

Policy Committee Decision Report

Title of Report:	2024-25 Q2 Budget Monitoring Report
Date of Decision:	19 th November 2024
Report To:	Finance & Performance Committee
Report Of:	Philip Gregory, Director of Finance & Commercial Services
Report Author:	Jane Wilby, Assistant Director Finance & Accounting

Executive Summary:

Sheffield City Council is currently facing significant financial difficulties due to increased service demands, rising costs, and reduced funding. This has resulted in a projected overspend of £34 million for the 2024-25 fiscal year, approximately 7% of the net revenue budget. Key service areas affected include Housing and Homelessness, Adults and Children's Social Care, and SEN home-to-school transport. While the Council can temporarily avoid issuing a section 114 notice by utilising reserves to balance this year's budget, the financial outlook remains challenging.

To address these issues, the Council is focusing on the "Future Sheffield" programme, a critical initiative aimed at transforming services to create a more sustainable and efficient operating model. This transformation is essential to ensure the delivery of statutory services and to drive initiatives that support city growth, aligning with the Council's broader strategic goals as outlined in the Medium-Term Financial Strategy. The need for long-term financial sustainability underscores the importance of these ongoing transformation efforts.

In this context, the recent budget provides much-needed support for local government and public services. The Chancellor has announced welcome increases in funding for the special educational needs and disabilities (SEND) system, social care, and homelessness, which are key areas of pressure for the Council. Moving towards a multi-year funding settlement will further support local government. This additional funding will be used to offset the additional costs of National Insurance and National Living Wage increases. The net impact to the Council's budget will be more certain after the Local Government Funding Settlement, which is due in December.

The additional investment into schools and the NHS is extremely welcome, as people across Sheffield rely on these public services daily. Raising the National Living Wage and Carers Allowance, along with extending the Household Support Fund, will help to put more money in people's pockets and address hardship.



Council Plan outcomes:

[A place where all children belong and all young people can build a successful future](#)

[Great neighbourhoods that people are happy to call home](#)

[People live in caring, engaged communities that value diversity and support wellbeing](#)

[A creative and prosperous city full of culture, learning, and innovation](#)

[A city on the move – growing, connected and sustainable](#)

Policy Committee remit:

This report is to be considered by the Finance and Performance Policy Committee as it includes agenda items for forthcoming meetings, relating to its remit as set out in : [Part 3C - 3.3 Matters Delegated to Committees May 2024.pdf \(sheffield.gov.uk\)](#)

Does the report contain confidential or exempt information? [Yes/No]

Recommendations:

The Finance and Performance Committee is recommended to:

1. Note the updated information on the 2024/25 Revenue Budget Outturn as described in this report including the detailed committee budget monitoring information and management actions provided.

Financial Implications: [Yes/No] Approved by: Jane Wilby, Assistant Director Finance & Accounting

Legal Implications: [Yes/No] Approved by: Robert Parkin, Assistant Director, Legal Services

Equality and Inclusion Implications: [Yes/No] Adele Robinson, Equalities and Engagement Manager, Policy, and Performance.

Climate Change Implications: [Yes/No]

Background Papers:

[2024/25 Revenue Budget](#)

[MTFS 2526 to 2829](#)

Appendices:

Appendix 1 – 2024/25 Q2 Committee Budget Monitoring Reports

Appendix 2 – 2024/25 Q2 Capital Programme Monitoring Report

Appendix 3 – 2024/25 Q2 Treasury Management Outturn Report

Appendix 4 – 2024/25 Q2 Collection Fund Monitoring Report

1. Background to the issue

This report provides an update on the Q2 outturn position for Sheffield City Council's revenue budget for 2024/25.

2. Proposal

2.1 Sheffield City Council is grappling with significant financial challenges stemming from increased service demand, rising costs, and reduced funding, resulting in a current overspend of £34m. The Council will balance this year's budget by drawing on reserves, but the situation remains tough.

2.2 This underscores the critical importance of the Council's approach to transformation of services through the "Future Sheffield" programme. Activity is underway to ensure we are rebalancing finances and ensuring the Council can not only deliver basic statutory services but also drive initiatives that contribute to city growth, achieve city goals, and align with the council plan as outlined in the Medium-Term Financial Strategy. The work aims to pave the foundations of a sustainable and more efficient operating model for the Council.

2.3 The forecast outturn position for 2024-25 shows the Council's revenue budget to be overspent by £34 m, approximately 6.9% of the net revenue budget.

Outturn £m	24/25 Q2 Outturn	Budget	Variance	% Var to budget
Neighbourhood Services	149.9	145.4	4.6	3.1%
Adults	161.7	152.0	9.7	6.4%
Children's	146.1	134.5	11.6	8.7%
City Futures	40.7	40.7	0.0	0.0%
Strategic Support	17.9	11.8	6.1	51.6%
Public Health & Integrated Commissioning	9.1	7.1	2.0	28.3%
Corporate	(491.5)	(491.5)	0.0	0.0%
Total	34.0	(0.0)	34.0	-6.9%
Funded by:				
Budget contingency reserve			(26.1)	
Housing benefit subsidy provision			(7.9)	
			(34.0)	

**51.6% overspend i relates to Housing Benefit subsidy loss on supported exempt accommodation included in the Strategic Enabling Services directorate budgets accounting for £6m of the £6.1m overspend*

2.4 The final outturn position for 2023/24 reported a £15.6m overspend which was funded through our budget contingency reserve. Following 3 years of budget overspends, the remaining balance of this reserve is £27.6m. Alongside a corporate provision made as part of the budget setting

process of £7.9m in recognition of the subsidy loss issue, the Council will be able to manage the budget for 2024/25.

2.5 The current year's projected service overspends stem from ongoing challenges in key areas of the Council's responsibilities. These include persistent demand and cost pressures in Adult and Children's social care, growing needs in Special Educational Needs (SEN) and home-to-school transportation, and an unprecedented surge in homelessness leading to increased Housing Benefit subsidy losses. While one-off funding and provisions helped mitigate many of these issues in the previous year (23/24), the Council now faces a more challenging financial landscape with fewer available offsets to reduce the overall budget variance.

2.6 The below table gives a breakdown of the £34m overspend and highlights the continuing "trend" of service budget pressures faced with limited offsets from "one-off" income, reserves and provisions this year. In prior years we have seen higher one-offs and issues in BIP delivery, this year the issues are with continuing budget pressures:

Variance £m	One-off	BIPs	Trend	Total Variance
Neighbourhood Services	(2.9)	0.0	7.4	4.6
Adults	(0.3)	0.6	9.4	9.7
Children's	0.2	1.1	10.4	11.6
City Futures	0.0	0.0	0.0	0.0
Strategic & Enabling Services	(0.8)	0.0	6.9	6.1
Public Health & Integrated Commissioning	0.0	0.0	2.0	2.0
Corporate	0.0	0.0	0.0	0.0
Total	(3.7)	1.6	36.1	34.0

2024/25 Q2 Financial Position by Committee

2.7 As in 2023/24, the major budget risk areas are in Children's & Adults Social Care, SEN Transport (with the Education Children & Families committee budgets) and in Homelessness services (within Housing policy committee budgets). The below table gives a breakdown of forecast vs budget by policy committee split:

