



Report to Policy Committee

Author/Lead Officer of Report: Tony Kirkham,
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Services

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Report of: *Director of Finance and Commercial Services*

Report to: *Finance Committee*

Date of Decision: *13th June 2023*

Subject: *2022-23 Financial Outturn*

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“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

Purpose of Report:

*This report brings the Committee up to date with the Council’s final outturn position for 2022/23 including General Fund revenue position, Housing Revenue Account, and Capital Programme Monitoring (**Appendix 1**). The report also provides an update of the Council’s Treasury Management activity in 2022/23 and sets out expectations for the coming of the year (**Appendix 2**).*

Recommendations:

The Committee is recommended to:

The Committee is asked to:

- a) Note the updated information and management actions provided by this report on the 2022/23 Revenue Budget Outturn as described in this report
- b) Note the updated information and management actions provided by this report on the 2022/23 Capital Programme Monitoring as described in **Appendix 1**;
- c) Note the annual Treasury Management Outturn report for 2022/23 as described in **Appendix 2**
- d) Approve revenue budget carry forward requests for 4 items:
 - I. £239k Local Area Committee & Ward Pots
 - II. £259k Displaced general fund carried forward as a result of Team Around the Person funding from ICB spent in 2022/23.
 - III. £200k Youth – this proportion relates to the amount underspent on the Voluntary Sector grants in 2022/23
 - IV. £300k in the Housing General Fund for Registration Regulation that was initially allocated in 21/22 to fund staff to undertake enforcement work in Private Sector Housing.

Background Papers:
[2022/23 Revenue Budget](#)

Lead Officer to complete: -	
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> <p>Finance: <i>Tony Kirkham, Interim Director of Finance and Commercial Services</i></p> <p>Legal: <i>David Hollis, Assistant Director, Legal and Governance</i></p> <p>Equalities & Consultation: <i>James Henderson, Director of Policy, Performance and Communications</i></p> <p>Climate: n/a</p>
	<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	<p>SLB member who approved submission: <i>Tony Kirkham</i></p>
3	<p>Committee Chair consulted: <i>Cllr Zahira Naz</i></p>
4	<p>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 EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.</p>
	<p>Lead Officer Name: <i>Tony Kirkham</i> <i>Jane Wilby</i></p> <p>Job Title: <i>Interim Director of Finance and Commercial Services</i></p>

	<i>Head of Accounting</i>
Date: 31 st May 2023	

1. PROPOSAL

1.1 This report provides the final revenue outturn monitoring statement on Sheffield City Council's revenue and capital budget for 2022/23

1.2 Summary

1.2.1 The Council's revenue budget was overspent by £5m as of 31st March 2023.

Full Year £m	Outturn	Budget	Variance
Corporate	(456.6)	(450.5)	(6.1)
City Futures	34.1	34.9	(0.8)
Operational Services	111.4	111.6	(0.2)
People	304.4	294.2	10.2
Policy, Performance Comms	3.6	3.2	0.4
Resources	8.1	6.6	1.5
Total	5.0	(0.0)	5.0

1.2.2 This overspend is due to a combination of agreed Budget Implementation Plans ("BIPs") not being fully implemented and ongoing cost / demand pressures that are partially offset by one-off savings.

Full Year Variance £m	One-off	BIPs	Trend	Total Variance
Corporate	0.0	0.0	(6.1)	(6.1)
City Futures	(0.1)	0.0	(0.7)	(0.8)
Operational Services	(4.8)	2.7	1.9	(0.2)
People	(0.5)	14.8	(4.1)	10.2
Policy, Performance Comms	(0.1)	0.4	0.1	0.4
Resources	(1.0)	1.6	0.9	1.5
Total	(6.5)	19.5	(8.0)	5.0

1.2.3 In 2021/22, the Council set aside £70m of reserves to manage the financial risks associated with delivering a balanced budget position. In 2021/22, the council overspent by £19.8m which was drawn from this pool, a further £15m was used to balance the 2022/23 budget, final 2022/23 outturn £5m leaving a remaining risk allocation of £30m as we move in to 2023/24

