



## Report to Policy Committee

**Author/Lead Officer of Report:** Jane Wilby,  
Head of Accounting

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**Report of:** Ryan Keyworth, Director of Finance & Commercial Services  
**Report to:** Strategy & Resources Committee  
**Date of Decision:** 5 July 2022  
**Subject:** Month 2 Monitoring & Outturn Report 2021-22

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<p><i>“The <b>(report/appendix)</b> is not for publication because it contains exempt information under Paragraph <b>(insert relevant paragraph number)</b> of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

**Purpose of Report:**

*This report provides the outturn monitoring statement on the City Council’s Revenue and Capital Budget Outturn as at the end of Month 12, 2021/22*

*The report also provides an update of the Council’s Treasury Management activity in 2021/22 and sets out expectations for the coming of the year.*

**Recommendations:**

- The Committee is asked to:
  - a) Note the updated information and management actions provided by this report on the 2021/22 Revenue Budget Outturn as described in this report;
  - b) Approve carry forward requests for 2 items in the People portfolio
    - i. £700k underspend for Local Area Committees and
    - ii. £972k unspent grant monies to support Clinically Extremely Vulnerable individuals
  - c) Note the updated information and management actions provided by this report on the 2021/22 Capital Programme Monitoring as described in **Appendix 1**;
  - d) Note the annual Treasury Management Outturn report for 2021/22 as described in **Appendix 2**

**Background Papers:**

*(Insert details of any background papers used in the compilation of the report.)*

<b>Lead Officer to complete:-</b>					
1	<p>I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">Finance: <i>Ryan Keyworth, Director of Finance and Commercial Services</i></td> </tr> <tr> <td style="padding: 2px;">Legal: <i>David Hollis, Assistant Director, Legal and Governance</i></td> </tr> <tr> <td style="padding: 2px;">Equalities &amp; Consultation: <i>James Henderson, Director of Policy, Performance and Communications</i></td> </tr> <tr> <td style="padding: 2px;">Climate: <i>N/A</i></td> </tr> </table>	Finance: <i>Ryan Keyworth, Director of Finance and Commercial Services</i>	Legal: <i>David Hollis, Assistant Director, Legal and Governance</i>	Equalities & Consultation: <i>James Henderson, Director of Policy, Performance and Communications</i>	Climate: <i>N/A</i>
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Equalities & Consultation: <i>James Henderson, Director of Policy, Performance and Communications</i>					
Climate: <i>N/A</i>					
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>				
2	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;"><b>SLB member who approved submission:</b></td> <td style="padding: 2px;"><i>Ryan Keyworth</i></td> </tr> </table>	<b>SLB member who approved submission:</b>	<i>Ryan Keyworth</i>		
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4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.				

<b>Lead Officer Name:</b> Jane Wilby	<b>Job Title:</b> Head of Accounting
<b>Date:</b> <i>5<sup>th</sup> July 2022</i>	

## 1. PROPOSAL

1.1 This report provides the outturn monitoring statement on the City Council's revenue and capital budget for 2021/22.

Month 2 Budget Monitoring is discussed in the report at Agenda Item 10 - Medium Term Financial Analysis and Committee Budget Recommendations.

### 1.1.1 Summary

The Council's revenue budget as at 31st of March 2022 was overspent by £19.8m, equivalent to 5% of the Council's net revenue budget.

1.1.2 During the last quarter ended 31<sup>st</sup> March 2022, the Council received a £3.5m contribution from the local NHS Clinical Commissioning Group to meet the costs of enhanced care for patients discharged from hospitals. This one-off income helped the in-year position but does not mitigate the underlying budgetary overspends in the People portfolio. In total the Council benefitted from £10.4m of un-planned one-off funding from the NHS in 2021/22.

1.1.3 A significant amount of the pressures on revenue budgets in 2021/22 was indirectly due to the impact of the coronavirus pandemic. The main two areas of overspend are in Adult Social Care and in Children's and Families. During the pandemic, decisions were made to keep people safe and well in their homes. As a consequence, we have seen an increase in the individual costs of care packages which are continuing to cause pressure on Council budgets.

## 1.3 Detailed position

### 1.3.1 Financial Position by Portfolio

The table below summarises the outturn position by portfolio at Month 12.

