluation of the business has been completed which indicates there is a viable business but further balancing of resources is necessary. This will result in a proposal to further reduce staffing levels by a further 18 posts. The proposals are intended to establish a new structure for design and capital delivery based on the future needs of the Council and an effective organisation taking into account slimmer management. Overall around 20 additional posts will be removed. Proposals will be

launched as an achieving change by November for substantial implementation by and in April.

Development Services

26. The current forecast for this service is £452k over budget, an improvement of £310k on the previous period.
27. The key issue is in waste management where delays in securing/negotiating commercial contract savings for some approved budget decisions (which was the subject of a recent report to EMT on 9th August 2011) are resulting in a potential shortfall of around £1.4m as follows:
 - Alternative funding of assets (£570k).
 - Saturday/extended collection day for black bins (£460k).
 - Reductions to opening hours of waste recycling centres (£393k).
28. However, management have identified around £1.2m of largely one-off opportunities, which it is forecast may reduce the net pressure to £166k (an improvement of £397k on the previous period). These include increased profit share projected on the sale of materials, less landfill of waste compared to budget and no planned maintenance shutdowns.
29. Contract negotiations are continuing with the option to escalate to the Strategic Board, whilst management continue to seek further opportunities to further mitigate against the current position.
30. A further key variance/risk within planning and transport and highways is around securing the £10m planned external fee income from car parks, building regulations and planning. Since these income streams are subject to market conditions they are closely monitored, but latest forecasts indicate a potential shortfall of around £1.3m, as follows:
 - Car parking (£396k).
 - Building regulations (£317k).
 - Planning (£78k).
31. Work is continuing across the whole service area in order to identify and secure potential efficiencies to mitigate the pressures identified above. To date, vacancy management/restructures are forecast to deliver an

employee underspend of around £660k (an improvement of £180k on the previous period). Furthermore, work is also progressing to submit for approval proposals within car parking services to further assist in addressing any remaining shortfall.

Housing, Enterprise & Regeneration (HERS)

32. The current forecast for this activity is £324k over budget, a small adverse movement of £51k on the previous period.
33. The overall position now reflects an improvement of around £200k on the previously forecast staffing cost pressure, following confirmation of funding from the various income streams that support the activity within this new service area.
34. However, a £250k provision has now been included in the forecast to reflect a risk of grant clawback on funding received relating to Tudor Square. The position is under review and an update will be included in the next report.

Street Force

35. The current forecast for this activity is a £626k shortfall on the approved profit target.
36. The key variance relates to additional bad debt provisions (£340k). However, management have introduced improved processes such that managers now receive regular reports on debts to ensure action is taken (including in the courts) and, paying for services up-front where possible. To date this has successfully resulted in a £350k (<20%) reduction in debt outstanding, which had stood at £1.5m. It is anticipated that further improvements in this position can be made.
37. The remaining variance (£286k) relates to a combination of potential trading shortfalls (design and bridges and valued work) and additional one-off overhead costs associated with extending the contract for the supply of mainframe services beyond the date originally planned for within the Capita contract and insurance, offset to a large extent by staff and other overhead savings of £420k. Management are pursuing a number of options to manage/improve upon this current position.

COMMUNITIES

Summary

38. As at Month 5, the Portfolio is forecasting a full year outturn of £5k under budget compared to £37k overspend last month. This is an improvement of £42k.
39. The key issues are:
- An overspend in Care and Support due to the timing of the review of the intermediate care service, overspends in the learning disabilities purchasing budgets and unachievable overhead contribution targets in the asylum contract. These areas are offset to a degree by underspends in the older people and physical disabilities services.
 - An overspend in Community Services mainly as a result of the slippage in the Libraries changes such as opening hours, mobile service etc and delays in budget savings arising from the staffing review in community assembly teams and the Police Community Support Officers (PCSO's).
40. However this is offset by:
- Underspend in Business Strategy mainly around the contingency held for Learning Disabilities purchasing.
 - Underspends in Commissioning due to a significant underspend around Supporting People commitments. (This budget head has moved from last month to reflect the management arrangements). In addition current forecast are predicting an underspend in mental health purchasing budgets which is offsetting the potential slippage in the Kirkhill saving.

Financials

Service	FY Outturn	FY Budget	FY Variance
BUSINESS STRATEGY	15,142	15,490	(348)
CARE AND SUPPORT			
HOUSING RELATED SERVICES	3,411	3,097	314
JOINT LEARNING DISABILITY SERV	29,665	28,583	1,081
ASSESSMENT & CARE MANAGEMENT	57,766	58,818	(1,052)
PROVIDER SERVICES	15,798	14,619	1,179
COMMUNITY SERVICES			
COMMUNITY SAFETY	1,962	1,877	85
LIBRARIES	7,083	7,047	36
LOCALITY MANAGEMENT	4,568	4,556	11
STRATEGY AND COMMISSIONING	48,621	49,932	(1,311)
GRAND TOTAL	184,015	184,020	(5)

Commentary

Business Strategy

41. Included in this Service is cross cutting overheads, contingency held for learning disabilities purchasing, safeguarding and policy and performance. The current projected underspend £348k reflects the contingency held for Learning Disabilities purchasing budget.