M12	£m
Allocated reserves	70.0
21/22 Budget overspend	19.8
22/23 Base budget committed	15.0
22/23 Budget overspend	5.0
Reserves used @ M12	39.8
Remaining reserves	30.2

1.3 Committee Financial Position

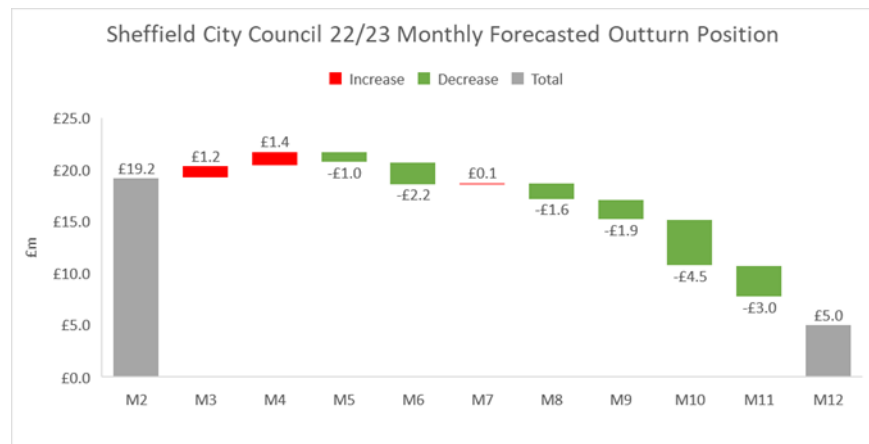
1.3.1 Overall Position - £5m Overspend

There is a £5.7m overspend in the Adult Health and Social Care Committee and a £5.8m overspend in the Education, Children and Families Committee

Full Year Forecast £m @ Month 12	Outturn	Budget	Variance	M11 Variance	Movement
Adult Health & Social Care	157.1	151.4	5.7	6.8	(1.2)
Education, Children & Families	134.2	128.4	5.8	7.1	(1.3)
Housing	6.2	6.0	0.2	(0.9)	1.1
Transport, Regeneration & Climate	28.4	29.7	(1.2)	(0.9)	(0.3)
Economic Development & Skills	10.7	11.1	(0.4)	(0.1)	(0.2)
Waste & Street Scene	54.7	55.0	(0.3)	(0.4)	0.1
Communities Parks and Leisure	44.2	45.9	(1.7)	(1.6)	(0.1)
Strategy & Resources	(430.5)	(427.5)	(3.0)	(2.1)	(0.9)
Total	5.0	(0.0)	5.0	7.9	(2.9)

The overall outturn position improved previous month's forecast overspend by £2.9m largely due to improvements in income in social care

The Council's forecast overspend has reduced by £14.2m from the M2 outturn position mainly due to unforeseen income



Substantial improvements have been made in the Council's financial position throughout 2022/23. The overspend in Adult Social Care was halved due to additional grant income, mainly from the Government's £500m discharge fund announced in November 2022.

	M2 Outturn	M12 Outturn	Movement
Full Year Variance £m			
Adult Health & Social Care	11.7	5.7	(6.0)
Education, Children & Families	5.6	5.8	0.1
Housing	0.0	0.2	0.2
Transport, Regeneration & Climate	1.2	(1.3)	(2.5)
Economic Development & Skills	(0.1)	(0.4)	(0.3)
Waste & Street Scene	(0.2)	(0.3)	(0.1)
Communities Parks and Leisure	(0.6)	(1.7)	(1.1)
Strategy & Resources	1.5	(3.0)	(4.5)

Total 19.2 5.0 (14.2)

Transport, Regeneration and Climate Committee's improvement of £2.5m was mainly as a result of the mitigation of unachievable savings targets for 2022/23.

The Communities, Parks & Leisure Committee's overall improvement was due to the underspend in the Youth Service following a delay in the implementation of the new operating model and recruitment slippage.

Strategy & Resources saw a large recovery in income from interest on investments throughout the year. Cash balances remained strong and so did the bank rate. Careful management and investment of our funds resulted in a strong yield for the Authority.