	Q2 Outturn	Budget	Q2 Variance	Q1 Variance	Movement
Adult Health & Social Care	165.3	155.8	9.5	8.9	0.6
Communities Parks and Leisure	37.9	38.2	(0.3)	(0.1)	(0.1)
Economic Development & Skills	10.5	10.5	(0.0)	0.0	(0.1)
Education, Children & Families	150.1	136.3	13.8	14.1	(0.3)
Housing	16.5	11.3	5.2	5.6	(0.4)
Strategy & Resources	17.9	17.8	0.2	0.5	(0.3)
Finance & Performance	(473.6)	(479.7)	6.1	6.1	
Transport, Regeneration & Climate	36.7	36.7	0.0	(0.1)	0.2
Waste & Street Scene	72.7	73.2	(0.5)	(0.6)	0.1
Total	34.0	(0.0)	34.0	34.3	(0.4)

2.8 Most of the overspend is due to underlying cost and demand pressures in services (per para 2.6). We estimate that £36.1m is embedded in the baseline cost but one-off income, provisions and grants are not currently projected to support this position. The below table gives a breakdown of the variance:

24/25 Q2 Variance £m	One-off	BIPs	Trend	Total Variance
Adult Health & Social Care	(0.3)	0.6	9.2	9.5
Communities Parks and Leisure	(0.0)	0.0	(0.3)	(0.3)
Economic Development & Skills	0.0	0.0	(0.0)	(0.0)
Education, Children & Families	0.2	1.1	12.6	13.8
Housing	(2.0)	0.0	7.1	5.2
Strategy & Resources	(0.9)	0.0	1.0	0.2
Finance & Performance	(0.8)	0.0	6.9	6.1
Transport, Regeneration & Climate	0.0	0.0	0.0	0.0
Waste & Street Scene	0.0	0.0	(0.5)	(0.5)
Total	(3.7)	1.6	36.1	34.0

2.9 Savings targets

Balancing the General Fund Budget for 2024/25 has required £43m of savings:

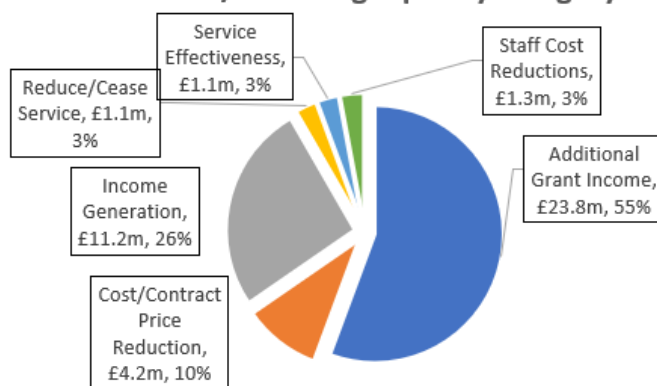
General Fund Budget Implementation Plans (in £m)

£m	Total Savings	Financial Savings		Financial Savings	
		Deliverable in Year	In Year Gap	Deliverable Next Year (Slippage)	Undeliverable Savings
Committee					
Adult Health & Social Care	29.9	29.3	0.6	0.0	0.6
Comm, Parks & Leisure	1.5	1.5	0.0	0.0	0.0
Economic Dev & Skills	0.1	0.1	0.0	0.0	0.0
Ed, Children & Families	9.5	8.4	1.1	0.0	1.1
Housing	0.6	0.3	0.3	0.3	0.0
Strategy & Resources	0.3	0.3	0.0	0.0	0.0
Trans, Regen & Climate	0.3	0.3	0.0	0.0	0.0
Waste & Street Scene	0.6	0.6	0.0	0.0	0.0
Grand Total	42.8	40.7	2.0	0.3	1.7
		95.3%	4.7%	0.8%	3.9%

The forecast delivery position of savings shows a £2m shortfall against the £43m target. This represents a delivery rate of 95% against target.

Savings targets are broken down into 6 categories as listed in the chart below which shows the breakdown of the categories. Note, most of the savings fall into “additional grant income” meaning the true controllable savings target is £18.9m rather than the full £42.8m per above, therefore an adjusted delivery rate of 89%.

Total 24/25 Savings split by category



2.10 UK Economy and Inflation Trends

In the first quarter of 2024/25, the UK economy has shown signs of improvement compared to recent years, indicating positive growth and stability. The Consumer Price Index (CPI) figures for March over the past 5 years are as follows:

- o 2024: 3.8%
- o 2023: 8.9%
- o 2022: 6.2%
- o 2021: 1.0%
- o 2020: 1.5%

We saw a big fall in September's CPI rate to 1.7% which was a fall below the 2.0% target for the first time since April 2021. Falling inflation does not mean reducing costs unfortunately and this increased position is now embedded in baseline expenditure.

2.11 Key Committee Overspends

2.11.1 Adult Health and Social Care overspent by £9.5m

The service's main overspend originates from persistent pressures carried over from 23/24, previously mitigated by one-off funding. To address these challenges, estimated at around £17m (including additional staff costs), a [Recovery Plan](#) was presented to the Adult Social Care Committee on 31st January 2024. The Plan focuses on mitigating underlying demand and cost pressures to achieve long-term financial sustainability.

Within the current 24/25 overspend, £7.1m is within Purchasing budgets, which fund the provision of care, primarily due to delays in implementing actions detailed in the Recovery Plan. The service is now reevaluating proposals to offset this slippage, with particular attention to high-cost Learning Disability packages transitioning into adult services.

Staffing is £2m overspent due to previous slipped savings and necessary front-line recruitment to meet statutory duties, considering waiting times for

key services. Around £0.5m other overspends are due to variances across a range of contracts including £0.3m relating to a prior year saving not realised.

2.11.2 Education, Children and Families overspent by £13.8m

Key overspends in children & family services also stem from ongoing pressures carried over from previous years:

- Placements: overall balanced to budget with overspends in residential, underspends in family-based placements and mitigations from Social Care Grant and budget allocations to balance the bottom line
- No Recourse to Public Funds: £1.4m overspend due to increased demand, particularly in accommodation, approximately £0.9m more than last year.
- Support for Children with Disabilities: £1.4m overspend, exacerbated by reduced ICB income.
- Home to School Transport: £6.5m overspend, reflecting increased demand (1000 more children than pre-pandemic).
- £2m overspend in Integrated Commissioning (22/23 saving) and £1.1m overspend in Children's (24/25 saving) relating to undelivered partner income.

The broad themes within the service creating budget overspends related to persistent demand pressures, challenges in achieving planned savings, and the need for service reviews and efficiency measures to address ongoing financial strains.

The funding arrangement between the Integrated Commissioning Board (ICB) and Sheffield City Council for Children's continuing care includes various commissioning and payment routes. Some care packages are jointly commissioned, while others involve Education. The ICB stated that they commission some care packages directly through Sheffield Children's Foundation Trust or third-party providers. The ICB will either pay providers directly for its share of these arrangements or will reimburse the Council. The Council, therefore, does not receive full funding for all continuing care cases.

Each care package should be assessed individually using the Children's Continuing Healthcare National Framework and approved by a joint resource panel, which includes members from the Council's Children's Disabilities team. Further work needs to be done to embed consistent processes and ensure that the Council is fully recompensed for the historical funding agreements made. This matter is currently being pursued to clarify existing arrangements and set clear processes for new assessments.

