REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 31 DECEMBER 2013

Purpose of the Report

1. This report provides the Month 9 monitoring statement on the City Council's Revenue Budget and Capital Programme for December 2013. The first section covers Revenue Budget Monitoring and the Capital Programmes are reported from paragraph 90.

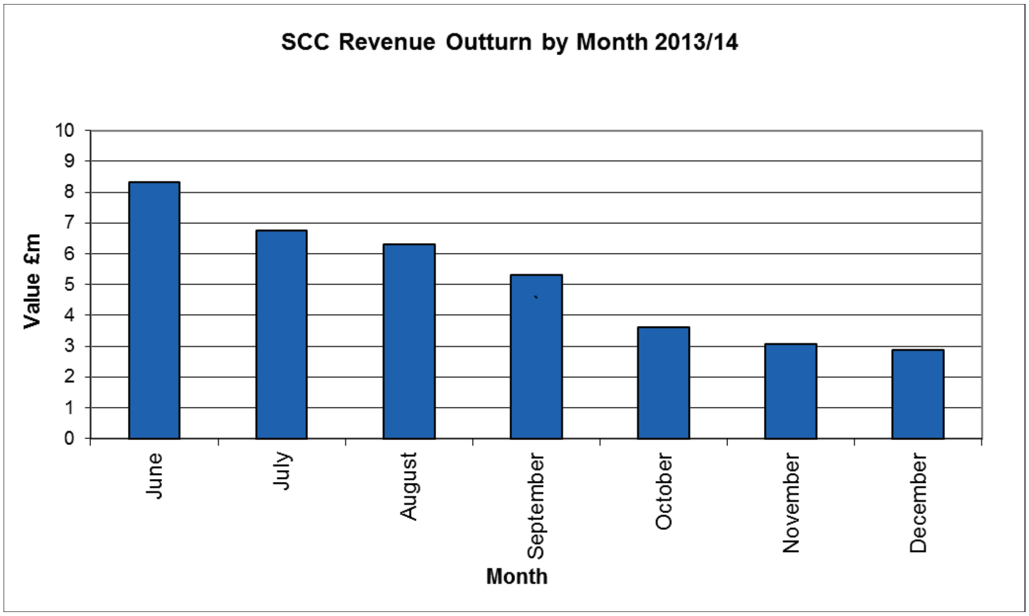
Revenue Budget Monitoring

Summary

2. The budget monitoring position at month 8 indicated a forecast overspend of £3.1m, based on expenditure incurred to date and forecasted trends to the year end. The latest monitoring position at month 9 shows a forecast overspend of £2.9m to the year end: i.e. a forecast improvement of £202k since last month. This is summarised in the table below:

Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 8
CYPF	88,621	88,645	(24)	⇔
PLACE	181,044	180,592	452	⇔
COMMUNITIES	182,928	173,103	9,825	⇩
POLICY, PERFORMANCE & COMMUNICATION	2,680	2,611	69	⇔
RESOURCES	63,370	64,674	(1,304)	⇔
CORPORATE	(515,755)	(509,625)	(6,130)	⇔
GRAND TOTAL	**2,888**	**-**	**2,888**	⇩

3. The forecast outturn shows a reducing overspend from the £8.3m overspend reported in month 3 to £2.9m in month 9. This improvement reflects Portfolios attempts to reduce spending but also the use of one-off grants to offset the significant pressures within the Communities portfolio. Further work is being undertaken to deliver a balanced position at year end. The position month by month is shown in the following chart.



4. In terms of the month 9 overall forecast position of £2.9m overspend, the key reasons are:

- Place are showing a forecast overspend of £452k, due to an estimated £204k associated with contract negotiations to deliver the waste management savings, additional forecast costs within commercial estate of £209k, a reduction in anticipated markets income of £328k caused mainly by low rental levels at the old Castle Market and a potential deficit arising from difficult trading conditions within Sheffield International Venues of £800k. These overspends are partly offset by reductions in forecast spend on the contract and street lighting costs within the Highways Department of £821k, savings on Local Growth Funded Projects of £205k and a reduction in spending across the Culture and Environment Service of £300k.
- Communities are showing a forecast overspend of £9.8m, due predominately to a £7.9m overspend in Care and Support relating to Learning Disability Services and the purchase of Older People's care and a £3.0m overspend on Mental Health purchasing budgets.
- Resources are showing a forecast reduction in spending of £1.3m, due to £1m savings on the housing benefits subsidy adjustments, £1m of insurance fund savings and £239k reduction in spending within the Finance Service as a result of early staff savings for the 2014/15 budget. These savings are partly offset by reduced income from project recharges of £335k and a £400k provision for EU grant clawback within Business Information Solutions, £152k of unfunded

E-Business project costs and a £109k overspend within HR on employee costs.

- Corporate budgets are showing a forecast reduction in spending of £6.1m, due predominantly to savings against the redundancy budget of £2m and the receipt of additional grant income totalling £3.7m.

5. The key reasons for the movement from month 8 are:

- Communities are forecasting an improvement of £185k, due mainly to £113k reduction in the amount paid to Sheffield Health and Social Care Trust in respect of the Mental Health Contracts.

Individual Portfolio Positions

Children Young People and Families (CYPF)

Summary

6. As at month 9 the Portfolio is forecasting a reduction in spending of £24k which is consistent with the month 8 position and is shown in the table below. The DSG forecast is an overspend of £197k, an improvement of £125k from the month 8 position. The key reasons for the forecast outturn position are:

- **Business Strategy:** £159k forecast reduction in spend, due to a £369k forecast overspend in Children's Public Health, offset by increased income of £630k on the Education Services Grant (ESG).
- **Children and Families:** £86k forecast reduction in spend, which includes £387k forecast overspend in legal fees, £322k forecast overspend on residential homes, £50k overspend in Adoption, £142k overspend in Fostering, £361k forecast reduction in spend on fieldwork services, £314k forecast in spend on Early Years and £119k forecast reduction in spend on Placements.
- **Inclusion and Learning Services:** £200k forecast overspend, due to £115k forecast overspend on faith travel passes, £257k forecast overspend on travel passes due to an increase in demand. Offset by a forecast reduction in spend of £39k in the Learning and Achievement Service and a forecast reduction in spend of £37k in Inclusion and Targeted Services.
- **Lifelong Learning, Skill and Communities:** £22k forecast overspend, due to a forecast overspend of £62k in the 14-19 Service, offset by a forecast underspend of £44k in Strategic Support.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 8
BUSINESS STRATEGY	6,372	6,531	(159)	⇔
CHILDREN & FAMILIES	65,477	65,563	(86)	⇔
INCLUSION & LEARNING SERVICES	4,973	4,774	200	⇔
LIFELONG LEARN, SKILL & COMMUN	11,799	11,777	22	⇔
GRAND TOTAL	**88,621**	**88,645**	**(24)**	⇔

Commentary

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

Non DSG Budgets

8. As at month 9, the overall position for Children and Families is consistent with the month 8 position. However, the Early Years budgets have improvement by £158k from the month 8 position to a forecast reduction in spend of £314k. This is due to the early implementation of the 2014/15 savings in Early Years.