Most of the overspend is due to shortfalls in Budget Implementation Plans (BIPs) delivery

Variance Analysis @ Month 12	One-off	BIPs	Trend	Total Variance
Adult Health & Social Care	(0.3)	8.7	(2.7)	5.7
Education, Children & Families	1.0	6.0	(1.2)	5.8
Housing	1.2	0.0	(1.0)	0.2
Transport, Regen & Climate	(2.1)	2.1	(1.2)	(1.2)
Economic Development & Skills	(0.1)	0.0	(0.3)	(0.4)
Waste & Street Scene	(3.5)	0.4	2.7	(0.3)
Communities Parks and Leisure	(1.5)	0.0	(0.2)	(1.7)
Strategy & Resources	(1.3)	2.2	(4.0)	(3.0)
Total	(6.5)	19.5	(8.0)	5.0

Whilst the overspend for the Council closed at £5m, we were reporting that £19.5m of savings targets were not achieved in year. This was mitigated through either income contributions from grants or reserves or other fees and charges.

£6.5m of one-off savings mitigated the underlying overspend

Contributions from provisions for energy and waste inflation mitigated the in-year impact of rising baseline costs. In 2022/23 we saw a more than 100% increase in energy costs taking general fund energy costs from £2.5m to an annual bill of over £5m.

Year on Year		
Energy price increase	22/23	23/24
Gas	107%	5%
Electricity	111%	30%

Wholesale energy prices have fallen over recent months and the Council has secured energy prices until March 2024. The impact of this has been built into the 2023/24 budgeted baseline position at a 30% increase on electricity and 5% on gas.

Balancing the 2022/23 budget was only possible with £53m of BIPs, £33m were delivered this year

Budget Savings Delivery £m	Total Savings 2022/23	Deliverable in year	FY Variance
Portfolio			
People	37.7	22.9	14.8
Operational Services	7.1	5.0	2.1
PPC	1.2	0.8	0.4

Resources	6.7	4.5	2.2
Total	52.7	33.2	19.5

1.3.2 Key Committee Overspends:

Adult Health and Social Care overspent by £5.7m	<p>The high cost of packages of care put in place during covid has increased our baseline costs into 2022/23. A huge amount of work has been done as part of an investment plan to tackle the underlying issues. Recruitment challenges reduced our ability to deliver targets in full in 2022/23. It is anticipated that 96% of savings will be delivered by 1st April 2024 within current plans, leaving £1.1m to be mitigated during 2023/24.</p>
Education, Children and Families overspent by £5.8m	<p>Under-delivery of budget implementation plans in the service are the main cause of overspends; plans to reduce staffing and increase income from Health were not achieved.</p> <p>Issues with staffing at Aldine House limited the capacity in the setting and affected the income for the service this year by £1.5m. Overspends in children’s residential services, placements, short breaks, and direct payments have also been issues for the service’s budgets.</p>
The Housing Revenue Account is overspent against budget by £12m	<p>A significant issue in the HRA this year is the level of vacant properties within the Council’s housing stock. This has led to a reduction in income (£2.7m) in rent plus additional costs for council tax to the HRA (£1.1m) from the empty properties. A backlog of repair jobs has led to gas servicing compliance issues and disrepair claims (£2.4m) for the service.</p> <p>The housing repairs service overspent against budget by £10m. There has been a significant investment in addressing the backlog of repairs (in particular gas servicing) which have led to costs in excess of budget due to a higher volume of jobs and a higher than anticipated cost of fulfilling the work due to market factors and inflationary uplifts in materials and subcontractor costs.</p>