2.11.3 Homelessness support in temporary and exempt accommodation is forecast to cost the Council £13.1m this year

The Government does not fully subsidise all housing benefit payments made by the Council even though it sets the rules that determine the amount the Council has to pay. In 2023/24, the Council incurred a loss of £4.9m as a result of the legislation relating to temporary homelessness and £3.5m relating to supported accommodation. The Council is essentially bridging the gap between the amount the accommodation costs to procure and the amount we are able to recover via housing benefits.

In 2024-25, this is forecast to cost the Council £7.1m for temporary homelessness and £6m for supported accommodation. A corporate provision of £7.9m has been set aside in recognition of the subsidy loss issue alongside a further £2m from one-off grants to support the position this year.

2.11.4 The Housing Revenue Account overspent by £4.8m

Persistent overspends in the Housing Repairs and Maintenance service caused by a high number of cases, addressing compliance issues, subcontractor usage, and increased supply chain costs have reduced the capital contribution in the HRA to £15.8m from a target of £20.6m.

2.12 The Budget Implementation Group

As part of a drive to focus on financial position within services and drive budget delivery, a senior officer working group was established during 23/24. The BIG group is chaired by the Director of Finance and Commercial Services work has continued throughout 24/25 to:

- challenge and support delivery of Budget Implementation Plans (BIPs)
- ensure there are robust recovery plans for in-year overspends
- make recommendations for the allocation of transformation funding
- support improvements to the annual business planning process
- facilitate Council wide learning and budgetary focus.

The group has focused efforts on in year recovery plans over the past six months. A series of recovery plan workshops took place to address the significant forecast overspends for 2024/25 to focus on identifying and mitigating overspends within the service. Finance colleagues presented opportunities and risks, as well as workforce spend details. Attendees discussed factors driving overspending, current mitigations, demand control levers, income generation opportunities, and grant income. As a result, actions were agreed upon, and recovery plans developed for key services. Service leads are now being held to account to deliver against these commitments, with the outcomes reported to the Senior Leadership Board.

Further spending controls have also been put in place, including a recruitment review panel, to provide additional assurance and robustness to the process by ensuring that all requests are thoroughly evaluated. This

added layer of scrutiny helps ensure staffing decisions are being made with careful financial consideration and oversight and appropriate challenge.

2.13 Future Sheffield Transformation

The Council has an annual £4m budget to support transformation activity.

In order to become a financially sustainable organisation, the Council has set out a three-year plan for improvement, development and transformation called Future Sheffield. To support the programme, the Council has identified an annual fund to support change in the organisation and expedite the delivery of savings plans. The “BIG” group has provided advice, challenge, and recommendations for allocation of the transformation funding to the Council’s Performance and Delivery Board.

£000	23/24 Spend	24/25 Committed
Adults	2,116	993
Future Sheffield	680	1,441
Education & Skills	480	505
Housing	250	-
HR	244	570
Digital Innovation	206	301
Children’s	27	53
General Counsel	-	279
	4,003	4,142

Allocations of funding have been made to support delivery of programmes in Adult Social Care, Housing, Children’s services, ICT, HR, and Organisational Strategy to build upon the Future Sheffield programme. These key projects are working to stabilise the organisation and bring budgets back to a steady footing for the future. Each programme of work is being monitored, and progress reported to the Council’s Performance & Delivery board to ensure activity remains on track and delivering defined outputs.

2.14 Medium Term Financial Strategy (MTFS)

By law, the council must set a balanced budget. Our latest analysis suggests a gap of £68.9m by 28/29

Sheffield City Council, like most others across the country, faces another challenging financial year ahead. The Strategy and Resources Committee received an updated Medium-Term Financial Strategy on 24th July, highlighting financial pressures for the coming 4 years with an estimated gap of £68.9m in resources:

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Budget Gap (incremental)	31.4	15.8	10.8	11.0
Budget Gap (cumulative)	31.4	47.2	58.0	68.9

The starting point of the MTF5 is to establish the overall financial envelope in which services must be delivered. There is an assumption that all previously agreed budget improvement plans (BIPs) will be delivered in full. The total available resources over the medium term will be, in the main, determined by 3 key factors.

- the level of Government funding provided;
- its ability to raise income via items such as local taxation and sales fees and charges; and
- the amount of available reserves.

The [Autumn Budget](#) announced on the 30 October by Chancellor Rachel Reeves offered some reassurance on next year's funding position with a real-terms increase in total core spending power in 2025-26 of around 3.2%. This includes an assumed 4.99% increase in council tax. This is an improved position when compared to our current planning assumptions.

This budget provides £1.3bn of additional funding for social care support and for general pressures across Local Government. We are still awaiting further details to ascertain any new burdens that might be attached to any of the funding.

The government also committed to pursuing a comprehensive set of reforms to return the sector to a sustainable position. This will include reform of the approach to allocating funding through the local government finance settlement, starting with a targeted approach to allocating additional funding in 2025-26, ahead of a broader redistribution of funding through a multi-year settlement from 2026-27. These changes should see SCC attract additional funding for 2025/26 and give us a clearer understanding of funding over several years, helping us plan and budget more effectively allowing for better, longer term strategic decisions and stability to manage resources and implement sustainable programmes.

Key financial highlights of the budget were:

- An extension to the Household Support Fund
- £1.3bn new grant funding to deliver essential services including £0.6m social care
- Additional funding for homelessness prevention
- Funding for Children's social care reforms
- Greater retention of Right to Buy receipts
- Some clarity over UK Shared Prosperity Funding

- £1bn extra funding for SEND
- Additional investment in schools infrastructure and maintenance

Increases to the National Living Wage will widen the budget gap; every 10p increase costs the Council £2m in adult social care budgets so the 77p increase will cost £15.4m more than last year. As it stands and it is unclear to what extent this will be covered and this will not be known until we receive the finance settlement in December making finalisation of 25/26 budgets very difficult.

2.15 Priority Based Budgeting Model

The Council aims to move to a Priority Based Budgeting model for 25/26

The Council Plan 2024/28, established in March 2024, outlines clear outcomes and priorities for the medium term. Achieving these outcomes requires directing resources towards activities that best support the Council's priorities. Therefore, the Council is committed to adopting a Priority Based Budgeting (PBB) model throughout the Medium-Term Financial Strategy (MTFS) period.

To support PBB and the Council's priorities, transformation savings will continue to be delivered to mitigate significant financial pressures. The Future Sheffield programme is spearheading this effort by evaluating the current and future structure of the organisation, ensuring the Council is optimally positioned to deliver services efficiently and effectively. This initiative will align with the Future Sheffield programme and integrate with the future target operating model

Key changes to the business planning process this year:

- Service budgets have been evaluated against a framework to evaluate alignment to council plan, impact of non-delivery, effectiveness linked to performance and financial control. Scoring has been presented alongside budget proposals to support decision making
- In previous years, political groups have received savings proposals for RAG rating. This year, groups also received growth/demand and investment pressures to enable scrutiny of all proposals and make

investment decisions in the same way as savings decisions are taken. Group sign-off of proposals during November and early December.

- Policy Committees will receive briefings on the service proposals under their remit, however a formal budget report will not be taken to each committee.
- The first budget report will be taken to Finance & Performance Committee in December, followed by S&R in February and Full Council in March. This is slightly different to previous years and reflects the governance change in July 24.