<b>£000s Portfolio</b>	<b>FY Outturn 21/22</b>	<b>FY Budget 21/22</b>	<b>FY Variance 21/22</b>
People	286,701	264,270	22,431
Place	131,215	135,054	(3,839)
Policy, Performance & Comms	3,083	3,449	(366)
Resources	10,494	8,822	1,671
Corporate	(411,698)	(411,595)	(103)
<b>Total</b>	<b>19,795</b>	<b>0</b>	<b>19,795</b>

1.3.2 The main variances by portfolio are summarised as follows:

- **People** – The majority of the budget in the portfolio is allocated to commissioned services for home support, residential and nursing,

short term care, supported living and direct payments for packages of care and placements. These costs are referred to as our “purchasing budget”. Purchasing budgets are the majority of the overspend; £10m in Adult social care and £9.4m in Children’s due to continued growth of package costs in the service following the pandemic.

- **Place** – The £3.8m underspend was a net position with ups and downs across the service. Key underspends contributing to the position include an additional £1m income from highways network management fees, £1.6m from unfilled vacancies across place services and a £1.4m improvement in Leisure services against a prudent budget position post-covid recovery.
- **Resources and PPC** – The majority of the overspend relates to undelivered savings plans for legal and governance and business change. Some of the overspend in legal came about due to the additional work required for transitioning to a new governance model.
- **Corporate** – movements were caused by recognising unrestricted revenue grants within the financial year.

### 1.3.3 People

The table below summarises the outturn position for the People portfolio at Month 12.

<b>£000s People</b>	<b>FY Outturn 21/22</b>	<b>FY Budget 21/22</b>	<b>FY Variance 21/22</b>
Care & Support	124,404	116,830	7,574
Children & Families	110,850	95,787	15,063
Commissioning Inclusion & learning	26,590	23,972	2,618
Community Services	7,869	10,873	(3,004)
Employment & Skills	26,987	16,807	180
<b>Total</b>	<b>286,701</b>	<b>264,270</b>	<b>22,431</b>

- 1.3.4 The table below summarises the key variances in the People portfolio, Of the £22.4m overspend, £3.5m results from undelivered 2021/22 savings plans and £5.8m from savings plans prior to 21/22 (b fwd Savings); each year undelivered savings plans continue to cause variances as budgets have been permanently reduced. The £12.6m underlying variance is the overspend emerging in year.

<b>Key Variances by Service Area (£000)</b>						
<b>Key Variances</b>	<b>Care and Support</b>	<b>Children and Families</b>	<b>Commission Inclusion &amp; Learning</b>	<b>Community Services</b>	<b>Employment &amp; Skills</b>	<b>Total Variance</b>
21/22 Budget Savings	339	3,160	0	0	0	3,499
Bfwd Savings	4,428	847	500	0	0	5,775
Covid	24	335	0	0	236	595
Underlying Variance	2,783	10,721	2,118	-3,004	-56	12,562
<b>Total People</b>	<b>7,574</b>	<b>15,063</b>	<b>2,618</b>	<b>-3,004</b>	<b>180</b>	<b>22,431</b>

- The Adults Care and Support budget finished £7.6m over budget, but this is after taking £10.4m of one-off CCG/Grant income and £1.3m of investment into account leaving an underlying overspend of £16m. £13.2m of the underlying overspend is largely due to increased cost of expensive homecare packages which are being reviewed as part of the recovery plan. Staffing was also £2.3m overspent.
- In Children and Families, placements were £9.2m overspent due to increased cost of packages and some growth from 20/21. Staffing was £4m overspent with particular increases in prevention and early intervention and higher costs through use of agency resources. There are around £2m other overspends.
- Commissioning, Inclusion, and Learning includes a mental health purchasing overspend of £2.8m due to increased activity and costs.
- Community Services were underspent by £2m on youth budgets, £0.5m underspent on community safety and £0.5m underspent on the Practical Support Grant income that was drawn down in month 12.
- In Education & Skills, SEN Transport overspent by £0.8m (and £1.6m DSG) with the emerging Transport pressure increasing in line with increase in SEND placements (see DSG table 3). This is partly offset by £0.6m underspends across the Service.

### 1.3.5 **Dedicated Schools Grant (DSG)**

At Month 12, the Council reported an overspend on DSG budgets of £2.95m. This position improved slightly towards the end of the year due to drawdown of unallocated funding and a PFI surplus. The key reasons for this overspend are costs of SEN transport and SEN places in Employment and Skills.

### 1.3.6 **Public Health**

Public Health services are funded by Public Health Grant – any variances to budgeted expenditure will be managed by adjusting the drawdown of grant income to match, therefore Public Health variances will be nil in terms of net expenditure and invisible within the above reported position. This table demonstrates the variances to budget and £1m underspend transferred to the Public Health reserves. The key variances were contract underspends in People and Policy Performance and Communications.