1.4.1 Strategy and Resources - £3m underspent

The Strategy and Resources Committee budget underspent by £3m	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance
	Business Change & Info Solns	18.1	17.2	0.9
	Central Costs	(47.4)	(46.5)	(0.9)
	Community Services (Local Area Committees)	1.9	1.9	0.0
	Consolidated Loans Fund	21.0	25.5	(4.5)
	Contract Rebates & Discounts	(1.1)	(0.7)	(0.4)
	Corporate Transactions	(477.6)	(476.0)	(1.6)
	Customer Services	5.4	5.6	(0.2)
	Finance & Commercial Services	18.4	18.4	(0.0)
	Housing Benefit	1.9	1.4	0.5
	Human Resources	5.5	5.0	0.4
	Legal & Governance	7.1	5.8	1.3
	Other Central Costs	0.0	0.0	(0.0)
	Policy, Performance & Comms	3.8	3.4	0.4
	Public Health	(0.1)	(0.1)	(0.0)
	Resources Management & Planning	0.3	0.3	(0.0)
	One Year Plan	0.0	0.0	0.0
	Direct Services (Facilities Mgmt)	16.4	16.2	0.2
	Inclusive Growth & Development (Property and Regeneration)	(4.0)	(4.9)	0.9
	Total	(430.5)	(427.5)	(3.0)

Shortfalls in BIP delivery were the main cause of budget overspends

Savings plans in 2022/23 required the committee to deliver over £7m of efficiencies from the budget mainly for operating model changes in the Council's Resources portfolio. Savings plans slipped in Business Change and ICT delivery (£1m), Performance and Communications (£0.5m) and Legal and Governance (£0.7m).

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 portfolio.

The Committee's forecast position improved by £4.5m throughout the year

The non-delivery of savings in 2022/23 (£2.2m) was mitigated by unexpected external sources as the year progressed.

The Government's business Rate Levy surplus for 2022/23 provided the Council with £1.2m above our expectations. Each year, in the Business Rates Retention System, the balance on the levy account must be calculated. If there is a surplus on the account, the Secretary of State for Housing, Communities and Local Government has discretion to designate all, part or none of that surplus to be distributed to local authorities. Sheffield City Council received a £1.2m share of the national £100m pot following this year's announcement.

There was a significant amount of interest income from investments during the year due to favourable interest rates.

Slippage in capitalisation of some blocks in the Heart of the City Programme favourably impacted the Capital Financing budget in 2022/23 (700k)

The pay award created a £0.4m pressure to the committee

The pay award of £1,925 flat rate per employee was paid to employees in M8 following Union agreement. The award directly impacted the Committee by £0.4m.

Local Area Committees spending plans have slipped

The budget of £2m for Community Services includes £1m for LAC staffing and a further £1m split between each Local Area for projects relating to the community plan which was approved in January. £800k of this budget is a roll-forward from prior year underspend. £239k unspent budget is assumed to slip into 2023/24 and spent according to the approved plan.

This is noted in section 1.5 of this report.

Property services overspend largely relates to Electric Works.

There is a £0.4m shortfall in rental income at Electric Works following loss and downsize of 2 key tenants. An amendment to the letting policy for the building is underway, alongside floorplate re-design and investment in energy efficiency improvements will increase the attractiveness for commercial lets next year.

Economic uncertainty affecting interest rates has had a positive effect on investments

The government's Autumn Statement reassured financial markets of the government's fiscal discipline. The previous "mini-budget" created uncertainty in economic markets resulting in a Bank of England base rate increase. The rise in interest rates positively affected the authority due to strong cash balances and our ability to capitalise upon favourable market investment rates. The strong cash position has also mitigated the need to externalise borrowing.

1.4.2 Adult Health & Social Care- £5.7m overspent

The revenue outturn position for the AHS&C Committee is overspent by £5.7m	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance
	Adult Health & Social Care Integrated Commissioning (Early Help and Prevention - Partnership Funding;	151.1	145.1	6.0
	Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)	6.0	6.3	(0.3)
	Total	157.1	151.4	5.7

The committee position improved by £6m throughout the year.

The majority of the committee overspend relates to undelivered savings (BIPs)	Variance Analysis £m @ Month 12	One-off	BIPs	Trend
	Adult Health & Social Care Integrated Commissioning	0.1	8.7	(2.8)
		(0.4)	0.0	0.1
	Total	(0.3)	8.7	(2.7)

Of the £25.2m savings target, £16.5m was delivered in year. (96%) are anticipated to be delivered by 1st April 2024 within current plans, leaving £1m to be mitigated during 2023/24.