Care and Support

42. Overall this area is forecasting an overspend position of £1.522m compared to last months position of £1.178m overspend, a movement of £343k from last month.
43. **Housing Related Services** (Services include homelessness, equipment and adaptations, housing solutions and the asylum seekers contract). The overall forecast is £314k overspend. The overspend is due to a review of the asylum contract which has created unachievable targets for contributions to overheads. These costs will not be attributable to the contract in the future but will still be a call on the Communities overall budget. This overspend is currently covered by underspends elsewhere in the portfolio and will be reviewed as part of the 2012/13 budget process. Homeless services and equipment and adaptations are currently forecasting an underspend based on current demand levels which will be kept under review.
44. **Joint Learning Disability Services** forecasting an overspend of £1.1m in line with last month. Of the overspend £672k is due to overspends in the purchasing budget and as mentioned above an element of this is being held in Business Strategy as a contingency. The remaining

overspend is around staffing savings identified in the budget process that have slipped due to issues around pay protection following achieving changes, co-location issues and slippage in business re-engineering and day centre reviews. Overall the Service will look to hold vacancies to cover this potential shortfall.

45. **Assessment and Care Management (Older People/Physical Disabilities and Sensory Impairment)** forecasting a £1.05m underspend. This division of service covers the purchasing budgets for older people and physical disabilities which are forecasting £1.3m underspend due to a reduced level of commitment rolling forward from 2010/11 around reablement, Self Directed Support (SDS) and Continuing Health Care income.
46. **Provider Services** forecasting a £1.178m overspend an increase from last month's position of £899k. This division includes the Care4you service, adult family placements and associated support. Part of the 2011/12 budget savings was a review of the intermediate care beds provided by Care4you. Due to the complexity of this and the need to involve the PCT in a whole city the review will not be completed until 2012/13. Alternative one-off savings have been identified in 2011/12 to cover this in the report. The movement is due to a review of the Care4You forecast which is now projecting to breakeven instead of underspending.

Community Services

47. Overall this area is forecasting an overspend of £131k, compared to £333k overspend last month an improvement of £202k. This overspend is being offset by savings elsewhere in the Portfolio for 2011/12. As the majority of the slippage is due to delays in managing employee reductions, now that these have been completed the budget savings will be a full year saving in 2012/13.
48. **Community Safety** forecasting an overspend of £84k. This overspend in the main is due to the notice period required for the 15 PCSO's posts deleted as part of the budget process. This is a one off cost in 2011/12.
49. **Libraries** currently forecasting a £36k overspend an improvement on last months forecast of 223k. The movement is mainly around Lifelong Learning services and the Radio Frequency Identification (RFID) project, as the debt charges associated with this project will not impact in this

financial year. This is offsetting the slippage in the staffing savings resulting from the reduced opening hours etc.

50. **Locality Management** currently forecasting an overspend of £11k. This division includes community assemblies and community buildings. There is an overspend due to delays in implementing the achieving change for the Community Assemblies teams however these are offset by staffing savings elsewhere in the section.

Commissioning

51. This area includes the health and housing commissioning function of the portfolio and is forecasting £1.3m underspend, compared to last months position of £1.2m. This underspend is within the supporting people function and is as reported last month and due to the carry forward request no longer being required due to successful contract negotiations. There is an anticipated forecast underspend in the mental health purchasing budgets which is partially offsetting the anticipated reduction in the saving due to the closure of Kirkhill. The overspend is due to one off costs incurred by the care trust due to some re-provision, staff costs and loss of income.

RESOURCES

Summary

52. As at Month 5, the Resources Portfolio is forecasting a full year outturn of £200k under budget. The key reasons (described in greater detail under commentary) for this position are:-
- £1.0m pressures in Property and Facilities Management, including £600k pressure from reduced fee earning activity on land sales, £400k pressure on the corporate mail service and £400k in the Markets service, offset by management actions to reduce the overspend to £1.0m.
 - £900k under budget in Central Costs, due to improved performance on benefit claims, which affects the subsidy received from government; offset by £1.3m over budget relating to shortfalls in budget plan savings on the Capita contract.
 - £300k projected underspend in the Human Resource Service.
 - Some movements of up to £200k on other services which net out to nil.

53. The forecast position is £1.4m better than last month as a result of the management action taken to reduce the overspend, including:

- The approval of the new Accommodation strategy which absorbs £700k of pressures previously declared to date.
- Identified further savings of £500k to offset increased costs elsewhere.
- Including £200k deterioration in the Markets service following the agreement of the discount scheme.

Financials

Service	FY Outturn	FY Budget	FY Variance
BUSINESS INFORMATION SOLUTIONS	(248)	(378)	130
COMMERCIAL SERVICES	1,169	1,399	(230)
CUSTOMER SERVICES	11,306	11,186	120
FINANCE	2,675	2,670	5
HUMAN RESOURCES	888	1,138	(250)
PROPERTY AND FACILITIES MGT	29,353	28,390	963
TRANSPORT	299	389	(90)
TOTAL	45,442	44,794	648
CENTRAL COSTS	14,444	15,337	(893)
PROGRAMMES AND PROJECTS	542	468	74
GRAND TOTAL	60,428	60,599	(171)

Commentary

Property & Facilities Management

54. This is the first full year of the service in its current form since it assumed responsibility for all property matters across the Council. Thus it is dealing with a number of legacy issues amongst new pressures which are emerging:

- The Corporate Mail service has lost a number of clients which contributed to the cost of the service which is largely fixed. This has resulted in a £450k overspend.
- An agreement has been reached with the market traders to reduce the stall rents pending a move to the new Sheffield Indoor Market. The cost of the scheme is estimated to be in excess of £400k and work is in hand to identify compensating savings.
- The service has negotiated a £500k reduction in one of its key contracts and identified further savings of £500k to offset increased costs elsewhere.