3. How does this decision contribute to the Council Plan?

3.1 Council Plan outcome

The Council must, by law set a balanced budget which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This will take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels.

The Council Plan sits directly alongside our four-year Medium Term Financial Strategy, and we will bring closer alignment between our outcomes and priorities in the Council Plan and what we spend in our budget. Sheffield's prudent approach to fiscal management means we have a stable footing from which to deliver the required changes to support delivery of the Plan. We will move towards more outcome-based budgets from 2025/26 so that we can bring careful focus on the effectiveness of delivery against the priorities.

3.2 People – Prosperity - Planet

At the heart of everything in the Plan is a determination to challenge ourselves as an organisation to make a positive contribution to Sheffield's people, the city's prosperity and the planet we share. Effective budget management is essential to ensure the financial sustainability needed to deliver the outcomes

of our strategic plan, enabling us to make lasting, impactful contributions to Sheffield's people, the city's prosperity, and our shared planet

3.3 City Goals

Effective budget management is crucial in supporting our city goals, ensuring that we allocate resources wisely and maintain financial sustainability, so we can collectively achieve the shared vision for Sheffield's future.

4 What community or partner engagement has been undertaken and how has it informed the proposal?

There has been no consultation on this report, however, it is anticipated that the budget process itself will involve significant consultation as the Policy Committees develop their budget proposals.

5 What alternative options did we consider?

5.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

6 How has equality, diversity and inclusion been actively considered?

6.1 There are no direct equality implications arising from this report. It is expected that individual Committees will use equality impact analyses as a basis for the development of their budget proposals in due course.

7 Financial and Commercial Implications

7.1 The primary purpose of this report is to provide Members with information on the City Council's revenue budget monitoring position for 2024/25.

8 Legal Implications

8.1 Under section 25 of the Local Government Act 2003, the Chief Finance Officer of an authority is required to report on the following matters:

- the robustness of the estimates made for the purposes of determining its budget requirement for the forthcoming year; and
- the adequacy of the proposed financial reserves.

There is also a requirement for the authority to have regard to the report of the Chief Finance Officer when making decisions on its budget requirement and level of financial reserves.

By the law, the Council must set and deliver a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can consider deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.

9 Climate and Environmental Implications

9.1 There are no direct climate implications arising from this report. It is expected that individual Committees will consider climate implications as they develop their budget proposals in due course.

10 Other implications

10.1 No direct implications.

11 Reasons for decision

11.1 To record formally changes to the Revenue Budget.

1. 24-25 Q1 Budget Monitoring Report – Committee Budgets

The Adult Health & Social Care Policy Committee is overspent by £9.5m

1.1.1 The Q1 revenue outturn position for the ASC Committee was an overspend of £9.5m

24/25 Q2 £m	Outturn	Budget	Variance
ADULTS, CARE AND WELLBEING	161.7	152.0	9.7
INTEGRATED COMMISSIONING (Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)	3.6	3.7	(0.2)
Total	165.3	155.8	9.5

The Adult Health & Social Care committee is overspent by £9.5m. This represents a 6.1% variance to net revenue budget.

24/25 Q2 Variance £m	One-off	BIPs	Trend	Total Variance
ADULTS, CARE AND WELLBEING	(0.3)	0.6	9.4	9.7
INTEGRATED COMMISSIONING (Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)	0.0	0.0	(0.2)	(0.2)
Total	(0.3)	0.6	9.2	9.5

Within the current financial year, only £0.3m “one-offs” are providing mitigations for the underlying position which has largely carried forward from 23/24. Last year the service received additional social care grant from government, alongside discharge funding and Continuing Health Care Funding which offset the position.

1.1.2 Of the £29.9m savings targets, £29.4m are forecast to be delivered in year. £16.9m of these savings relate to additional grant income and £9m through additional income.

1.1.3 Purchasing activities are overspent by £7.1m

24/25 Q2 £m	Outturn	Budget	Variance
Learning Disabilities	42.2	34.3	7.9

Older People	23.9	25.0	(1.1)
Physical Disabilities	20.7	20.8	(0.2)
Mental Health	10.2	9.7	0.4
Total Purchasing	97.0	89.9	7.1

The one-off income received in 23/24 offset underlying overspends in purchasing budgets, primarily in learning disabilities.

The Recovery Plan for 2024/25 was presented to Committee 31 January 2024 detailing how underlying issues, including the overspend in Learning Disabilities, will continue to be addressed. Further updates will be provided during 24/25. The current forecast assumes £4.1m (24%) of the Recovery Plan is not deliverable in 24/25 and mitigations are being explored, including maximisation of income, review of charging policy and continuation of work with transitions cohort to prompt independence. A formal multiyear budget strategy is to be developed and brought to Committee later this year.

1.1.4 Budget realignment work is underway to understand historic funding agreements

Council finance and Health colleagues are undertaking detailed work to ensure budget allocations accurately reflect historic agreements between partners. This work will provide clarification on true funding gaps in services so decisions can be made as to how to redress any historic issues. Positive collaboration between the Council and NHS will ensure effective financial management and resource allocation.

1.1.5 Small underspend in Housing Related Support contracts

Housing Related Support has a £0.2m underspend in Integrated Commissioning due to current contract commitments being below budgeted levels and some staffing vacancies.

1.1.6 The service has a staffing overspend of £2m

Staffing is £2m overspent due to the impact of BIP savings identified against staffing budgets in previous years and the need to maintain sufficient staffing levels to meet statutory duties and keep people safe which has necessitated recruitment in front-line services. This was in the context of waiting times for safeguarding referrals, Care Act assessments, annual reviews and demand on short term services.

1.1.7 £0.5m overspend across other contracts/budgets

The previously reported £0.5m City Wide Care Alarms overspend that resulted from equipment digital upgrades is now balanced due to capitalisation of costs. There is an additional adverse £0.5m overspend due to variances across a range of contracts including £0.3m relating to a saving taken in prior years but not realised due to continuation of STEPS contract. The work underway to realign budgets with income streams is providing further clarity on where contractual issues need to be addressed going forwards.

1.1.8 Recovery plan delivery remains a challenge to the committee's financial position

The key financial risk for the committee's budgets is the pace of savings delivery required as outlined in the Recovery Plan

As with the other areas of the Council, cost and pay inflation are the major drivers for social care pressures into the medium term. Adults Social Care services are also forecasting continued pressures as a result of fee uplifts, growth and other demographic changes, plus increased transition costs between children's and adult care.

If the underlying pressures are not tackled, overspends will persist beyond 2024/25.

1.2 The Communities Parks & Leisure Committee is forecasting an underspend of £0.3m:

24/25 Q2 £m	Outturn	Budget	Variance
Community Services (<i>Community Safety; Family Centres; Youth Services; Community Services Business Support</i>)	12.4	12.4	(0.0)
Parks, Leisure & Libraries (<i>Bereavement; Coroner and Medico Legal; Libraries and Archives; Parks and Countryside; Partnerships and Special Projects; Physical Activity and Sports; Public Health</i>)	25.0	25.0	0.0
Integrated Commissioning (Voluntary Sector)	0.8	0.8	(0.0)
Business Improvement	(0.3)	(0.0)	(0.3)
Total	37.9	38.2	(0.3)

Of the committee’s £1.3m savings, 98% are forecast to be delivered in year.