Purchasing activities are overspent by £5.2m	PURCHASING POSITION @M10	OUTTURN	BUDGET	VARIANCE	M11 VARIANCE	MOVEMENT
	OLDER PEOPLE	31.4	31.2	0.2	1.8	(1.6)
	LEARNING DISABILITIES	35.2	28.0	7.2	7.3	(0.1)
	PHYSICAL DISABILITIES	14.3	16.6	(2.3)	(2.4)	0.1
	MENTAL HEALTH	9.1	9.0	0.1	0.4	(0.3)
		90.0	84.8	5.2	7.1	(1.9)

There were continued improvements in the purchasing budgets towards the end of the year with additional income from clients alongside further discharge funding to offset costs incurred.

The pay award created a £0.7m pressure for the committee	The pay award of £1,925 flat rate per employee was paid to employees in M8. The award impacted the Committee spend by £0.7m.
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The committee position improved by £6m throughout the course of the year	The final outturn position improved again in the last month following sustained improvements throughout the year. A big contributor to this position is due to the Winter Discharge Funding from the NHS announced in November 2022. The team in Finance and Adult Social Care have worked hard to scrutinise the expenditure incurred by the Authority and clarify the eligibility for the funding. Finance have worked closely with ICB partners to provide assurance of the final outturn position.
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A delay in housing related support provision has created a small underspend in 2022/23	A £0.2m underspend in Integrated Commissioning relates to Housing Related Support. Expenditure had been previously agreed for a new complex needs service for vulnerable adults who have accommodation needs. The service is unable to start until a suitable property is found and because it has not been possible to secure anywhere to date, the service will not start until later in the next financial year.
BIP delivery for 2022/23 remains challenging with continued focus on high-cost care package reviews put in place during covid	<p>Over £11m of the BIP savings required for 2022/23 relate to reviewing high-cost packages of care put in place during the pandemic.</p> <p>Work is still underway as part of the investment plan with additional resource to tackle the underlying issue although recruitment issues is impacting on deliverability.</p> <p>Delivery of savings were delayed because of the inability of the service to undertake planned reviews of care at the scale required due in part to short term demand pressures including community support requests (up 13% since 19/20), safeguarding contacts (up 68% since 19/20) and hospital support requests (up 20% since 19/20) and in part to national challenges around recruitment and retention.</p>
Learning Disabilities overspends are a major contributor to the overall overspend	<p>The majority of the £11m overspend on 3rd party services is for Learning Disability care and support. Learning Disability clients come into the service at a relatively young age and require lifetime support, often in high-cost residential care or supported living facilities.</p> <p>The service intends to address this in 2023/24 by:</p> <ul style="list-style-type: none"> • Reviewing high-cost increases to understand cost drivers; • Completing value for money exercise for services with above inflation increases; and • Market shaping to increase the options for day services, respite, and accommodation.
Recruitment and retention difficulties have impacted savings delivery in 2022/23	<p>Vacancies which are part of the investment plan are still not fully recruited to. If posts are filled, the employee overspend would increase but an improvement in BIP delivery would be expected.</p> <p>However, some elements of the investment plan funding employees are time limited with c.£2m due to be removed from staffing budgets over the next 2 financial years.</p> <p>A Target Operating Model is being worked on and it is anticipated to arrive at an optimum staffing establishment level but will need to consider the level of permanent funding available.</p>
Home care continues to be a huge challenge	The increased cost and size of packages following the pandemic is an underlying issue. However, data shows the average cost of packages reduced in recent months to £307 per week, this includes an additional hourly uplift agreed as part of the Fair Cost

of Care Grant. We also note a trend of reduced costs in new packages of people starting homecare of £227 per week which is the lowest it has been since January 2020, pre-pandemic. Sustained average cost reduction is a good indication for future financial sustainability of the service. However, with growing client numbers and the market suffering from staff recruitment and retention problems there is a resulting in a lack of capacity.

The Fair Cost of Care Exercise and Social Care Reform will increase Adult Social Care responsibilities and costs

Fair Cost of Care is to determine an appropriate fee level on over-65 Care Homes and Homecare delivery. SCC are currently an average to low payer when benchmarked against other Local Authorities which indicates the potential to have to increase rates above current forecast levels. Any grant allocated is unlikely to fully cover the cost of those increases.