DSG Budgets

9. As at month 9, DSG is forecast to overspend by £197k, an improvement of £125k from the position reported at month 8. The only significant movement to report in DSG is an improvement of £89k in LLSC in Post 16 High Needs Funding, to give a forecast reduction in spend of £89k. This is due to reduction in spends being identified to offset the shortfall on EFA income for High Needs of £300k.

Place

Summary

10. As at month 9 the Portfolio is forecasting a full year outturn of £452k overspend, an improvement of £206k from the month 8 position. The key reasons for the forecast outturn position are:

- **Business Strategy & Regulation:** £204k overspend due to 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.
- **Capital & Major Projects:** £638k overspend largely arising from cost and income pressures within the markets service of £328k and additional forecast costs within commercial estate for professional services of £209k.

- **Culture & Environment:** £516k overspend due to the forecast including provision for a potential deficit arising from difficult trading conditions within Sheffield International Venues (SIV), offset to some extent by savings across the overall Culture and Environment service area.

- **Regeneration & Development Services:** £955k reduction in spending largely due to reductions in forecast spending on contract and street lighting costs within the Highways Department of £821k and Local Growth Funded Projects in Sustainable Cities of £205k.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 8
BUSINESS STRATEGY & REGULATION	29,537	29,333	204	⇩
CAPITAL & MAJOR PROJECTS	1,437	799	638	⇔
CREATIVE SHEFFIELD	3,654	3,662	(8)	⇔
CULTURE & ENVIRONMENT	54,699	54,183	516	⇔
MARKETING SHEFFIELD	971	915	56	⇔
PLACE PUBLIC HEALTH	0	0	0	⇔
REGENERATION & DEVELOPMENT SER	90,744	91,699	(955)	⇔
GRAND TOTAL	**181,044**	**180,592**	**452**	⇔

Commentary

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

Business Strategy & Regulation

12. The current forecast for this activity is £204k overspent, an improvement this period of £243k. The improvement this period arises from a reduction in the forecast cost of waste management reflecting lower volumes of activity to date of £113k and a number of small cost reductions across the overall service area or £91k.

13. The key risk remains securing agreement with the Contractor to deliver the full £2.1m waste management savings included in the 2013/14 Budget. Negotiations are on-going with a view to seeking resolution.

Communities

Summary

14. As at month 9 the Portfolio is forecasting a full year outturn of £9.8m overspend, an improvement of £185k from the position in November. The key reasons for the forecast outturn position are:

- **Business Strategy:** Forecast reduction in spend against budgets of £290k. Executive and Portfolio-Wide Services report a forecast £55k reduction in spend mainly due to reduction in pay costs but also due to some restrictions on non-pay expenditure. Improvement and Development Services report a forecast £94k reduction in spend due to holding of staff vacancies. Quality and Safeguarding is forecasting reduction of spend of £141k mainly due to reduced costs of the Moorfoot Learning Centre.
- **Care and Support:** Significant overspend forecast of £7.9m. 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 2012/2013 activity, and continued growth in 2013/2014 offset by action and interventions implemented to date. This position includes the use of the corporate contingency, identified in the budget process, for Adult Social Care.
- **Commissioning:** a forecast £2.2m overspend due to: Mental Health (MH) Commissioning Service forecasting an overspend of £3.0m, mainly as a result of an overspend in MH Purchasing Budgets due to an increase in the number of people coming to us for care provision (predominantly using Self Directed Support Personal Budgets). Housing Commissioning is reporting a reduction in spend of £607k mainly on the Housing Related Support Programme (formerly Supporting People). Social Care Commissioning is reporting a reduction in spending of £245k as a result of termination of third party contracts, maintaining staff vacancies and restrictions on non-pay spend.

15. There are a range of actions being taken to reduce the forecast over spends in Communities. These include:

- Tight control over all spending.
- Holding staff vacancies open where they are not absolutely necessary to deliver safe and effective services.
- Providing direct support to help people maintain and regain their independence.
- Making sure that we have an up-to-date understanding of peoples eligible needs, and that these needs are met in the most cost effective way.
- Making sure that costs are not transferred to the Council as a result of decisions taken by other organisations.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 8
BUSINESS STRATEGY	10,956	11,246	(290)	⇔
CARE AND SUPPORT	124,698	116,820	7,878	⇔
COMMISSIONING	36,759	34,565	2,194	⇩
COMMUNITY SERVICES	10,515	10,473	43	⇔
GRAND TOTAL	**182,928**	**173,103**	**9,825**	⇩

Commentary

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

Commissioning

17. A forecast £2.2m overspend – an improvement of £118k largely due to a virement increasing the Care purchasing budget by £113k which reduces the amount paid to Sheffield Health and Social Care Trust in respect of the Mental Health Contract.

Resources

Summary

18. As at month 9 the Portfolio is forecasting a full year outturn of a reduction in spending of £1.3 million, an adverse movement of £84k from the month 8 position. The key reasons for the forecast outturn position are:

- **Business Information Solutions:** £898k overspend due in the main to reduced income from project recharges of £335k and £400k of EU grant claw back.
- **Commercial Services (savings):** £152k overspend due to E-Business project costs of £245k offset by vacancy management savings and surplus cashable savings.
- **Human Resources:** £109k overspend due to forecast overspend in employee costs due to delayed MER.

Offset by:

- **Housing Benefit:** £999k reduction in spending.
- **Central Costs:** £1.1m reduction in spending owing to a transfer of £1m from the Insurance Fund.
- **Finance:** £239k reduction in spending due to vacancy management.