1.2.1 The underspend is a result of salary savings with Business Improvement

Community Services and Parks, Leisure and Libraries are both forecasting to be balanced against their budgets, which is offset by Business Improvement.

1.2.2 The table below gives further breakdown of the committee’s spend against budget by each service

Division of Service	FY budget - income	FY budget - expend	FY budget	Total FY Outturn	Total FY Variance
BEREAVEMENT SERVICES	(4.9)	3.7	(1.3)	(1.1)	0.2
BUSINESS IMPROVEMENT	(0.7)	0.7	(0.0)	(0.3)	(0.3)
COMMUNITIES MANAGEMENT	(0.1)	3.7	3.6	3.6	0.1
COMMUNITIES PREVENTION	(5.9)	7.8	1.9	1.9	(0.0)
COMMUNITY SAFETY	(1.3)	2.8	1.4	1.4	(0.0)
CORONER & MEDICO LEGAL	(0.7)	2.6	1.9	1.9	0.0
DIRECTOR PL&L		1.0	1.0	1.0	0.0
LIBRARIES, ARCHIVES & INFORMAT	(1.0)	6.6	5.6	5.5	(0.1)
PARKS AND COUNTRYSIDE	(6.9)	15.2	8.3	8.3	(0.0)
PUBLIC HEALTH	(2.8)	2.8	0.0	0.0	0.0
SPORTS LEISURE AND EVENTS TEAM	(1.7)	11.2	9.5	9.4	(0.0)
VOLUNTARY SECTOR	(1.0)	1.9	0.8	0.8	(0.0)
YOUTH SERVICES	(0.1)	5.6	5.5	5.5	(0.0)
Grand Total	(27.2)	65.3	38.2	37.9	(0.3)

1.3 The Economic Development & Skills Committee is forecasting to balance to budget:

24/25 Q2 £m	Outturn	Budget	Variance
EDUCATION & SKILLS (Employment and Skills; Family and Community Learning)	0.8	0.8	(0.0)
ECONOMY, CULTURE & SKILLS	9.7	9.7	(0.0)
Total	10.5	10.5	(0.0)

The committee’s budget savings are to be delivered.

1.3.1 Funding

Whilst net budget is £10.4m, the Committee is reliant on £11.9m of income to support the services. The source of income in Family & Community Learning (FCL) comes, or came from, the Education and Skills Funding Agency (ESFA) and the Employment & Skills income was European Social Fund (ESF). The ESFA and ESF are separate funding sources.

ESF ended in December 2023 and the income for Employment & Skills for 24/25 has been replaced by UKSPF funding. The funding for FCL is still being received, partly through ESFA, with the rest being ESFA funding that has been devolved to SYMCA. We have assurances that FCL and Employment & Skills are both going to receive the necessary levels of funding/income to balance their budgets in 2024/25.

Some clarity was provided in the Budget that UKSPF funding will continue into 2025/26 but full details will be worked through upon receipt of the settlement in December.

1.3.2 The table below gives further breakdown of the committee’s spend against budget by each service

Division of Service	FY budget - income	FY budget - expend	FY budget	Total FY Outturn	Total FY Variance
BUSINESS DEVELOPMENT & FUND MA	(0.4)	1.0	0.5	0.5	(0.1)
CULTURE, TOURISM & EVENTS	(0.2)	4.7	4.5	4.6	0.1
DIRECTOR OF ECON DEV & CULTURE	(0.0)	1.7	1.6	1.6	(0.0)

APPENDIX 1 – 2024/25 Q2 Committee Budget Monitoring Reports

ECONOMY & BUSINESS SUPPORT	(0.3)	1.6	1.3	1.3	0.0
EMPLOYMENT & SKILLS	(2.9)	4.7	1.8	1.8	0.0
FAMILY & COMMUNITY LEARNING	(8.4)	9.1	0.8	0.8	(0.0)
Grand Total	(12.3)	22.8	10.5	10.5	(0.0)

1.4 The Education, Children & Families Committee is overspent by £13.8m

24/25 Q2 £m	Outturn	Budget	Variance
Children & Families	117.9	113.4	4.5
Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	27.4	20.3	7.1
Integrated Commissioning (Commissioning; Children's Public Health; Early Help and Prevention)	4.7	2.5	2.2
Total	150.1	136.3	13.8

1.4.1 £13.8 overspend consists of on-going cost and demand pressures with no one-off mitigations

24/25 Q2 Variance £m	One-off	BIPs	Trend	Total Variance
Children & Families	0.2	1.1	3.2	4.5
Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	0.0	0.0	7.1	7.1
Integrated Commissioning	0.0	0.0	2.2	2.2
Total	0.2	1.1	12.6	13.8

1.4.2 Budget Savings (BIPs) £m:

Of the committee's £9.4m Budget Implementation Plans (BIP) £1.1m are forecast to fall short this year representing an 88% delivery rate. This is in addition to the £2m undelivered BIP in Integrated Commissioning from 22/23 targeted at leveraging funding from health partners.

1.4.3 Placement costs remain high but within budget due to additional funding

Placements: £0.3m underspend due to continuing high costs being offset by additional Social Care and other Grant budget allocations in 24/25

- Issues: External residential placements high costs and challenges in the recruitment of foster carers. Family based placements underspending by £0.2m with client numbers not rising in line with expectations

- Average Cost: remains at over £5.9k per week for residential placements, with higher costs for complex cases.

- Proposed Actions: Ensuring appropriate cost distribution across education and health and reviewing high-cost placements.

1.4.4 No Recourse to Public Funds continues to be a pressure as in previous years due to high demand

NRTPF Overspend: £1.4 million.

- Demand Increase: Gross expenditure rising £0.9m from £1.2 million in 22/23 to £2.1m in 24/25
- Key Expenditure: Accommodation for families with children not entitled to benefits or social housing where B&B is not an option.
- Proposed Actions: Reviewing commissioning arrangements to explore efficiencies.

1.4.5 Continued high spend to support Children with Disabilities

Children with Disabilities Overspend Breakdown

- Overspend: £1.4 million in 24/25.
- Reasons:
 - Continued high spending on supporting Children with Disabilities.
 - Reduced income contribution from the ICB compared to previous years.

1.4.6 £2m undelivered savings proposal from 22/23 adds to the committee overspend

Integrated Commissioning

- Overspend: £2m
- Reason: Unachieved saving from 2022/23 relating to leveraging additional funding from Health partners that is still undelivered

1.4.7 Negotiations with Health partners are ongoing

There is a gap of £3m in relation to expected funding from ICB. A forensic analysis by the Council has shown that the ICB funds £1.3m towards children within SCC. Recent correspondence with the ICB stated that around £3m of their budget is for children's continuing care. However, due to a variety of commissioning arrangements, all funding may not route through SCC and further work is needed to clarify this.

The number of children supported by the children's disability social care team is around 330. The total forecast expenditure for children's disability services is £8.7m with an additional cost of around £5.2m per year on placements for looked after children with disabilities. Therefore, the contribution from the ICB only represents approximately 9% of the total spend.

1.4.8 £0.3m income shortfall at Aldine House Secure Unit

Restrictions imposed by OfSTED on maximum occupancy have negatively impacted on the ability to achieve the income assumed in the 24/25 budget at Aldine House. Plans are being developed to increase staffing levels with a view to re-opening the unit to its 10-bed capacity.