Social Care Reform will levy significant new responsibilities on Local Authorities and introduces a cap on care costs. The grant allocated is unlikely to fully cover the costs of those increases or the required increase staffing base needed to deliver our new responsibilities.

Following an announcement in the government's Autumn Statement 2022, the planned adult social care charging reforms are now delayed until October 2025. Market pressure may present a risk to Sheffield City Council's budgets, without clarity on support from Central Government.

Savings delivery remains the biggest challenge to the committee's financial position

The key financial risk going into 2023/24 for the service is the pace of savings required and the impact of this year's savings carrying into 2023/24 when significant new additional savings are also required of the service.

1.4.3 Education, Children & Families Committee - £5.8m overspent

The Education, Children & Families General Fund is overspent by £5.8m	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance
	Children & Families	113.7	108.9	4.8
	Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	14.3	13.8	0.6
	Integrated Commissioning (Commissioning; Children's Public Health; Early Help and Prevention)	6.2	5.7	0.5
	Total	134.2	128.4	5.8

The position in Education, Children's & Families remained stable throughout the year

Whilst there was an improvement in the committee's financial position over the last few months, generally the underlying overspend for the committee has maintained a similar level to original forecasts.

There have been issues with staffing at Aldine House, our purpose-built secure children's home has suffered from a limitation to capacity in the setting and affected the income for the service this year by £1.4m. It is assumed income will not be adversely affected in 2023/24.

Other areas of overspends are within children's residential services, placements, short breaks, and direct payments.

The main cause of the overspend is under delivery of Budget Implementation Plans (BIPs)	Variance Analysis £m @ Month 12	One-off	BIPs	Trend
	Children & Families	1.1	5.4	(1.7)
	Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	0.1	0.0	0.5
	Integrated Commissioning	(0.1)	0.7	(0.0)
	Total	1.0	6.0	(1.2)

The impact of the pay award impacted the committee's budget by £0.8m

The pay award of £1,925 flat rate per employee was paid to employees in M8. The award impacted the Committee by £0.8m.

Dedicated Schools Grant (DSG) is overspending by £1.5m	DSG Full Year Forecast £m @ Month 12	Outturn	Budget	Variance
	Children & Families	6.1	6.3	(0.2)
	Education & Skills	214.5	214.5	(0.0)
	Integrated Commissioning	8.2	9.4	(1.3)
	Total	228.7	230.2	(1.5)

	<p>£1.4m overspend is in SEN due to rising numbers of placements and EHCP top up costs. There are £0.2m additional staffing costs in Educational Psychology from January plus £0.3m other overspends in Learn Sheffield, Music, insurance/other. These pressures were offset by unallocated funding from DSG and a small element of PFI surplus confirmed at year end.</p>
<p>Plans to reduce business support staffing have been delayed with costs offset by difficulties in recruiting social workers</p>	<p>£0.4m of the BIP shortfall relates to reduction in business support staffing linked to the investment in support workers in Fieldwork not happening as planned.</p> <p>Difficulties in recruiting Fieldwork staff resulted in a £1.3m underspend which helped offset the BIP shortfalls.</p> <p>There were £0.6m other staff related savings not delivered where it was not possible to replace agency with permanent staffing.</p>
<p>Placement budgets were the main cause of overspends in 2022/23</p>	<p>Placements were overspent by £1.2m against a £39.5m budget. £750k of this related to a saving to reduce placement costs following opening a new children's residential home for children with disabilities. Slippage on this saving falls into 2023/24. Other pressures in placements were in semi-independent and residential placements.</p>
<p>The residential strategy (c£2.7m savings) was not delivered</p>	<p>The £2m saving relating to a new secure unit was a longer term saving requiring capital and planning approvals to be in place before building/renovations would be able to commence.</p> <p>Earlier in the year it was reported that the proposal was no longer a viable due to the lack of available external funding coupled with high costs of developing a secure facility. This budget pressure has been accounted for in the 2023/24 baseline budget for the service</p>
<p>£1.4m savings from contributions from Health were not delivered this year</p>	<p>Whilst discussions have taken place with Health partners, no firm agreement was reached in 2022/23. There is an underlying pressure in the budget until an agreement is formalised.</p>