<b>£000</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>
<b>Public Health</b>	<b>Outturn</b>	<b>Budget</b>	<b>Variance</b>
	<b>21/22</b>	<b>21/22</b>	<b>21/22</b>
People	29,817	30,500	(683)
Place	2,635	2,702	(67)
Policy Perf & Comms	795	1,047	(252)

Resources	22	22	-
Underspend to reserves	1,002		1,002
<b>Total</b>	<b>34,271</b>	<b>34,271</b>	<b>-</b>

#### 1.4.1 Place

The table below summarises the outturn position for the Place portfolio at Month 12.

<b>£000s Place</b>	<b>FY Outturn 21/22</b>	<b>FY Budget 21/22</b>	<b>FY Variance 21/22</b>
City Growth	27,055	28,137	(1,082)
Culture & Environment	37,273	38,237	(964)
Housing General Fund	6,323	6,827	(504)
Major Projects	88	125	(37)
Operational Services	46,846	48,696	(1,850)
Place Strategy & Change	(172)	63	(235)
Transport & FM	13,802	12,969	833
<b>Total</b>	<b>131,215</b>	<b>135,054</b>	<b>(3,839)</b>

#### 1.4.2 The table below summarises the key variances in the Place portfolio:

Key Variances by Service Area (£'000)								
Division/Theme	City	Culture	Hsg Gen	Op	Major	Strat &	T & FM	Total
	Growth	& Env	Fund	Services	Projects	Change		Variance
21/22 Budget Savings	410	61	0	261	0	0	1,410	2,142
Covid Impacted	253	-1,294	0	-844	0	0	53	-1,832
Other								
Vacancies-Ping, HW, Strat, Parks&Ber	-672	-265		-555		-115		-1,607
Highway Network Mgt Fees	-1,058							-1,058
Facilities Mgt							-454	-454
One-off settlements	-208	-197		-254				-659
Planning Income	567							567
City Road Crematorium (closure)		701						701
Electric Works	173							173
Waste Management				-455				-455
Other	-531	23	-504	-3	-37	-120	-177	-1,349
<b>TOTAL OTHER</b>	<b>-1,729</b>	<b>262</b>	<b>-504</b>	<b>-1,267</b>	<b>-37</b>	<b>-235</b>	<b>-631</b>	<b>-4,141</b>
<b>TOTAL</b>	<b>-1,066</b>	<b>-971</b>	<b>-504</b>	<b>-1,850</b>	<b>-37</b>	<b>-235</b>	<b>832</b>	<b>-3,831</b>

- There is a £2.1m overspend from shortfalls in approved budget savings proposals in the year, notably the Housing Repairs restructure.
- Covid impacted activities such as leisure (including Sheffield City Trust), parking and markets were allocated an extra £14m one-off budget provided. Recovery was stronger than anticipated and the services delivered an underspend against this allocation
- There was a £4.1m underspend from 'other' factors notably £1.6m from vacancies held and unfilled during the period and a £1m improvement against budgeted highway network management fee income.
- It should be noted that given the Council's financial position and the

current recruitment control process it is anticipated that underlying underspends resulting from vacancies should provide some sustained improvement for the Place portfolio going into 22/23 to assist in mitigating pressures around full savings delivery.

### 1.5.1 Resources & PPC

The table below summarises the outturn position for the Resources & PPC portfolios at Month 12.

<b>£'000's</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>
<b>Resources &amp; PPC</b>	<b>Outturn</b>	<b>Budget</b>	<b>Variance</b>
	<b>21/22</b>	<b>21/22</b>	<b>21/22</b>
BUSINESS CHANGE & INFO SOLNS	17,786	16,938	848
CENTRAL COSTS	(45,081)	(44,592)	(489)
CONTRACT REBATES & DISCOUNTS	(1,417)	(451)	(966)
CUSTOMER SERVICES	4,157	4,247	(90)
F&CS	18,425	18,247	178
HOUSING BENEFIT	2,455	2,455	0
HUMAN RESOURCES	6,211	5,944	267
LEGAL & GOVERNANCE	7,744	5,754	1,990
RESOURCES MANAGEMENT& PLANNING	213	280	(67)
PPC	3,218	3,584	(366)
PUBLIC HEALTH PPC	(135)	(135)	0
<b>TOTAL</b>	<b>13,576</b>	<b>12,271</b>	<b>1,305</b>

The key variances in the portfolio included a £2m overspend relating to additional Legal Services activity (£1.1m) and costs associated with the transition to new Committee structures (£0.7m). An additional £0.8m on Business Change & Information Systems from extra data centre capacity and devices linked to home working arrangements. These were offset to some extent by a £1.4m underspend on Central costs (e.g. pensions) and rebates.