- **Transport & Facilities Management:** £129k reduction in spending mainly from an increase in income from the school minibus service.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 8
BUSINESS INFORMATION SOLUTIONS	1,668	770	898	⇧
COMMERCIAL SERVICES	790	638	152	⇔
COMMERCIAL SERVICES (SAVINGS)	(820)	(820)	0	⇔
CUSTOMER FIRST	3,117	3,117	0	⇔
CUSTOMER SERVICES	2,736	2,711	25	⇔
FINANCE	1,948	2,187	(239)	⇔
HUMAN RESOURCES	1,790	1,681	109	⇔
LEGAL SERVICES	5,189	5,265	(76)	⇔
RESOURCES MANAGEMENT & PLANNING	1,240	1,219	21	⇔
TRANSPORT AND FACILITIES MGT	32,595	32,724	(129)	⇔
TOTAL	50,253	49,492	761	⇧
CENTRAL COSTS	13,114	14,180	(1,066)	⇔
HOUSING BENEFIT	3	1,002	(999)	⇔
GRAND TOTAL	**63,370**	**64,674**	**(1,304)**	⇔

Commentary

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

Business Information Solutions

20. A forecast £898k overspend. This is an adverse movement of £212k from the previous month. The adverse movement this month is due to an additional provision of £200k taken this month in respect of EU grant claw back for historic European projects within BIS. This has been raised previously as a financial risk.

Human Resources

21. A forecast £108k overspend. This is an improvement of £95k from the previous month. The improvement this month is due to:

    - £68k of income from Capita to cover the cost of Occupational Health service to schools which had previously been credited to the HR Capita business unit but has now been transferred.

    - £27k Improvement in the position of the Capability and Development business unit following the transfer in of the Moorfoot Learning Centre (previously Brockwood) from Communities, which is forecasting a surplus.

Policy, Performance and Communications

Summary

22. As at month 9 the Portfolio is forecasting a full year outturn of an overspend of £69k, an adverse movement of £46k from the month 8 position. The key reasons for the forecast outturn position are:

- £100k overspend in Electoral registration due to the costs of canvas staff and IT support costs.
- £34k over spend in CEX office due to unbudgeted LGYH subscription costs paid in month 7.
- £63k overspend in Communications due to forecast under achievement of income.

Offset by:

- Reductions in spend in Business Support of £73k, Equalities and Involvement of £22k and Policy & Improvement of £33k due to vacancy management and reductions in spending on training.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 8
ACCOUNTABLE BODY ORGANISATIONS	0	0	0	⇔
POLICY, PERFORMANCE & COMMUNICATION	2,815	2,746	69	⇔
PUBLIC HEALTH	(135)	(135)	0	⇔
GRAND TOTAL	**2,680**	**2,611**	**69**	⇔

Corporate items

Summary

23. The month 9 forecast position for Corporate budgets is a £6.1m reduction in spending which is consistent with the month 8 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	55,052	57,443	-2,391
Savings Proposals	-450	-450	0
Income from Council Tax, RSG, NNDR, other grants and reserves	-566,956	-563,217	-3,739
Total Corporate Budgets	**-512,354**	**-506,224**	**-6,130**

24. Corporate Budget items are showing a forecast reduction in spending of £2.4m, due mainly to the reassessment of the budget requirement for redundancy cost of £2m, other miscellaneous income of £258k 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. This forecast in consistent with the month 8 position.

25. Additional income accounts for the remaining £3.7m underspend. This additional income includes a £1.1m RSG refund, £1.4m LACSEG refund, £271k additional Council Tax Freeze grant, and two un-ringfenced grants including £947k adoption grant and £98k from the Department of Health (DoH). This forecast in consistent with the month 8 position.

Collection Fund

26. 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**

27. 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 the Council retain the remaining 49%.

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.

Summary

29. Since the forecast position at quarter two was reported, further work has been undertaken as part of the 2014/15 budget process to more accurately assess whether there will be a surplus or deficit on the Collection Fund at the year end.

30. The Council is required by law to report to the major precepting authorities (i.e. Police & Fire) the Collection Fund estimate no later than 15 January 2014. This declaration to the major precepting authorities focuses on the forecast outturn for 2013/14 on Council Tax and Business Rates. There are three possible scenarios for the Council, depending on whether the Collection Fund is expected to be in surplus, in deficit or balanced.

31. If the Collection Fund is expected to be in surplus, the Council accounts for its share of the surplus as additional income in the 2014/15 General Fund revenue budget, effectively supplementing next year's share of Council Tax, Business Rates and Revenue Support Grant.

32. If the Collection is expected to be balanced, there is no impact on the 2014/15 revenue budget. However, if a deficit position is expected, the Council must account for its share of the deficit as a deduction from the total income described in the previous paragraph.

33. Furthermore, the Council is required to submit a formal return known as the NNDR1 to the Department for Communities and Local Government (DCLG) no later than 31 January 2014. The NNDR1 is exclusively concerned with Business Rates, both in terms of the forecast outturn for 2013/14 and in respect of the forecast for 2014/15. Further information on the Business Rates forecast for 2014/15 can be found in the 2014/15 revenue budget report.

34. As at the end of quarter three, the collection fund is forecasting a surplus of £199k at year end. The breakdown of this surplus between Council Tax and Business Rates is shown in the table below. This forecast position is £301k less than the £500k council retained share reported at quarter two. This is due to the effect of mandatory reliefs from the new University campus and the increase in businesses seeking charitable relief.

Income Stream	2013/14 Budget £m	Amounts Collected Year to Date £m	Forecast Year End Position £m	Forecast Year End Surplus £m
Council Tax	164.2	135.9	164.4	0.2
Business Rates Locally Retained	95.3	91.1	95.3	0.0
TOTAL	**259.5**	**227.0**	**259.7**	**0.2**

Business Rates

35. 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 2013/14 budget for business rates income.

Collection Fund - Business Rates	Budget 2013/14 £m	Forecast Year End Position £m	Variance £m
Gross Business Rates income yield	(245.5)	(245.5)	0.0
LESS Estimated Reliefs	33.0	33.8	0.8
Losses and Cost of Collection	3.3	2.5	(0.8)
Losses on Appeals in Year	3.2	6.0	2.8
Provision for Future Appeals	11.6	8.8	(2.8)
Net Business rates	**(194.4)**	**(194.4)**	**0.0**
Apportionment of net business rates:			
Sheffield City Council	(95.3)	(95.3)	0.0
SY Fire Authority	(1.9)	(1.9)	0.0
Government	(97.2)	(97.2)	0.0
Total Apportionment	**(194.4)**	**(194.4)**	**0.0**

Gross Rate Yield

36. 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.