Human Resources

55. This service is currently forecasting an underspend of £300k, which is a deterioration on last month but is more robust following reviews of the forecast by service and finance managers.

Other Services

56. Business Information Services has made a provision against claw back on grant contracts. The movements on Commercial Services and Customer Services reflect updates on forecast positions from managers.

Central Costs

57. To date there has been an improvement against budget in the accuracy of the payments of benefits which has resulted in a lower level of performance penalties. The forecast anticipates that this performance will continue to the end of the year generating a further £600k bonus performance related subsidy. At the moment there is a further forecast underspend of £200k on former employee pension costs.
58. This is being offset to some extent by a potential £900k shortfall in the total planned budget savings on the Capita contract. Any shortfalls in the contract savings will be mitigated through core service savings.

DEPUTY CHIEF EXECUTIVE'S**Background****Summary**

59. DCX are forecasting a full year outturn of £1.1m underspend, a small deterioration on the previous month. The key reason for the underspend is the £1.2m re-profiling of the LEGI programme which is being requested as a carry forward.

Financials

Service	FY Outturn	FY Budget	FY Variance
LEGI/BIG	0	-	0
ACCOUNTABLE BODY ORGANISATIONS	(2)	(0)	(2)
BUSINESS DEVELOPMENT	1,777	1,781	(4)
ECONOMY AND SKILLS	4,422	5,693	(1,271)
HEALTH IMPROVEMENT	234	234	(0)
LEGAL SERVICES	2,696	2,598	98
MODERN GOVERNANCE	4,264	4,312	(48)
PERFORMANCE AND CORP PLANNING	1,173	1,107	66
POLICY, PARTNERSHIP, AND RESEARC	3,729	3,680	49
SUSTAINABLE DEVELOPMENT	(0)	-	(0)
GRAND TOTAL	18,292	19,405	(1,113)

Commentary

Economy and Skills

60. This service is forecasting a £1.3m underspend for the reasons given below, and is requesting to carry forward this money to the next financial year.
61. A successful ERDF bid has been secured on the Enterprise Programme which covers the period April 2011 to September 2012, for which 50% match funding from the Council is required to secure the funding. The total planned spend over this period is £4.1m, of which around £1.2m would fall in the 2012/13 financial year. As such it is proposed to re-align the profile of spend with that of the approved external funding programme and a request to Cabinet to approve a planned carry-forward of budgeted spend of up to £1.2m into 2012/13, but this has been deferred until later in the year when the financial outturn is more certain. The consequence of not carrying forward this money will be to lose the equivalent amount of ERDF funding, as per a Funding Agreement signed after approval of these proposals by the Leader of the Council in May 2011.

Legal Services

62. This service is now forecasting an overspend of £98k following a £240k downward revision of its income. Staff costs have been adjusted downwards too by £160k but there remains a risk that there is insufficient resource to achieve the revised income target.
63. The Government has announced that Council's may have to repay some fees collected in respect of land charges. Work is currently in hand to

estimate the cost of this decision and a further update will be made in next month's monitoring report.

Performance & Corporate Planning

64. The service is now forecasting an overspend of £66k following a £56k downward revision of its income due to lower demand within the Council for its services.

CORPORATE ITEMS

Summary

65. The month 5 forecast position for Corporate budgets is a £1.2m underspend, which is a £57k improvement from last month. 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 (£500k) and budgeted saving from improved sundry debt collection (£1m).
 - Corporate income such as Formula Grant and Council tax income, some specific grant income and contributions from reserves.

Financials

	<u>FY Outturn</u> <u>£'000</u>	<u>FY Budget</u> <u>£'000</u>	<u>FY</u> <u>Variance</u> <u>£'000</u>
Corporate Budget Items	39,745	40,708	-963
Savings Proposals	-1,900	-1,700	-200
Income from Council Tax, RSG, NNDR, other grants and reserves	-544,054	-544,052	-2
Total Corporate Budgets	-506,209	-505,044	-1,165

66. The underspend represents:
- Officers have successfully recovered additional amounts of VAT totalling £1.3m that had been paid in previous years. This follows discussions with HM Revenue and Customs concerning VAT on income from sports activities. This has been partially offset by the estimated fee to be payable to PWC for their involvement in this (around £200k).