1.4.9 Home to School Transport is forecast to overspend by £6.5m this year

- Overspend: £6.5 million.
- Demand Increase: Sheffield City Council supports around 1,000 more children compared to four years ago, with demand expected to continue rising with a further 103 packages from September 2024..
- Review: An overarching SEND review, including Home to School Transport, is underway with partners IMPOWER.
- Cost Avoidance Measures: £1.2 million identified, already factored into the forecast overspend.
- Risks: Non-delivery of these measures could negatively impact the 24/25 outturn.
- Future Benefits: More efficient use of resources expected from the review.

1.4.10 SEN Transformation work

The SEN Transformation Programme has been addressing several key areas to manage demand and reduce costs. Initially, efforts to lower EHCP demand through VSEND (Virtual Special Educational Needs and Disabilities) and the advice line appeared successful, but recent data shows demand is still rising. The team is closely monitoring this and exploring further actions. There have been challenges with the uptake of VSEND, particularly from secondary schools, and a survey is underway to gather feedback and improve its use in Early Years and Primary Schools.

The programme also aims to introduce less expensive and promote more independent travel support options for new applicants and existing passengers, such as travel training and Personal Transport Budgets (PTBs). However, uptake of PTBs has been lower than expected, prompting a survey to understand barriers and a campaign to increase participation. New travel trainers have been deployed, and a business case is being developed to secure more trainers.

Transport services are reviewing fleet and taxi journeys to find cost-saving measures. Discretionary transport policies are under review, with potential changes being considered for post-16 transport, which could lead to significant savings. Additionally, there is ongoing work to optimize the use of passenger assistants and increase shared taxi journeys. The financial impact of these initiatives will become clearer as the programme progresses

1.4.11 Dedicated Schools Grant (DSG) is overspent by £7.4m

DSG Q2 Forecast £m	Outturn	Budget	Variance
Children & Families	6.0	5.8	0.1
Education & Skills	260.3	253.1	7.2
Community Services	0.6	0.6	0.0
Integrated Commissioning	3.9	3.8	0.1
Organisational Strategy P & D	0.3	0.3	0.0
Total	271.0	263.6	7.4

£2.7m of the £7.4m DSG overspend is a planned over-allocation of the 24/25 High Needs Block. The remaining £4.7m relates to additional placement costs which should result in some additional grant allocation from the next academic year. The £7.4m overspend will be mitigated from DSG reserves for 24/25.

A further breakdown of committee budgets is provided below for context:

Division of Service	FY budget - income	FY budget - expend	FY budget	Total FY Outturn	Total FY Variance
PLACEMENTS	(14.3)	49.6	35.4	35.1	(0.3)
FIELDWORK SERVICES	(0.0)	21.2	21.1	22.3	1.2
CENTRAL MANAGEMENT	(2.3)	14.2	12.0	13.1	1.2
CYP PROVIDER SERVICES	(4.2)	16.7	12.5	12.4	(0.1)
CHILDRENS DISABILITIES SERVICE	(0.5)	8.7	8.2	9.9	1.7
CHILDREN'S RESIDENTIAL HOMES	(6.3)	15.1	8.9	9.4	0.5
PREVENTION & EARLY INTERVENTN	(7.1)	14.4	7.3	7.4	0.2
C&F BUSINESS SUPPORT	(0.5)	4.8	4.3	4.3	(0.0)
QAIS	(0.9)	4.3	3.5	3.6	0.1
CHILDRENS SNR MANAGEMENT	(0.2)	0.5	0.3	0.5	0.2
DSG ADJUSTMENT - C&F				(0.1)	(0.1)
CHILDREN & FAMILIES	(36.2)	149.6	113.4	117.9	4.5
PORTFOLIO WIDE BUDGETS	(83.9)	94.4	10.5	20.2	9.7
SEN	(38.0)	41.6	3.6	8.2	4.6
BUSINESS STRATEGY OP BUDGETS	(2.9)	7.6	4.7	4.6	(0.1)
ACCESS & INCLUSION	(4.9)	5.8	0.8	0.8	(0.0)
EDUCATION & SKILLS BUS SUPP	(1.7)	1.9	0.2	0.3	0.0
SCHOOL BUDGETS	(158.8)	158.8	0.0	0.2	0.2
14-24 PARTNERSHIP	(1.9)	2.1	0.2	0.2	(0.0)
SCHOOLS AND LEARNING	(5.9)	6.0	0.2	0.1	(0.1)
EMTAS	(0.3)	0.3	0.0	(0.0)	(0.0)
DSG ADJUSTMENT - COMM SERV				(7.2)	(7.2)
EDUCATION & SKILLS	(298.1)	318.5	20.3	27.4	7.1
COMMISSIONING MANAGEMENT	(2.7)	3.3	0.6	2.8	2.2
EARLY HELP & PREVENTION	(6.5)	7.8	1.3	1.4	0.1

APPENDIX 1 – 2024/25 Q2 Committee Budget Monitoring Reports

CHILDREN'S PUBLIC HEALTH	(16.2)	16.8	0.7	0.7	(0.0)
DSG ADJUSTMENT – CILS				(0.1)	(0.1)
INTEGRATED COMMISSIONING	(25.4)	27.9	2.5	4.7	2.2
ECF COMMITTEE TOTALS	(359.7)	496.0	136.3	150.1	13.8



1.5 The Housing Committee is overspent by £5.2m and the Housing Revenue Account (HRA) is overspent by £4.8m

1.5.1 Housing General Fund is overspent by £5.2m against budget.

24/25 Q2 £m	Outturn	Budget	Variance
Housing General Fund	16.0	10.8	5.2
Regeneration And Development (Housing Growth - General)	0.5	0.5	(0.1)
Total	16.5	11.3	5.2

The majority of the overspend in the Housing General Fund relates to homeless temporary accommodation (TA) and the loss the Council incurs owing to Government subsidy rules.

1.5.2 The overspend trend is offset by some one-off income

24/25 Q2 £m	One-off	BIPs	Trend	Total Variance
Housing General Fund	(2.0)	0.0	7.2	5.2
Regeneration And Development (Housing Growth - General)	0.0	0.0	(0.1)	(0.1)
Total	(2.0)	0.0	7.1	5.2

The number of nightly paid accommodation placements to support homeless citizens has continued to increase into this year. Historic legacy income has been identified to provide some offset to the position.

1.5.3 The gap between housing benefit recovered and the cost of TA is forecast to be £6.6m for 300 singles and 90 families

The Government does not fully subsidise all housing benefit payments made by the Council even though it sets the rules that determine the amount the Council has to pay. The Council is bridging the gap between cost of TA in the form of hotels and B&Bs, and the amount we are able to recover via housing benefits from DWP.

A lack of capacity of affordable housing has led to the use of B&B and hotel accommodation to support our homeless duties. In the first quarter of the year, we supported an average of 300 singles and 90 families. It is forecast that approximately 80% of the eligible costs are non-recoverable from DWP creating a significant pressure on the general fund.

The Council incurred a loss of £2.8m in 22/23 as a result of the legislation and a further loss of £4.9m in 23/24. The 24/25 forecast is set to cost £6.6m. The

position has improved £0.5m since Q1 due to a forecast reduction in occupancies as families are moved into voids.