37. The rateable value of the city has decreased in quarter three compared to budget. This is due to reductions in the ratings list for schools of £160k and a hotel in the city of £70k.

38. It is currently anticipated that the Moor Markets will be entered into the ratings list in March, with first bills being issued in April. Anticipated potential income from the Moor Markets is estimated to be in the region of £350k.

39. Business rates growth is anticipated in quarter four in the region of £400k due to additional revenue from banking ATMs.

40. There are potential increases in the business rates base in the future due to development in the city, but the precise level and timing of any additional receipts is uncertain at the present time.

41. This is being monitored closely and will be reported in future budget monitoring reports.

Reliefs and Discounts

	Budget 2013/14 £m	Year to Date Quarter three £m	Forecast Year-End Outturn £m	Variance £m
Small Business Rates Relief	6.1	6.0	6.1	0.0
Mandatory Charity Relief	16.2	16.3	17.0	0.8
Discretionary Relief	0.6	0.4	0.6	0.0
Empty Property / Statutory Exemption	9.0	9.1	9.1	0.1
Partly Occupied Premises Relief	1.1	0.5	1.0	(0.1)
	33.0	**32.3**	**33.8**	**0.8**

42. 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 three quarters amounts to £32.3m which is below the £33m assumed in the budget. However, actual reliefs are forecast to rise to £33.8m by the end of the year.

43. Mandatory charity relief is forecast to exceed budget by £0.8m, primarily due to a new university building which will qualify for mandatory relief. In addition to this, the number of organisations registered as charitable claiming relief has increased since the budget was set. If successful these will have a significant impact on the anticipated year end outturn.

44. 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.

45. 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

46. The 2013/14 Council budget anticipates £3.2m of refunds in year resulting from appeals. The budget also includes a provision for £11.6m future appeals against bills that have already been issued 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.

47. So far in year the Council have paid out £2m refunds as a result of appeals but this is expected to rise to £3.2m by year end.

48. Appeals are notoriously difficult to forecast due to the lack of available information. The £3.2m forecast is based on historical trend analysis and this will continue to be monitored throughout the year. The Valuation Office Agency have recently provided a large amount of data on appeals and work is underway to analyse this to help inform the appeals figures in future forecasts.

Collection Rates

49. 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 three stands at £186m or 87.5% of the NCD (£91.1m retained share).

50. The collection rate was 85.5% at the same point in 2012/13 and so considering difficult economic conditions we are well placed to achieve budgeted levels of collection. This is mainly due to a reduction in the NCD of a substantial property which is now exempt from charge.

Losses and Cost of Collection

51. Write offs to date amount to £1.9m. This is forecast to increase to £2.6m which will bring us in line with the budgeted figure for Losses and Cost of Collection.

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

Overall Forecast Outturn for Business Rates

53. Bringing together the elements identified above results in a balanced position compared to budget. However, given the inherent uncertainty

around appeals and reliefs, no assumptions should be made at this stage about availability of resources in 2014/15.

Council Tax

54. 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.

55. At quarter three, the overall number of exemptions currently awarded is 11,000, which is below 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.

56. At the end of quarter three, the number of discounts awarded is 91,000, which is at budgeted levels (the vast majority of these are Single Person Discounts). This is in line with expectations for this point in the year.

Collection Rates

57. This year the Government made a cut to the council's funding for Council Tax Support of £5.5 million, This cut has resulted in working age people on the lowest incomes in the city having to pay council tax for the first time and it has been much harder to collect this money than the collection of council tax generally. However, outside of this change collection levels are consistent with previous years and recently published figures show that collection rates in Sheffield are typical of other Core Cities.

Overall Forecast Outturn for Council Tax

58. The forecast shows that outturn will be £199k higher than the original budget. Reasonable forecasts have been included for exemptions yet to be awarded and the overall collection rate and will be closely monitored for material movement.

Local Growth Fund

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

LOCAL GROWTH FUND

		£m
Income	Reserves as at 31/03/13	-3.0
	13/14 NHB Grant	-4.6
	Earned Future NHB Grant	
	Total Income	-7.6
Expenditure	13/14 Spend to date at Month 9	1.9
	Forecast to Year End	2.4
	Future Years' Commitments	4.4
	Total Expenditure	8.7
	Funding Requirement	**1.1**

60. Considerable spend of £250k in the period on the Spital Hill/Ellesmere Green public realm improvements as this project gets underway. Future commitments have increased £100k following the slippage in the demolition of the non-listed parts of the SYPTE building. This will now be progressed with the contract for the demotion of Castle Market in order to secure better value for money.

Housing Revenue Account

61. As at month 9 the full year outturn position is a forecast in-year surplus of £10.2m. At this stage, this represents a projected improvement of £4.3m from the revised budget. 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.

62. The main reason for the variation in the overall improved position reported above relates to a predicted reduction in capital financing costs of £2.5m. This is primarily a result of reduced interest costs arising from the Councils on-going active Treasury Management Strategy.

63. Now that that 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.

Other main areas contributing to the projected improvement include a revised forecast re-service charge income of £418k and Other Income of £68k totalling £486k; £184k forecasted reduction in spend on repairs and a £2.1m forecasted reduction in running costs mainly as a result of staff vacancies and various underspends on other budget heads. This is offset by a forecast increase of £684k in the cost of Council Tax on vacant properties and provision for rent arrears and a £298k reduction in overall rental income.

Housing Revenue Account	FY Outturn £000's	FY Budget £000's	FY Variance £000's
1.RENTAL INCOME	(142,281)	(142,579)	298
2.OTHER INCOME	(5,247)	(4,762)	(486)
3.FINANCING	52,098	54,581	(2,483)
4.OTHER CHARGES	3,848	3,164	684
5.REPAIRS	32,908	33,092	(184)
6.TENANT SERVICES	48,476	50,647	(2,171)
Grand Total	(10,198)	(5,857)	(4,341)

Community Heating

64. The budgeted position for Community Heating is a draw down from Community Heating reserves of £670k. As at month 9 the forecast position is a draw down from reserves of £228k resulting in a reduction in spending of £443k. This is largely due to a revised forecast to reflect lower expenditure on gas and a reduction in the number of vacant properties.