- One of the agreed budget proposals related to savings from improved sundry debt procedures. Current performance suggests the amount will exceed the agreed saving by £200k.
67. The 2011/12 budget includes a provision for redundancy/severance costs that will be incurred as a result of the implementation of total savings of circa £80m. The budget provision was based on an assumption that the potential workforce impact of the budget would amount to a reduction of 800 full time equivalent posts and involved an assumed carry forward of budget from 2010/11.
68. In the period from December 2010 to March 2011 the Council agreed to release approximately 360 posts through voluntary severance and voluntary redundancy applications. The cost of these amounted to £8.2m. The majority of these posts will have been included in the estimated total of 800 and have been accounted for in the 2010/11 financial year, thereby reducing the amount carried forward to 2011/12.
69. The resulting budget in 2011/12 for severance/redundancy now stands at approximately £8.5m. The potential call on this will include the following elements:
- In the current financial year to date, the Council have agreed to a further 300 posts being released at a cost of approximately £5m.
 - There will be more posts released in the coming months as the full extent of the budget savings are implemented. It is likely that at least 70 further post reductions will be implemented at a potential cost of £2m.
 - The Council is potentially liable for a proportion of the costs incurred by some of our major contractors – Capita and Kier – who will have severance costs as a result of permanent variations in the contracts they have with the Council.
70. The forecast suggests that severance will amount to approximately £8.0m: i.e. within the budget of £8.5m. However, there are also discussions taking place about the position of Sheffield Futures and about the proportion of severance costs that will be met by the City and Sheffield Futures. It is therefore unlikely that there will be sufficient budget to meet costs relating to Sheffield Futures.

TABLE OF MITIGATING SAVINGS

71. The table at Appendix 1 details the savings within the original budget which cannot be achieved, and details the alternative action proposed to mitigate those savings.

CORPORATE FINANCIAL RISK REGISTER

72. 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. The top risks are summarised below:

- Digital Region - The Council is providing £4m in loans to the Company and as a shareholder carries further rights and responsibilities. The Company's sales are proving slow to take off, leading to changes in the Business Plan and to Contract changes with its private sector partner. The Council faces risks on its direct investment, as well as on guarantee clauses to key contractors, and in a worse case scenario to a share of ERDF grant clawback.
- **Capital Receipts & Capital Programme** - 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** - Bodies whose Pension liability is backed by the Council (e.g. Sheffield Futures) are reaching key decision points which may crystallise the liability resulting in significant cost to the Council.
- **Electric Works** - 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. The business case assumed occupancy levels would increase

from 44% (2009/10) to 79% (2010/11), The actual occupancy levels were 24% (2009/10) and 57% (2010/11), much of the shortfall in income being made up from conference lettings and virtual services. Following a refresh of the financial model, the assumed level for 2011/12 is 68% rising to 78% for 2012/13 - a position which is being closely monitored at monthly board meetings of Electric Works Directors, SCC's Director of Economy and Skills, and the DCX Finance Business Partner.

- **Treasury Management** - The risk that the Council will not get back the money that it deposits with Banks and Financial institutions or that the interest rates received will be materially lower than forecast in the Revenue Budget assumptions.
- **Contract Spend** - 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 quite probably will not be available to the Council's funding streams eg Council Tax and RSG.
- **Building Schools for the Future Programme Affordability** - The £15m affordability gap in the capital programme for the secondary schools estate which must be underwritten by the Council. This requirement has been identified in the Council's Capital Programme.
- **Economic Climate** - 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** - 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, ongoing 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.

- **Housing Regeneration** - There is a risk to delivering the full scope of major schemes such as **Parkhill** and **SW&N** because of the severe downturn in the housing market. The Council has entered into agreements with developers which could trigger termination payments if schemes were to be aborted.

In addition changes in Housing Market Renewal funding are causing funding pressure e.g. on site clearance work and follow on phases such as Arbourthorne.

- **Trading Standards** - There is a risk that it is not possible to recover outstanding contributions from the other South Yorkshire Authorities.
- **External Funding** - 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.
- **Academies & Independent Schools** - Local Authority community schools that choose to become independent academies are entitled, under current DfE finance regulations, to receive a proportion of the local authority's school related central spending budgets. If all of Sheffield's Secondary Schools were to become academies it is estimated that around £5.35 million would be deducted from the authority's central spending budgets and given to the Academies. The risk is that this would leave an inadequate level of funding to maintain the centrally retained school services that support local authority community schools and thus cuts would have to be made to balance the budget.

There are also further potential risks if a school becoming an academy is a PFI school, it is unclear how the assets and liabilities will be transferred to the new academies and whether the authority could be left with residual PFI liabilities.

Where new independent schools (free schools) or Academies are set up and attract pupils from current PFI schools, the funding base available to pay for a fixed long term PFI contract would reduce, leaving SCC with a bigger affordability gap to fund.

It is not yet known which schools will become academies next year. Current indications suggest that all the secondary schools will transfer with potentially some of the larger primary schools.

- **2012/13 Budget Savings** - The level of savings required for a balanced budget in 2012/13 are not achieved.

HOUSING REVENUE ACCOUNT (HRA)

73. The budgeted position for the HRA involves a contribution from reserves of £5.156m. The position at month 5 is that the contribution required is £3.835m: an improvement of £1.321m. This compares to last months position of £3.668m. The main changes in month being in respect of repairs which was a forecast underspend last month and is now forecasting an overspend of £224k.