### 1.6.1 Housing Revenue Account

The HRA income and expenditure account provided a contribution towards funding the HRA capital investment programme of £13.5m. This is £4.6m lower than the budgeted position.

<b>£000s</b>	<b>FY Outturn</b>	<b>FY Budget</b>	<b>FY Variance</b>
<b>Housing Reveue Account</b>	<b>21/22</b>	<b>21/22</b>	<b>21/22</b>
Net income (Dwellings)	(143,885)	(145,013)	1,128
Other income	(6,284)	(6,150)	(134)
Repairs & Maintenance	45,662	43,130	2,532
Depreciation – Cap Fund Prog	25,620	25,620	0
Tenant Services	52,222	51,054	1,168
Interest on Borrowing	13,111	13,175	(63)
Contribution to Cap Prog	13,553	18,184	(4,631)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

1.6.2 The loss of rents is mainly due to a high level of vacant properties that cannot be tenanted, in part due to outstanding repair jobs. The actual



variance is £3.2m but is offset to some extent by a reduction to the bad debt provision as rental arrears are at a lower level than forecast.

1.6.3 The higher repairs and maintenance costs of £2.5m is a result of addressing the backlog of repairs that could not be carried out during lockdown and is, to a certain extent a timing different. The £2.5m is after a £1.7m contribution from reserves to help smooth costs out. There is also a high number of disrepair claims contributing to the overspend in tenant services due to excess legal fees to deal with the claims.

1.6.4 **Community heating position**

The Community Heating account overspent in 2021/22 by £255k largely due to a shortfall in income from Pay-As-You-Go meter charges and increased expenditure on Gas. This has been funded from reserves but use of HRA reserves will need to be recovered in future years.

1.6.5 **Recommendation for approval of carry forward expenditure from 2021/22:**

There are areas from 21/22 where priority projects have been unable to be delivered due to circumstances outside of the control of management. These specific cases are recommended to carry forward unspent budget. It should be noted that these are one-off agreements that cover 2022/23 budget only. The outturn position assumes these carry-forwards are approved. Non- approval of any of the following items would result in an improved outturn position.

**i) Local Area Committees and Ward Pots £700k**

The seven local area committees were each allocated a budget of £100k for 2021/22 which was largely unspent in year. The local area committees were launched mid-2021. Due to timing of the first meetings and subsequently developing community plans, the budgets remained largely unspent for the financial year. This report recommends the budgets are carried forward into 2022/23 to support the delivery of community plans agreed in each local area. Ward Pot budgets are also designated to support local communities to deliver improvements to neighbourhoods. The underspend in 2021/22 Ward Pots is also proposed to be carried forward

**ii) Clinically Extremely Vulnerable £972k**

MHCLG issued funding for Councils to support Clinically Extremely Vulnerable individuals following lockdown. The Council provided a community response team to support covid testing sites, vaccination promotion, recovery, safe and well checks, shopping and support to access to fuel and food vouchers. Recruitment delays caused slippage in the programme meaning the grant was unspent in 21/22. A temporary team will be in place for 22/23 with the approval of this carry forward request. The funding is one-off and will not be available to support the staffing of this team beyond March 2023.

**1.7 Capital Summary**  
Please see Appendix 1

**1.8 Treasury Outturn Report (Appendix 2)**

The Council is required, under the Local Government Act 2003, to produce an annual review of Treasury Management activities and the actual prudential and treasury indicators for 2021/22. The full Treasury Management Outturn Report is provided in Appendix 2 and meets the requirements of both the Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. The regulatory environment places responsibility on Members for the review and scrutiny of Treasury Management policy and activities. This report is therefore important, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

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

2.1 To formally record the Revenue Budget in line with Financial Regulations.

**3. HAS THERE BEEN ANY CONSULTATION?**

3.1 No

**4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

4.1 Equality Implications

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

4.2 Financial and Commercial Implications

4.2.1 The primary purpose of this report is to provide Members with information on the City Council's revenue and capital budget monitoring position for 2021/22 and the Treasury Management .

4.3 Legal Implications

4.3.1 There are no specific legal implications arising from the recommendations in this report.

4.4 Climate Implications

4.4.1 There are no specific climate implications arising from the recommendations in this report.

4.4 Other Implications

4.4.1 There are no other implications arising from the recommendations in the report

**5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 Several 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.

**6. REASONS FOR RECOMMENDATIONS**

6.1 To record formally changes to the Revenue Budget and the Capital Programme.

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