COMMUNITY HEATING	**FY Outturn £000's**	**FY Budget £000's**	**FY Variance £000's**
INCOME	(3,531)	(3,548)	17
EXPENDITURE	3,759	4,218	(459)
Grand Total	**228**	**670**	**(443)**

Year to Date

65. We are constantly challenging Services to review budgets and budget profiles so that there is a clearer relationship between the position to date and the forecast outturn.

Corporate Financial Risk Register

66. 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.

Corporate

Medium Term Financial Position

67. In the future the Council's financial position will be significantly determined by the level of Business Rates and Council Tax income. Each of these may be subject to considerable volatility and will require close monitoring. Based on the Spending Review in June, the funding position is especially difficult from April 2015 and will require a focus on delivering economic growth to increase our income and on delivering outcomes jointly with other public sector bodies and partners.

Pension Fund

68. Following the triennial valuation of the South Yorkshire Local Government Pension Scheme, current estimates are that the increase required in 2014/15 for deficit payments may be over £12m (in addition to the £5m which has already been assumed in the Medium Term Financial Strategy) on top of £3.6m for ongoing pension costs i.e. £17m in total. Negotiations with SYPA are continuing as this figure is something of a surprise to all South Yorkshire Councils. In addition, a surplus on the Kier pension pot set up to manage pension risk may be available at the contract end to smooth the impact to some extent.

69. 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.

Contract Spend

70. 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

71. There is potential for current adverse economic conditions to result in increased costs (e.g. increased homelessness cases) or reduced revenues.

72. The Council seeks to maintain adequate financial reserves to mitigate the impact of unforeseen circumstances.

Trading Standards

73. 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

74. The Council utilises many different grant regimes, for example central government and EU. Delivering projects that are grant funded involves an element of risk of grant claw back where agreed terms and conditions are not stringently adhered to and evidenced by portfolios. Strong project management skills and sound financial controls are required by project managers along with adherence to the Leader's Scheme of Delegation in order to minimise risk.

Treasury Management

75. The ongoing sovereign-debt crisis continues to subject 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 risk that the Eurozone crisis will impact upon the UK's recovery and would in turn lead to higher borrowing costs for the nation. Whilst this is still a possibility, the UK recovery is beginning to take hold and the associated risk is beginning to ease.

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

77. Over the next few months, we will be developing the Treasury Management and Investment Strategies, as part of the 2014/15 budget process, and will be discussing our risk appetite with members and senior officers as part of this process. This will include a review of our counter-party risk to ensure it is reflective of the relative risks present in the economy without being unduly conservative for the improving UK economic position.

78. The Co-op Bank have notified us that they will be withdrawing from the Local Authority banking market with effect from the ending of their contract with us, which is due to end in March 2015. Despite the well-publicised issues with the bank, we do not believe, given the above timescales, there is anything preventing a full and proper tender process

being undertaken. Work has begun to scope our requirements in preparation for the tender process.

Welfare Reforms

79. 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 with a local scheme of Council Tax Support from April 2013. The Council approved the replacement scheme, based on the reduced funding available from Government, and set up a hardship fund in January 2013, but there are risks to council tax collection levels and pressures on the hardship fund which are being closely monitored.
- **Housing Benefit changes:** there have been a number of changes, including the implementation of the ‘bedroom tax’, from April 2013 where the impacts are that a significant number of claimants are now receiving fewer benefits, thereby impacting on their ability to pay rent.
- **Introduction of Universal Credit:** originally scheduled from October 2013 but now delayed, awaiting further update from DWP who will administer it. 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.

Children, Young People and Families

Education Funding

80. In 2013/14 it is anticipated that 29 of the Council’s maintained schools will become independent academies (24 primary / 5 secondary). To date 10 primary schools and 2 secondary schools have converted in 2013/14. 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 £1.75m of DSG funding will be deducted from the Council and given to academies to fund support services.

- up to £2.62m will be deducted from the Council's DCLG funding, under the new 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 £545k 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.

Communities

NHS Funding Issues

83. 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.

84. 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, but there are risks to programme delivery at the same time as delivering funding cuts.

Resources

Digital Region

85. At the time of making the decision to close the company and migrate its business (including the Council's) to other networks, the cost to the shareholders was estimated at £83.3m, with SCC's share of this being £14.3m. This was a lower cost than the likely cost of continuing with the procurement and also less risky. The SCC cost of £14.3m is within the

amount of money set aside to cover DRL costs in the 2012/13 accounts (£15m was set aside).

86. All these figures were based on estimates and some costs cannot be firmed up until existing contracts are terminated and negotiations on new ones commence. However, since the decision was made to close, progress has been good and costs now look like they will come in lower than was estimated. The key issue remaining is that value may result from a sale of the assets and whether that reintroduces risk.

Electric Works

87. 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.

88. A full review of the options for the future is underway and will be reported to Members as soon as possible.

Housing Revenue Account

Housing Revenue Account (HRA)

89. 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.
- **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

90. At the end of December 2013, the end of year position shows a variance of £13.4m compared to the Month 8 variance which was £22.4m below budget. This is an improvement of £9.0m on the previous month which is attributable to improvements in the level of forecasting and subsequent slippage requests which have been approved by the Cabinet Member for Finance.

91. Analysis of the revised forecasts shows that whilst considerable progress has been made further reductions in both the budget and forecast are required to ensure an accurate year end estimate of spend. The basis for this assertion is:

- The actual spend at the end of month 9 is £76.1m which is £12.1m (14%) below budget; and
- The forecast capital spend for 2013/14 at £120.4m is £5.6m above that delivered in 2012/13 but the current rate of spend is below that seen last year.

92. In order to achieve the forecast level of spend a substantial turnaround in performance across all programmes is required. Given the current rate of spend, which is averaging around £7– 8.5m per period, and allowing for expected increases in some Highways programmes such as Streets Ahead and Better Buses, an outturn in the range of £100 – £120m looks a more likely year end position with the final position being closer to £100m rather than £120m. Finance continues to challenge unrealistic project manager forecasts and the necessary adjustments will be brought forward for approval in future reports.