- Projected overspend in responsive repairs, mainly on vacant property repairs (£224k).
- Increase in subsidy allocation reflecting the changes between the draft subsidy and final subsidy, resulting in increases in management allowances and adjustments to capital financing costs (£483k)
- Underspend on various heads including council tax, projects and pilots (£311k).
- Projected underspend on district heating (£237k).
- Improved bad debt position based on the latest Sheffield Homes delivery action plan (£206k).
- Increase income based on current activity (£308k).

THE CAPITAL PROGRAMME FOR 2011/12

Summary

74. At the end of August 2011, capital expenditure is £23.9m (23%) below profile. The forecast outturn is £18.2m (7%) below the approved capital programme, compared to £16.2m below profile as reported last month. This movement of £2m can be largely attributed to Housing – see paragraph 81 for further details.

Financials 2011/12

All figures reported in £m

<u>Portfolio</u>	Spend to date	Budget to Date	Variance	Full Year forecast	Full Year Budget	Full Year Variance
	£m	£m	£m	£m	£m	£m
CYPF	52.6	63.5	-10.9	155.1	161.0	-5.9
Place	8.9	14.8	-5.9	35.2	44.3	-9.1
Housing	16.1	22.5	-6.3	60.8	62.1	-1.3
Communities	0.0	0.0	0.0	2.4	2.4	0.0
Resources	1.3	2.0	-0.7	2.5	4.3	-1.8
Grand Total	78.9	102.8	-23.9	256.0	274.2	-18.2

Commentary

Children, Young People and Families Programme

75. CYPF capital expenditure is £10.9m (17%) below budget year to date, and the forecast outturn is £5.9m (4%) below profile for the reasons set out in the table below.
76. Since last month, work has been undertaken on the profiling of CYPF's budgeted capital expenditure. Consequently, the variance attributable to incorrect budget profiles has been reduced from £14.8m to £6.1m since last month, which was achieved by making significant in-roads into re-profiling the Building Schools for the Future programme, and leaving just £4.2m of Wave 4 schemes to be re-profiled.

77. The year to date variance on operational delays arises at 3 projects: Bradfield (£2m), Owler Brook (£1.4m) and Extended Schools (£1.4m). Part of the forecast variance relates to two schools (Westfield and Meadowhead) which have opted to source ICT equipment directly rather than through the Authority, resulting in the £2m forecast variance shown in the table below.

Cause of change on Budget	Year to date (£m)	Full Year forecast (£m)
Operational delays in projects due to planning, design or changes in specification	-4.9	-1.4
Revised profile for Building Schools for the Future programme	-4.2	-
Incorrect budget profiles	-1.9	-
Alternative sourcing of ICT contract	-	-2.0
Funding reductions resulting from Building Schools for the Future Review by Partnership for Schools	-	-1.7
Other variances	0.1	-0.8
	-10.9	-5.9

Place Programme

78. The Place portfolio programme (excluding Housing) is £5.9m (40%) below budget year to date, and the forecast outturn is £9.1m (21%) below profile for the reasons set out in the table below.
79. £8.9m of the full year forecasting variance is attributable to schemes where no forecast has been entered by project managers, for instance 3 Local Enterprise Growth Initiative (LEGI) schemes (£6.3m. This issue was identified earlier during the year as a training need which has been partly addressed by a series of Capital Programme briefings throughout August and September. It is expected that the positive outcomes of those briefings will result in more pro-active forecasting by project managers when next month's figures are released.

Cause of change on Budget	Year to date	Full Year forecast
	(£m)	(£m)
Slippage to be carried forward	0.0	-0.4
Operational delays in projects due to planning, design or changes in specification	-1.8	-
Incorrect budget profiles	-1.0	-
No forecast entered by project managers	-	-8.9
Overstatement of budgets	-2.6	-0.2
Underspending on project estimates	-0.1	-0.3
Other variances	-0.5	0.6
	-5.9	-9.1

80. £1m of the year to date variance arises from incorrect budget profiles on 3 schemes: Hutcliffe Wood Mercury Abatement (£0.5m), SCAFP 1B Flood Protection (£0.3m) and Tudor Square (£0.2m).

Housing Programme (Place Portfolio)

81. The Housing capital programme is £6.3m (28%) below budget year to date, and the forecast outturn is £1.3m (2%) below profile for the reasons set out in the table below.
82. Since last month the forecast outturn on the Housing capital programme has been reduced from £61.3m to £60.8m whilst the approved budget has been increased from £59.8m to £62.1m following the approval of a tranche of inclusions and variations which were submitted to Cabinet on 14 September. A further £1.7m of schemes awaiting approval include Decent Homes Heat Metering (£0.7m), North – New Parsons Cross (£0.7m) and Decent Homes Non Estate Properties (£0.4m).

Cause of change on Budget	Year to date	Full Year forecast
	(£m)	(£m)
Slippage to be carried forward	-	-0.2
Operational delays in projects due to planning, design or changes in specification	-0.5	-0.1
Incorrect budget profiles	-4.9	-
No forecast entered by project managers	-	0.1
Projects submitted for Approval	-	1.7
Items under investigation	-	-1.3
Underspending on project estimates	-	-0.5
Other variances	-0.9	-0.9
	-6.3	-1.3

83. The Resources portfolio programme is £0.7m below budget year to date, and the forecast outturn is £1.8m below profile. The Redvers House Workstyle programme of works appears to be £0.5m below profile year to date, however this is due to costs being incorrectly charged to revenue expenditure (which will be transferred to capital for next month). Property & Facilities Management are currently reviewing spend profiles on their service's schemes, and the forecasts will be updated next month. It is anticipated that the shortfall against budget will reduce.