There is no budget to support the cost, but the position has been mitigated using homelessness grants. Urgent action must be taken to reduce the loss incurred by the Council in this area.

1.5.4 The Housing Solutions team are developing short and long-term strategies to stop using hotels and B&Bs

Immediate Measures underway:

- **VOIDS:** Maximising housing stock effectiveness.
- **Private Sector:** Exploring rental options and alternative delivery models.
- **Management:** new management in housing solutions to improve processes.
- **Staffing:** Recruiting additional staff to handle case backlogs and prevention.
- **Partnerships:** Encouraging partnerships to maximise claim eligibility.
- **Process Reviews:** Independent reviews to ensure rapid re-housing.
- **Long-term Placements:** Reviewing and moving on to more cost-effective options.
- **Claims Review:** Strengthening resources in the claims review team.
- **Local Solutions:** Collaborating with other authorities for localised solutions.

Long-term actions:

- **Construction Costs:** Value engineering to make new TA schemes affordable.
- **Acquisition Approach:** Repurposing alternative accommodation or leasing opportunities.
- **Partnerships:** Expanding housing availability with partners.
- **Prevention:** Improving early prevention and supporting tenancy maintenance.
- **Royal Foundation:** Leveraging resources to eliminate family homelessness.

1.5.5 The Housing Revenue Account is overspent by £4.8m

24/25 Q2 £m		Outturn	Budget	Variance
Income	Dwellings	(174.4)	(173.2)	(1.3)
	Other	(9.1)	(7.8)	(1.3)
Repairs & Maintenance	Other	3.4	3.3	0.1
	Responsive Repairs	60.1	52.8	7.4
Depreciation		25.0	25.0	0.0
Tenant Services	Other	59.4	59.2	0.2
	Council Tax	2.4	2.0	0.4
	Disrepairs	5.2	4.4	0.8
Interest on borrowing		12.2	13.6	(1.5)
Contribution to Capital Programme		15.8	20.6	(4.8)
Total		0.0	0.0	0.0

The HRA is forecast to generate a £4.8m lower than expected contribution to future capital programmes this year.

1.5.6 Income is higher than anticipated

Levels of anticipated bad debt and vacant rent loss are £1.3m lower than budgeted for. The service has benefitted from £0.5m additional interest received due to prevailing interest rates and £0.5m income from leaseholder charges.

1.5.7 The Housing Repairs and Maintenance Service (RMS) is £7.4m overspent

The overspend within this area is caused by £5.1m of subcontractor costs and £2.2m of material spend above the budget and £2.3m of agency staff which are unfunded. This is offset by an additional £2.8m of repairs being charged to the HRA capital programme above anticipated levels.

The HRA cannot afford to continue this sustained level of overspend. Actions are being taken to control the situation:

- **Capitalisation**

£1.5m of work completed has been identified as capital and is included in the forecast. There is potential for another £1.5m to be capitalised which will improve the revenue position.

- **Invest to save**

Areas have been highlighted where an increase in staffing can reduce subcontract reliance. Recruitment is underway but there is a risk that subcontractor usage doesn't decrease enough to realise any savings.

A fire door investment programme is beginning imminently but it won't be known until Q3 whether this will generate a reduction in costs.

Planned works have forecast £0.7m to reduce the job backlog from approximately 7,000 to 2,000. There is a high risk this reduction in jobs will not materialise owing to average job costing within the first half of the year. Additional planning from the service will help to mitigate this risk.

To reduce disrepair claims, £1.25m is to be invested in two additional damp and mould team utilising agency and subcontractor resources.

- **ICT and Productivity:**

There is a project underway to review capabilities of the service's IT system, TotalMobile (TM), and explore opportunities to increase productivity. This forms part of the TM contract renewal and whilst there are no direct savings generated from this increased productivity should see a reduction in overdue repairs.

A separate software trial has been completed and the expected efficiencies were not delivered, so this will be discontinued.

1.5.8 Tenant Services are £1.4m overspent as disrepair claims continue to be an issue

The HRA is forecasting to spend an additional £0.6m to budget on disrepair claims where work is not completed within 55 days. This is partly due to an unachieved BIP. An improvement plan is in place to reduce claims and further cost escalations.

Tenant services are also impacted by £0.4m of temporary accommodation costs and £0.4m of council tax costs due to the level of vacant properties.

1.5.9 Delays on borrowing are causing interest costs to be £1.5m lower than budget

HRA capital financing costs i.e., the interest payable on debt are £1.5m lower than budget largely due to a delayed need for borrowing to finance the housing capital programme.

1.5.10 The community heating account is broadly balanced

Pay as you go income is forecast to be less than expected which is offset by lower than budgeted gas and electricity costs.

24/25 Q2 £m	Outturn	Budget	Variance
Income	(4.0)	(4.4)	0.4
Expenditure	4.0	4.3	(0.3)
Total	0.0	(0.1)	0.1

1.6 The Strategy and Resources Committee is overspent by £0.2m

24/25 Q2 £m	Outturn	Budget	Variance
Operational Services (Customer Services; Facilities Management; Transport)	21.7	21.4	0.3
Community Services (Local Area Committees)	2.5	2.6	(0.1)
Regeneration And Development (Property)	(6.2)	(6.3)	0.1
Total	17.9	17.8	0.2

1.6.1 Strategy & Resources budgets relating to Strategic & Enabling Services now align to Finance and Performance

Following a governance review and agreement at full council on 17th July, there has been an agreed change in council functions under the remit of the Strategy and Resources committee. The following functions and budget lines previously reported under Strategy and Resources are now under the remit of Finance Policy and Resources:

- Finance and Commercial Services
- Legal and Information Governance
- Policy and Democratic Engagement
- People and Organisational Culture
- Transformation
- ICT and Digital Innovation

1.6.2 Operational Services are £0.3m overspent

Customer Services are £0.1m overspent due to staffing in the Contact Centre. Transport is £0.2m overspent because of undelivered savings targets from prior years.

1.7 Finance & Performance Committee - £6.1m overspent

24/25 Q2 £m	Outturn	Budget	Variance
Consolidated Loans Fund	38.1	38.1	0.0
Finance & Commercial Services	22.5	22.5	0.0
Digital Innovation & ICT	16.0	15.7	0.3
Policy & Democratic Engagement	8.6	8.5	0.1
People & Culture	6.8	6.4	0.3
Transformation service	4.7	4.9	(0.3)
General Counsel	3.9	3.4	0.5
Housing Benefit	5.7	0.2	5.5
Contract Rebates & Discounts	(1.2)	(0.7)	(0.5)
Central Costs	(49.2)	(49.3)	0.1
Corporate Transactions	(528.9)	(528.9)	(0.0)
Total	(473.0)	(479.1)	6.1

1.7.1 The majority of the overspend relates to Housing Benefit subsidy loss

An increase in demand for Supported Accommodation & Housing Benefit Regulations have created a budget problem for the Council. This is a national issue experienced by other local authorities.

Over the previous 3 years, this has cost the council almost £9m and is forecast to increase this financial year:

<u>Year</u>	<u>Housing Benefit Subsidy Loss</u>
2021/22	£2.3m
2022/23	£3.0m
2023/24	£3.5m
2024/25	£6.0m

Exempt Accommodation Overview

- **Definition:** Accommodation provided by a Council, Housing Association, registered Charity, or voluntary organisation where care, support, or supervision is provided by or on behalf of the landlord.
- **Subsidy Rules:**
 - Housing Association: Council receives 100% subsidy from the government for Housing Benefit awards.
 - Voluntary Organisation/Registered Charity: Council does not receive 100% subsidy for Housing Benefit awards.