93. Capital Programme Group continues to challenge the delivery plans from Project Managers when submitting requests to include new projects in the programme. Similarly, slippage requests must show a credible, revised programme rather than be an attempt to roll over unused budgets. Several submissions have failed these tests and been rejected. A revised Capital Delivery process has been agreed and the performance monitoring changes necessary to improve delivery is being discussed with stakeholders.

Financials 2013/14

Portfolio	Spend to date £000	Budget to Date £000	Variance £000	Full Year forecast £000	Full Year Budget £000	Full Year Variance £000
CYPF	19,393	21,873	(2,480)	31,089	32,198	(1,109)
Place	16,639	17,593	(953)	20,479	25,568	(5,089)
Housing	29,282	31,123	(1,842)	43,398	46,494	(3,096)
Highways	3,785	7,559	(3,774)	11,734	12,133	(399)
Communities	686	967	(280)	1,370	1,927	(557)
Resources	6,301	9,039	(2,739)	12,359	15,551	(3,192)
Grand Total	**76,086**	**88,154**	**(12,068)**	**120,429**	**133,871**	**(13,442)**

Commentary

94. The outturn forecast is £13.4m (10%) below the budget. This is a favourable movement of £9.0m on last month. The main reason for this improvement is due to slippage requests which have now been approved. The main programmes which contribute to this are CYPF £6.3m and Housing £3.0m.

95. The table below shows that the improvement in defining a realistic budget continues. The revised budget for the year of £133.9m is £16.7m below the position at Month 8 after additions and variations of £1.5m.

Capital Programme

	2013-14 £m	2014-15 £m	Future £m	Total £m
Month 8 Approved Budget	150.6	91.6	236.7	478.9
Additions	1.5	0.8		2.4
Improved accuracy of the Budget	-6.9	0.9		-6.0
Slippage	-11.3	11.3		0
Month 9 Approved Budget Request	133.9	104.6	236.7	475.2

96. The variation in the year to date position of £12.1m arises mainly from operational delays £7.7m, projects awaiting approval £4.3m, and slippage of £1.2m. The operational delays are due to lengthy contract negotiations on the Fisk Risk Assessment project of £800kk, delays in the New Primary Schools of £2.2m and £300k on the Foster Carer Housing Enhancement. A further £2.4m on the BRT North project is due to delays in land purchases and specialist materials required for the Supertram crossing – both of which should complete in January.

97. The improvement in the year-to-date variance on Month 8 of £11m (it was £23.1m below budget at Month 8) is due mainly to CYPF. This is a combination of reducing the budget to reflect saving reductions and increased levels of spending across the BSF programme.

98. The forecast for the year shows that all portfolios are below profile against the approved programme. The key variances are detailed below:

- **CYPF:** £1.1m (3%) below budget this is due mainly to £800k of savings and or slippage across the Primary Prioritisation programme.
- **Place:** £5.1m (20%) below budget of which £3.1m relates to the Westfield Sports Village project which has been cancelled due to difficulties with the securing the funds from the Football Association. A formal request has already been submitted and is due to be approved at cabinet on the 19th February.
- **Housing:** £3.1m (7%) below budget of which £2.4m relates to a under spend on the environmental improvement programmes at South West Abbeybrook, South East and North New Parson Cross. On all 3 schemes the estimates put forward by the contractor were over estimated by around 400 heating installations.
- **Resources**– £3.2m (20%) below budget of which £1.4m relates to projects have slipped behind schedule and into future years.

99. Further detail can be found below in the following sections.

Commentary

Children, Young People and Families Programme

100. CYPF capital expenditure is £2.5m (11%) below the profiled budget for the year to date and forecast to be £1.1m (3%) below the programme by the year end for the reasons set out in the table below.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	-440	0
Slippage on Devolved Budgets	0	0
Operational delays in projects due to planning, design or changes in specification	-3,448	0
Revised profile for Building Schools for the Future programme	288	0
Incorrect budget profiles	229	0
No forecast entered by project managers	0	200
Underspending on project estimates	2,530	-660
Other variances	-1,639	-649
	-2,480	-1109
Spend rate per day	101.5	122.4
Required rate to achieve Outturn	185.7	
Rate of change to achieve forecast	82.9%	

Place Programme

101. The Place portfolio programme (excluding Housing and Highways) is £953k (5%) below the profiled budget for the year to date and forecast to be £5.1m (20%) below the programme by the year end for the reasons set out in the table below.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	-564	0
Operational delays in projects due to planning, design or changes in specification	-384	0
Incorrect budget profiles	-3,230	0
No forecast entered by project managers	0	-1,008
Projects submitted for Approval	106	-3,143
Overspending on project estimates	296	296
Other variances	2,822	-1234
	-953	-5089
Spend rate per day	87.1	80.6
Required rate to achieve Outturn	60.9	
Rate of change to achieve forecast	-30.0%	

Transport and Highways Programme (Place Portfolio)

102. The main reason for the year to date variance relates to operational delays expected on the BRT North project, this is due to delays in land purchases and specialist materials required for the Supertram crossing. The first land purchase and Supertram infrastructure works should be completed in January

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	0.0	-83.5
Operational delays in projects due to planning, design or changes in specification	-3141.0	0.0
Incorrect budget profiles	-132.5	0
Projects submitted for Approval	0	-132.5
Overspending on project estimates	342.2	95.3
Other variances	-843	-278
	-3,774	-399
Spend rate per day	19.8	46.2
Required rate to achieve Outturn	126.2	
Rate of change to achieve forecast	536.6%	

Housing Programme (Place Portfolio)

103. The Housing capital programme is £1.8m (6%) below the profiled budget for the year to date and forecast to be £3.1m (7%) below the programme by the year end for the reasons set out in the table below.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	-29	0
Operational delays in projects due to planning, design or changes in specification	-710	0
Incorrect budget profiles	-913	0
Projects submitted for Approval	-4,745	-100
Home Improvement grants held on behalf of other local authorities	-118	-260
Underspending on project estimates	-593	-3,137
Other variances	5,266	401
	-1,842	-3096
Spend rate per day	153.3	170.9
Required rate to achieve Outturn	224.1	
Rate of change to achieve forecast	46.2%	

104. The main reason for the forecast variance is due to £3.1m of expected savings to the Housing programme, of which £2.4m lies in the South West Abbeybrook, South East and North New Parson Cross projects. All 3 schemes are in connection with the Environmental Programmes within each area and are due to deliver among others new heating installations. The estimates put forward by the contractor covering all 3 schemes were overestimated in total by around 400 heating installations.