Approvals

New Schemes

Inclusions

Manor Fields – Parks £183k

84. This programme of works will create a leisure amenity within the first phase of the Masterplan for Manor Fields Park, a 25 hectare park in the East Community Assembly area.
85. The scope of the capital works includes a toddler play area, a small community garden/allotment, two informal games areas, a cycle and

walking track, a wetland pond area and lighting columns along one of the key paths through the park.

86. The procurement route for the majority of the project will be Streetforce. The rationale behind this is that they are the in-house service and have first refusal on these works. The exceptions to this procurement route are:
- Signage - a waiver will be sought to use the same artist who has installed a number of distinctive features at the park previously, and;
 - Site furniture and goal ends - At least three competitive quotations will be sought to comply with Sheffield City Council standing orders for items under £25k.
87. The overall project cost is £183k and is funded by three Section 106 agreements.

Highfield Library Refurbishment – Culture & Environment (£330k)

88. The project comprises the general refurbishment of Highfield Library and aims to increase the building's compliance with Disability Discrimination Act (DDA) and Fire Regulations standards. The library has been designated as a long term asset within the Sharrow area accommodation strategy.
89. The project cost is £330k and will be funded from £140k revenue contribution to capital, £130k approved DDA funds and £60k approved fire risk funds.
90. The proposed procurement strategy is for the scheme to be negotiated with Kier Sheffield LLP under the Jobs Compact Initiative, through which process Design & Project Management (DPM) will validate the value for money aspect of the Kier quote. If the conclusion is that the Kier quote does not offer good value, a full tender process will be initiated.

Foster Carers Accommodation – CYPF (£1.2m)

91. The project is an invest to save scheme funded entirely through prudential borrowing to deliver extensions to existing foster carer properties or relocation of foster families to larger properties in order to improve the quality of life for looked after children (LAC) by providing stable placements for more children with existing level 2 Local Authority

foster carers within the city. This improves local placement sufficiency and stability of placements, in line with the Looked After and Adopted Children and Young People Strategy for Sheffield, December 2010. It also improves the opportunities for placing siblings together.

92. This scheme will deliver three benefits:

- Better quality of care for looked after children;
- Increase the capacity of family housing in the city, and;
- Reduced operating costs for the Council.

93. The project acknowledges that 25% of LAC are currently living in independent foster care arrangements, and 34% of those are outside of Sheffield. Through substitution of expensive Independent Fostering Agency (IFA) placements with provision internal to Sheffield LA, the project will produce significant revenue savings for the Council of up to £6m in the first seven years, with ongoing saving projections of approximately £1m per annum thereafter and will deliver a cashflow payback within two years.

Sheltered Housing CCTV – Sheffield Homes (£104k)

94. It is proposed to spend £104k on the installation of new Closed Circuit Television (CCTV) monitoring systems within five separate sheltered housing sites at Eva Ratcliffe House, Holly Bank, Roscoe Court, Cambridge Court and Lytton Court. This scheme has been devised following consultation with local residents who are concerned at the level of anti-social behaviour at these locations.

95. The estimated cost of these works is £104,333, which includes £7,250 of fees for services provided by Design & Project Management and Sheffield Homes. The scheme is fully funded from the Major Repairs Allowance.

96. Due to the specialist nature of the work and the limited amount of funding available, it is considered that to achieve best value a competitive tender based on an evaluation of quality at tender selection stage (through the issue of pre-qualification questions) and price thereafter is the most appropriate procurement option.

Spital Hill Public Art – Place (£79k)

97. The project is for the recruitment of artist(s) and delivery of artworks as an integral part of the public realm improvements to the area. The project includes the recruitment of artists, stone and mosaic sculptures, seating and planting, banners and decorative hoardings.
98. The project cost is £78,500 and is to be funded from Section 106 agreement reference 912 (Tesco at Saville Street / Spital Hill).
99. Open tender is standard procedure in this market and will deliver the best value for money. The services are not available in-house or through Kier Sheffield LLP.

ICT Infrastructure – Communities (£2.2m)

100. The project is for an ICT Infrastructure to improve the quality of care and support for our clients through faster decision making which in turn will help improve service delivery in many areas of Adult Social Care by reducing the number of contact calls a client needs to make.
101. The cost of this project is £2.2m, and it is being funded by Department of Health (£1,763k), Social Care Reform Grant (£127k) and Improvement Management Grant (£351k), all of which has been received by the Authority.
102. In broad terms, the capital investment will be spent on programme management resources (including business analysts, CareFirst developers and subject matter experts who will collaborate in redesigning business processes) at an estimated cost of £1.4m and ICT infrastructure at an estimated cost of £0.8m.
103. The principal strands of ICT infrastructure are as follows:
- Mobile working solutions such as laptops and tablets (£0.3m) which will allow social care workers to spend more time working out in the field;
 - Electronic Document and Records Management System (EDRMS) at a cost of £0.3m which will enable electronic records and scanned paper files to be attached to clients' electronic records;
 - Secure Information Exchange Solution and Workflow (£0.2m) – these two components will facilitate sharing of sensitive

information with a range of social care providers and include the cost of an additional module of CareFirst.