Recommended Actions:

- Government Action: Other Local Authorities have raised issues with the Government and sought financial support.
- Housing Independence Service Initiative:
 - Encouraged short-term service providers to register as social landlords or partner with existing social landlords.
 - Proposed similar exercise for long-term providers and Adult Care and Housing commissioners to alleviate future budget pressures.

1.7.2 Legal Services is forecasting to overspend by £0.6m

General Council budgets are overspent by £0.6m against a £3.9m base budget. The reason for the significant overspend was high sickness and vacancy levels and increased demand in the service that have been supported by use of expensive locum staff which is linked to difficulties recruiting permanent staff.

1.7.3 Budget savings from prior years have left legacy issues for Strategic Enabling Services

Savings plans in 2022/23 required significant budget savings relating to operating model changes in the Council's Strategic Enabling Services directorate. Affected services include Transformation Service (formally Business Change), Human Resources, General Council (Legal Services), Policy, and Democratic Engagement.

The Future Sheffield programme will look to re-base budgets in some of these services over the coming months to ensure resourcing is financially sustainable in the directorate. Allocations from the transformation fund have been made to support this programme of work to right size services to ensure operational and financial resilience for the future.

1.7.4 Consolidated Loans Fund is forecast to balance this year

Investment balances are in line with budgeted expectations and the treasury budget forecasting to balance. Anticipated falls in Interest rates have been pushed back slightly from budget setting though without material impact to the revenue position. In 23/24 we saw sustained improvements in interest income against budget due to interest rates that provided some mitigation for unfunded overspends across council services. This year, as rates have normalised and have been reflected in our treasury strategy, we are unlikely to see the same level of overperformance.

The existing strategy of delaying external borrowing until rates falls is still being followed and it is hoped no new borrowing will be required for either the General Fund or Housing Revenue Account during the remainder of 24/25. Economic conditions have seen the cost of borrowing remain high in the first half of this year; forecasts are for base rates to decline but economists are split on the pace of this reduction. The first Labour budget in Oct 24 has seen a material increase to borrowing costs, it is unclear if this will be a temporary reaction from the markets. Further details on treasury management activity is detailed in Appendix 3.

1.8 The Transport, Regeneration and Climate Committee is balanced

24/25 Q2 £m	Outturn	Budget	Variance
Streetscene & Regulation (Clean Air Zone)	0.0	0.0	0.0
Inclusive Growth & Development (Planning Services; ITA Levy; Transport and Infrastructure)	35.7	35.5	0.2
Regeneration And Development (Capital Delivery; Property Regeneration, Director Of Regeneration And Development)	1.0	1.1	(0.2)
Total	36.7	36.7	0.0

1.8.1 The table below gives further breakdown of the committee's spend against budget by each service

Division of Service	FY budget - income	FY budget - expend	FY budget	Total FY Outturn	Total FY Variance
PRECEPTS AND LEVIES	0.0	24.3	24.3	24.3	(0.1)
TRANSPORT & INFRASTRUCTURE	(5.6)	12.9	7.3	6.5	(0.7)
PLANNING SERVICES	(5.4)	8.4	3.0	3.8	0.8
CITY SUSTAINABILITY	(0.2)	1.0	0.8	0.9	0.1
PROPERTY REGENERATION	(0.9)	1.9	1.0	0.8	(0.2)
DIR OF PLANNING INVEST & SUS		0.1	0.1	0.2	0.1
DIRECTOR OF REGEN & DEVELOPM	(0.0)	0.2	0.2	0.2	0.0
CLEAN AIR ZONE	(6.4)	6.4	0.0	0.0	0.0
CAPITAL DELIVERY SERVICE	(6.1)	6.1	(0.0)	(0.0)	0.0
Grand Total	(24.6)	61.3	36.7	36.7	0.0

1.8.2 Income in Highway Network Management is offsetting Planning shortfalls

Within the Transport and Infrastructure service, there is £0.5m of additional income resulting from extra activity within Highway Network management. This is offset by a £0.8m shortfall on planning income after the fee increase allowed by central government.

1.8.3 It is hoped the Local Plan will boost planning activity in the city

The Sheffield Local Plan is currently being independently examined. The Draft Plan, along with proposed amendments, was submitted to Government on October 6th 2023 and has to be reviewed by independent, Government-appointed Planning Inspectors. It is expected to be adopted by summer 2025, which is later than the previous update to this committee. It is crucial for the city's development as it provides a comprehensive framework to guide decisions on housing, environment, economic growth, and transport, ensuring sustainable and coordinated growth up to 2039.

1.9 The Waste & Street Scene Committee is underspent by £0.5m

24/25 Q2 £m	Outturn	Budget	Variance
Community Services (Cost of Living Hub)	0.0	0.0	0.0
Streetscene & Regulation (City Centre Management; Director Of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services)	72.7	73.2	(0.5)
Total	72.7	73.2	(0.5)

1.9.1 The table below gives further breakdown of the committee's spend against budget by each service

Division of Service	FY budget - income	FY budget - expend	FY budget	Total FY Outturn	Total FY Variance
WASTE MANAGEMENT	(5.4)	38.8	33.4	33.3	(0.1)
HIGHWAYS CONTRACT	(47.7)	79.5	31.8	31.8	0.0
ENVIRONMENTAL REGULATIONS	(1.5)	6.7	5.2	5.2	0.1
CITY CENTRE MANAGEMENT	(0.8)	3.2	2.4	2.6	0.2
HIGHWAY MAINTENANCE DIVISION	(1.2)	3.3	2.1	2.2	0.0
SHEFFIELD CITY MARKETS	(1.9)	3.3	1.5	1.5	0.1
DIRECTOR OF STREETSCENE & REG	0.0	1.6	1.6	1.5	(0.1)
LICENSING	(1.6)	1.8	0.2	0.4	0.2
EMERGENCY PLANNING	(0.0)	0.3	0.3	0.3	0.0
COST OF LIVING HUB	(5.6)	5.6	0.0	0.0	0.0
PLACE HUB		0.1	0.1	(0.1)	(0.1)
PARKING SERVICES	(11.0)	5.7	(5.3)	(6.1)	(0.7)
Grand Total	(76.9)	150.0	73.2	72.7	(0.5)

The above breakdown of the committee's budget provides good context for the high value expenditure budgets of the committee. A £0.5m underspend represents less than 1% deviation from budget.

Higher than budgeted income with Parking Services (£0.7m) is being offset by small variances across the rest of the committee.

1.9.2 Waste and Highways contract inflation years has driven up base budgets

Whilst inflation is beginning to fall, contract inflation pressures driven by RPIX are now embedded in our cost base. For context, the previous 4 years indices were as follows:

- January 2021: 1.6%

APPENDIX 1 – 2024/25 Q2 Committee Budget Monitoring Reports

- January 2022: 8.0%
- January 2023: 12.6%
- January 2024: 3.8%

Medium-term planning assumptions expect 2.5% for 2025/26 and 3% thereafter in line with market expectations at the time of planning.