Communities

105. The year to date spend on the Communities portfolio capital programme is £280k (29%) below the profiled budget and the forecast £557k (28%) below budget.

106. The main reason for the forecast variance is £370k of project slippage relating to ICT Infrastructure and Mobile Working Solutions both of which have been submitted for approval.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	0	-370
Other variances	-280	-187
	-280	-557
Spend rate per day	3.6	5.4
Required rate to achieve Outturn	10.8	
Rate of change to achieve forecast	201.9%	

Resources

107. The year to date spend is £2.7m (30%) below the programme and forecast to be £3.2m (21%) below the approved budget for the whole year.

108. The main cause of the shortfall on budget to date is slippage in the Road Vehicle Efficiency replacement programme of £500k, Town Hall essential repairs to the Grade 1 listed building of £400k), Wincobank Community centre where a value engineering exercise is in place to keep within the approved budget as the tenders have exceeded the approved amount of £200k, and Fire Risk Assessment work of £400k where negotiations have been extended to get the best value for money.

109. Project manager forecasts assume that most of this slippage will be recovered by the year end leaving the biggest shortfalls on Fire Risk Assessment work of £1.4m, Town Hall essential repairs of £400k and contingency budgets of £400k.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	-196	-1,389
Operational delays in projects due to planning, design or changes in specification	-33	0
Overspending on project estimates	0	-171
Other variances	-2,509	-1,632
	-2,739	-3,192
Spend rate per day	33.0	48.7
Required rate to achieve Outturn	96.2	
Rate of change to achieve forecast	191.5%	

Approvals

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

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

- 4 additions to the capital programme with a total value of £2m;
- 5 variations to the capital programme creating a net increase of £560k;
- 6 slippage requests with a total value of £1.1m; and
- 3 director variations with a total value of £17k.

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

Implications of this Report

Financial implications

113. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2012/13 and, as such it does not make any recommendations which have additional financial implications for the City Council.

Equal opportunities implications

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

Property implications

115. 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

116. Members are asked to:

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

(b) In relation to the Capital Programme, Members are asked to:

(i) approve the proposed additions to the capital programme and procurement strategies listed in Appendix 1, and delegate authority to the Director of Commercial Services, or an Officer nominated by him, to award the necessary contracts, on such terms as the Director or nominated Officer shall agree, following stage approval by Capital Programme Group;

(ii) approve the proposed variations and slippage in Appendix 1;

(iii) approve a grant of £125,000 to Site Gallery (Media, Art, Photography) Ltd. for the purposes described in Appendix 1 and delegate to the Director of Culture and Environment, in consultation with the Director of Finance, and the Director of Legal and Governance, the authority to enter into;-

- a funding agreement; and
- such other contractual or other arrangements as he may consider appropriate;
- on such terms as he shall consider appropriate in order to protect the Council's interests in this matter; and note

(iv) The latest position on the Capital Programme including the current level of delivery.

Reasons for Recommendations

117. 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

118. 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

<table>
<tr><th>Scheme Description</th><th>Approval Type</th><th>Value £000</th><th>Procurement Route</th></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>GREAT PLACE TO LIVE</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Highways</td><td></td><td></td><td></td></tr>
<tr><td>Ecclesall Road Smart Route Projects

The Ecclesall Road Smart Route projects have historically been charged to five business units.

The remaining budgets are to be combined onto two business units to enable easier financial management. The overall net effect of the budget changes is nil however the adjustments include slippage into 2014/15 for a total value of £100k (as outlined below).

<table>
<tr><th>BU</th><th>Description</th><th>Approved Budget 2013/14 (000k)</th><th>Revised Budget (000k)</th><th>Increase / Decrease (000k)</th><th>Slippage into 2014/15</th></tr>
<tr><td>94177</td><td>Ecc Rd Smart RT - Ph 1</td><td>22</td><td>143</td><td>121</td><td>50</td></tr>
<tr><td>94178</td><td>Ecc Rd Smart RT - Ph 2</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>94180</td><td>Ecc Rd Smart RT - Ph 3</td><td>44</td><td>100</td><td>56</td><td>50</td></tr>
<tr><td>94181</td><td>Ecc Rd Smart RT - Ph 4</td><td>133</td><td>0</td><td>-133</td><td>0</td></tr>
<tr><td>94185</td><td>Ecc Rd Smart RT - Ph 8</td><td>44</td><td>0</td><td>-44</td><td>0</td></tr>
<tr><td>Total</td><td></td><td>243</td><td>243</td><td>0</td><td>100</td></tr>
</table>
</td><td>Various Variations</td><td>243 including -100 slippage</td><td>N/A</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
</table>

Parks			
East Glade East Glade green space is a large naturalistic area in the South East of the City. The project will create new entrance points, open up existing ones, thinning and clearing key routes across the site and erect fencing. This will increase security and improve access to the site which is currently not visible from the road or the housing development. Signage will also be installed to formalise the site and identify access points. The project is fully funded from S106 monies. £73.5 S106 funding has been received, £64.7k for Capital including fees and £8.8k Revenue for future maintenance.	Addition	64.8	Full Competitive Tender (still in draft – awaiting final version)
Capital & Major Projects			
Bannerdale Asset Enhancement The key project objective is to develop and deliver an Outline Planning Permission for residential development to enhance the value of the asset, the implementation of the Greenspace Management Plan and demolition of the building. The site will then be marketed for sale (not included in the scope of the project). Delays have been experienced on the progress of the Greenspace Management Plan due to landfill issues and delays in City-Wide playing pitch strategy. There is a need to further assess the ground conditions and landfill / methane gas emissions as this may impact upon investment decisions of external grant agencies. As a result, approval is being sought to slip £572k into 2014/15.	Slippage	-572	n/a