104. This will support estimated revenue budget savings of £13m over the next four years through employee reductions and reduced operating costs.
105. The services are available in-house through BIS/Capita, therefore this is an exclusivity Contract.

Variations in Scope

Fire Risk Assessment – Place (£60k)

106. The 2011/12 forward programme approved £123,121 for the fire risk assessment programme, which is funded entirely from Corporate Resource Pool.
107. It is proposed to transfer £60k to the Highfield Library scheme to improve the building's compliance with fire regulation standards. For further information, refer to the Highfield Library refurbishment inclusion in paragraphs 88 to 90 above.

Edward Street – City Development Division (£194k)

108. Approval is being sought to increase the Edward Street scheme by £194,000 using additional EU funding from VALUE (Valuing Attractive Landscapes in the Urban Environment -Interreg IVB North West Europe) subject to a number of conditions as outlined below. This will result in an overall scheme value of £1,236,665.
109. The additional VALUE funding will be used to pay for work identified through consultation with the local community. This is expected to include:
- floodlighting of the central events space;
 - fixed sports equipment, additional planting, additional public art features, and;
 - costs associated with publicity (site signs, information pamphlets etc.)
110. In order to preserve the financial sustainability of the enhanced amenity, options such as working in partnership with a local community trust are being investigated.

111. Procurement will be via full competitive tender in accordance with the ERDF (European Regional Development Fund) guidelines.

Lowfield U-Mix – CYPF (£43k)

112. The Lowfield U-Mix Project involves the development of a 'state of the art' youth facility that will provide a safe, inviting venue to support young people in making a positive contribution and encourage them to achieve their potential. The scheme of works will provide a new synthetic activity area, new play equipment and improvements to the remaining green space.
113. The original budget was approved on the 23rd March 2011 at £2,686,595, being funded mainly from BIG Lottery grant funding, together with Football Foundation and other smaller contributions. Work is now well underway, but an additional £43,288 is required to finalise toilet and CCTV works necessary to provide a facility that meets business planning, community and external funder requirements. The extra work is primarily funded from a £42.5k Youth Engagement Budget revenue contribution with a further £788 from S106 funding.

Accelerated Spend / Slippage

114. No requests for accelerated spend or slippage have been submitted for approval.

Stage Approvals

Chaucer Public Realm – Place (£501k)

115. The project comprises highway and public realm works along Buchanan Road from the junction with Wordsworth Avenue to the junction with Buchanan Drive.
116. The proposed procurement route is to utilise a full single stage selective tender process to obtain the benefits of the current competitive construction market. Contractors are to be invited and selected from the City Council's approved list of Highways Contractors on Constructionline.

Emergency Approvals

117. Three emergency approvals have been approved since the previous report to EMT in September.

New Decent Homes

118. This is a block allocation of funding to support the elements of the Decent Homes programme which have not been broken down into specific schemes. This was originally approved by Cabinet in February 2011. The block allocation will be reduced to reflect the amounts in the following two schemes: North – New Parsons Cross and Sheltered Heating Work.

North – New Parsons Cross

119. The purpose of this scheme is to carry out work to 67 properties to bring them in line with the Decent Homes standard. This includes installation of kitchens, bathrooms, windows, doors and central heating.

120. The programme is planned to start on 7th October 2011 with tenants expecting work to commence from that date. Delays in the start date will result in work being slipped into the following year, which could affect the 2011/12 Decent Homes targets.

121. The budget for this work is £720,109 for 2011/12, with £662,500 for the contract and £57,609 in fees to Sheffield Homes. This will be funded from Major Repairs Allowance (£266,304) and general capital resources of £453,805.

Sheltered Heating Work

122. This scheme is to install new communal boilers in two sheltered schemes, Westnall House and Lytton Court, which house elderly people; the work needs to be complete before the weather turns cold.

123. Temporary boilers will have to be used for longer than planned if the work is not completed on time and this will incur additional revenue budget costs.

124. Agreement has now been reached on a price of £142,500 with Kier plus £12,391 for Sheffield Homes fees. This will be funded from general capital resources.

Director Variations

125. One director variation has been approved since the previous report to EMT in September.

Sheffield Family Community Garden

126. This is a £6k cost variation to increase the value of the Sheffield Family Community Garden scheme from £109,600 to £115,600. This will enable final infrastructure improvements to be completed at the site. This variation will be funded by Sheffield Change for Life Grant.

Retrospective Approvals

School Kitchens – Hartley Brook (£33k) (cancellation: variation of scope)

127. Three Primary School Kitchens projects at Hartley Brook, Walkley and Carfield are seeking retrospective approval.
128. Hartley Brook needed to be cancelled because the school did not commit early enough for the works to be completed by the funding deadline of 31st August 2011. This released funds of £16.5k which were diverted to Walkley (£5k) and Carfield (£11.5k) in a timely manner to enable completion and enhancement of similar kitchen works before 31st August 2011.

FINANCIAL IMPLICATIONS

129. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2011/12 and, as such it does not make any recommendations which have additional financial implications for the City Council.

EQUAL OPPORTUNITIES IMPLICATIONS

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

PROPERTY IMPLICATIONS

131. 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

132. Members are asked to:
- a. Note the updated information and management actions provided by this report on the 2011/12 budget position.

- b. In relation to the capital programme, Cabinet are asked to:
- (i) Approve the proposed inclusions in paragraphs 84 to 105 and variations in paragraphs 106 to 113.
 - (ii) Approve the retrospective approvals in paragraphs 127 to 128.
 - (iii) Approve the proposed procurement strategy in paragraphs 115 to 116.
 - (iv) Approve an increase of £0.6m in Prudential borrowing in 2012/13 for the Foster Care Homes Project in paragraphs 91 to 93.
 - (v) Note the Emergency Approvals in paragraphs 117 to 124.
 - (vi) Note the Director Variation in paragraphs 125 to 126.
 - (vii) Note the latest position on the Capital Programme.

REASONS FOR RECOMMENDATIONS

133. 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

134. 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
31 October 2011

Table of mitigating savings

APPENDIX 1

The following table details the savings within the original budget which cannot be achieved, and details the alternative action proposed to mitigate those savings.

Portfolio	Saving item	Original saving (£000)	Reason for not being achieved	Mitigating action	Mitigating saving (£000)	Sign off by Cabinet Member
Resources	Various contract and staff reductions		Slippage in implementation of staff reductions due to consultation process	Further reduction in repairs and maintenance to cover shortfall in savings elsewhere		
Resources	Reduction in volume of IT equipment	320	The number of IT items has been reduced but not at the pace	PC refresh (desktop/laptop) changed from 4 to 5 years	320	No
Resources	Staff savings and planned 101 service cost reduction	836	Slippage in timescale of delivering the changes by approximately 4 months	Revised delivery method for City Wide Alarms service and general efficiency savings	836	No
DCX	Withdrawal from annual national subscriptions	187	12 month notice period	Various spending savings, of which 50% have not yet been found	93	No
Communities	Reduction on first line mgt, business support and A&CM staff due to process re-engineering in MH, PDSI and LD services	452	Reviewed saving in light of activity and staffing numbers, level of saving in these 3 areas not achievable	Saving to be found from older peoples services where via review of processes savings could be achieved	321	Yes
Communities	Decommissioning of Kirkhill – Adult Mental Health	150	Currently in discussions with SHSCT the issue is around redundancy costs. The Care Trust have raised that due to other savings and the PCT QIPP the opportunities for redeployment within the service are reduced and it is likely that staff would need to be made redundant - this will impact on the level of saving	Savings identified elsewhere in portfolio (see below)		
Communities	Reducing management and business support posts in Community Learning Disabilities Teams	50	Some of the savings were predicated on co-location of teams which has not yet been achieved. In addition some additional costs as a result of pay protection have reduced the overall level	Savings identified elsewhere in portfolio (see below)		
Communities 07/10/2011	Revise the skills mix of teams	14	Savings reduced due to pay protection issues	Savings identified elsewhere in portfolio (see below)		

Portfolio	Saving item	Original saving (£000)	Reason for not being achieved	Mitigating action	Mitigating saving (£000)	Sign off by Cabinet Member
Communities	Secure effective Learning Disability citizen advocacy and self advocacy services	31	Notice has been given on existing contract however only 6 months saving will be realised	Savings identified elsewhere in portfolio (see below)		
Communities	End of grant aid to Sheffcare	202	Sheffcare have expressed their concerns re the removal of the grant aid and the impact on their financial viability. They are working with us to review this. There is a potential liability around pensions should the company cease to trade	Savings identified elsewhere in portfolio (see below)		
Communities	Joint review with PCT of intermediate care beds provided by Care4You	988	Joint review with the PCT on the whole city intermediate care provision is under way. Due to scale of review it is not anticipated that savings will be made in 20011/12	Savings identified elsewhere in portfolio (see below)		
Communities	SP budget underspend			Negotiation with SP provider has provided greater savings than originally anticipated	1,200	Yes
Communities	Older people and Physical Disabilities purchasing underspends			Additional income from CHC over above budgeted plus additional savings over and above budget savings	1,226	Yes
Place	Waste Management - Saturday black bin / extended day collection	460	Protracted contract negotiations with the Contractor who is renegeing on earlier indications	None identified to date other than normal in year fluctuations in waste costs and recycling materials income.	690	No
Place	Waste Management - Alternative financing of assets	408	As above			
Place	Waste Management – Service reduction in waste recycling centres	393	As above			

Portfolio	Saving item	Original saving (£000)	Reason for not being achieved	Mitigating action	Mitigating saving (£000)	Sign off by Cabinet Member
CYP	To offset current overspend	2,252		Savings across the Portfolio in the areas of supplies and services and other discretionary spend (please note this is not reflected in the present forecast outturn).	500	TBC
CYP	To offset current overspend			Vacancy Management including restructuring of Business Support Service and review of all agency staffing to be discussed from September onwards, this requires the agreement of PLT.	300	TBC
CYP	To offset current overspend			Eligible grant expenditure to be set against cash limit pressures.	1,000	Yes
CYP	To offset current overspend			£50k reduction in the cost of Contact Services and £150k staffing costs to be charged against grants in Children and Families.	200	Not required
Total		6,743			6,686	