Castle Market Decommissioning This project is to deliver the vacation, management whilst vacant, and demolition of the market hall, offices, shops and other associated land and buildings which form the current site. The construction of the new Moor Market ran slightly later than planned resulting in a knock-on delay to the closure of the old Castle Market and the period allowed for the traders to decommission their stalls was extended until 31 December. Thus surveying works have not been able to commence and without this information the scope of further works cannot be determined. . As a result, approval is sought to slip £289k into 2014/15.	Slippage	-289	n/a
COMPETITIVE CITY:-			
Site Gallery Improvements The Site Gallery is based at Brown Street in Sheffield's Cultural Industries Quarter specialising in multimedia based art and also houses an Imaging Innovation Lab used for still and moving image-making. The Gallery has made an application to the Arts Council for funding of £970k to extend the Gallery by annexing an adjoining unit which will increase the space by 230% and will include a new participation space, increased café space, events space, business lets and a shop. The overall project will be £1.7m and managed by the Site Gallery (including the procurement) in partnership with SCC. SCC are making a contribution of £125k as matching funding for the grant application	Addition	125	n/a

funded from revenue contributions. The Gallery intend to finance the remainder of the balance through fund raising and Trusts and Foundations.			
SUCCESSFUL CHILDREN & YOUNG PEOPLE :-			
Expansion – FSM *(Free School Meals)* Provision (Infants) The project has arisen as a result of a Government announcement offering FSM to all Infant school children regardless of circumstance from September 2014. SCC has a requirement to continue to meet legal framework guidelines for school food and its own Council contract standards. The offer must be made to 100% of pupils (who still have choice to make other arrangements) and the success outcome criteria is set at 85% of all Infant pupils having access to a FSM offer, taking it up. The ESPO framework purchasing route was chosen – for both converting serveries to full production kitchens and for upgrading and installing ventilation projects - due to the urgency of the project and the relatively small number of specialist companies that can do this type of work. CYPF also has prior experience of three of the suppliers and has been very happy with their overall knowledge, skill and helpful approach. This project will purchase capital equipment and adapt premises to widen the FSM uptake to cater for all Infant School pupils, at various Infant/Primary school sites across the City. The project was confirmed as being funded by a DfE announcement on 18 December 2013, in which Sheffield was allocated £1,119k in Capital Grant from the DfE to fund these works.	Addition	1,119	*TBC by Commercial Services:* Equipment - Eastern Shires Purchasing (ESPO) Procurement Framework. Adaptations - Separate framework under ESPO

PCMP – Walkley Primary - Heating, Mechanical & Electrical This project will provide a full replacement heating system and replacement roof covering (in Block B) and a major heating upgrade (in Block A) at the Walkley Primary School site. Note: the programmed capital expenditure and related start date was initially phased to commence earlier in 2013/14, but was delayed whilst the school looked at applying for Academy status (despite this route not eventually being followed). The work will provide a warm, dry and safe educational environment, by installing a modern, efficient heating system and replacement roof on site by Sep 2014. This will provide a better learning/working environment for pupils and staff. Failure to address the condition issue at this site could result in a risk of building closure and subsequent interruption of education provision for children. The project will be funded from the DfE Capital Maintenance Grant block allocation … 2014/15.	Addition	700	Kier Jobs Compact or open competitive tender if negotiations with Kier are unsuccessful
Wybourn Primary School Expansion The Council has statutory duty to provide sufficient, suitable local places for access to school places and continued monitoring of future pupil place demand has identified need in the Wybourn Area. In response it was found necessary to permanently expand the school and this project was set up to refurbish and expand the site, increasing the school from a 1.5 Form Entry to 2 Form Entry school. Following discussions with the school, a scheme was agreed to provide additional accommodation to meet the increased pupil placement demand. An initial value of £30k was approved in November 2013 for feasibility & design and this variation seeks to provide for the move towards build stage, providing School remodelling and refurbishment to allow for increase of pupils from 45 to 60 per year group. The scheme will create an alternative Foundation	Variation	530	Build stage: Full tender via Constructionline

Stage, an additional classroom and group room, new main school entrance and offices. Funding for the build a stage of the works covered by this variation is to be drawn from the DfE Basic Need block allocation for 2014/15			
Capital Maintenance Programme – Radon Extraction The scheme was authorised at £50k to cover 5 sites originally identified as urgent and this work has now been completed. Following completion of the works **no residual Radon was found to be present.** The measures have proved less complex than initially thought so an initial estimate of £10k per site has proved to be generous with the work out-turning at a total cost of £17k. ,The HPA regularly redefine the areas where Radon might be present and further work may be required. An update will be provided by the Health Protection Agency until June 2014 and any mitigation works will be identified then. Authority is therefore requested to re-profile spend into 14/15, and extend the scope of works to cover any further school sites should measures be required.	Variation and slippage (extension of scope)	-33	N/A
BETTER HEALTH & WELL BEING:-			
Supported Accommodation Pathways (SAP) Project This Project is to develop a Supported Accommodation Pathway (SAP) for homeless/those without settled accommodation to address access to and allocation of units and move on arrangements, including service redesign and ICT implementation. Because of the complexity of the project there has been a slight delay in handing over the specifications of the ICT requirements to Capita, this has resulted in these services now being completed in April. This delay has not impacted the completion date for this	Slippage	-140	N/A

project which will remain the same, rollout to start in July to be completed by September. This project is funded by a Department of Health Grant.			
STAGE APPROVALS:-			
See Stage Approvals Report (Appendix 3) for further details.			
EMERGENCY APPROVALS:- (Note only)			
There are no emergency approvals this period to report			
DIRECTOR VARIATIONS:- (Note only)			
A Great Place to Live			
Homes			
(LTEs) Long Term Empties – Purchase and Repair This variation is to include a further £6k of funding to the approved scheme of £481 for the Purchase and repair of long term empty properties. This £6k (HRA Funding)is to complete additional modifications and fencing works on 3 bungalows which will be completed by the end of March 2014.	Variation	6	N/A

Parks			
Hackenthorpe Skate Park The initial project was approved to design and build a new skate and BMX facility in Hackenthorpe. The project funding has been increased by £7k received from Beighton and Birley Wards (through Local Area Partnership LAP) to enable the installation of a ramp which was included within the initial scope of works but omitted due to higher than expected tender price, new bins, benches and grasscrete.	Variation	7	N/A
94468 Chelsea Park Improvements The project will deliver a new footpath link from the Brincliffe Edge Road entrance to the playground in Chelsea Park and install additional seating in the Park. To enable full delivery of the project it has been necessary to increase the project budget by £3.5k. The additional funding will be provided by Sheffield Town Trust (£2k) and Graves Trust (£1.5k). The funding will be claimed retrospectively via the Nether Edge Neighbourhood Group once the works have been completed.	Variation	3.5	N/A