1.4.4 Housing Committee - General Fund Overspent by £0.2m & Housing Revenue Account overspent by £12.0m

The Housing General fund closed at £0.2m overspent against budget.	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance @M12	Variance @M11	Mvmt
	Housing General Fund	5.6	5.4	0.2	(0.9)	1.1
	Housing Growth	0.7	0.7	(0.0)	(0.0)	(0.0)
	Total	6.2	6.0	0.2	(0.9)	1.1

Throughout the year we made changes to the way we handled claims for temporary and supported accommodation. This meant we were able to achieve a higher claim rate before cases were “timed out”. This was the main reason for reported underspend against budget of £0.9m at M11.

However, upon final year-end reconciliation of the Housing Benefit subsidy claim, there was a significant shortfall in the amount we are able to reclaim from Government due to the caps on the expenditure claim. Whilst this has been an issue in previous years, we have accounted for the shortfall within the Resources portfolio and mitigated the deficit as part of the overall Housing Benefit reconciliation. In 2022/23 there was a greater increase in the shortfall due to the rising demand for temporary and supported accommodation and an increase in the cost of placements in the current market. Due to the nature of the shortfall, it has been reported in the Housing General Fund account in 2022/23 rather than in the Housing Benefit accounts.

The Department for Work & Pensions (DWP) reimburses local authorities for paying Housing Benefit claims and sets Housing Benefit policy. This issue is a national one with an estimated cost to Local Authorities in 21/22 of £110m for supported accommodation. Current legislation leaves Local Authorities with limited means of controlling the problem. The National Audit Office have very recently completed an investigation into this issue: [Investigation into supported housing - National Audit Office \(NAO\) report](#). The Housing Solutions service will continue to raise awareness and lobby Government for a resolution to this as well as developing solutions to mitigate the impact at a local level. Expenditure will be monitored tightly in 2023/24 to fully account for the extent of the issue throughout the year.

The outturn assumes £300k underspend can be carried into 23/24

The Housing General Fund outturn position assumes £300k budget for Registration Regulation that was initially allocated in 21/22 to fund staff to undertake enforcement work in Private Sector Housing is carried forward into 2023/24.

Recommendation of all carry-forwards is detailed in section 1.5.

The Housing Revenue Account is overspent by £12m against budget at M12	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance @M12	Variance @M11	Mvmt
Net Income – Dwellings	(149.9)	(152.6)		2.8	3.0	(0.2)
Other income	(7.2)	(6.5)		(0.7)	(0.2)	(0.5)
Repairs & Maintenance	51.4	41.4		10.0	9.4	0.6
Depreciation	24.7	24.7		0.0	0.0	0.0
Tenant Services	52.0	54.4		(2.4)	(2.6)	0.2
-Council Tax	2.0	0.9		1.1	1.2	(0.1)
-Disrepairs	4.6	2.6		2.0	2.4	(0.4)
Interest on borrowing	13.0	13.6		(0.7)	(0.1)	(0.6)
Contribution to Capital Programme	9.4	21.4		(12.0)	(13.1)	1.1
Total	0.0	0.0		0.0	(0.0)	0.0

The HRA position improved by £1.1m from M11 to M12. This was due to an accounting adjustment to the bad debt provision, additional interest income on investments, lower HRA borrowing costs and employee underspends. Some of these favourable movements were offset by increasing overspends in the Housing Repairs and Maintenance service.

Vacant properties resulted in a £2.8m loss of rent and £1.1m extra Council Tax cost.

Loss of rent was £2.8m for the year. This was largely related to the speed of turnaround of repairs on vacant properties. The HRA plan had assumed voids at around 1.5% but whilst plans are in place to improve the position going forward the current rate is around 3.4%.

In addition, the extra Council Tax costs of vacant properties was £1.1m for the year.

The Housing Repairs Service overspent by £10m

There were significant overspends on employees, sub-contractors, and material costs in dealing with additional responsive repairs within Voids, Repairs and Gas servicing.

A huge investment has been made in addressing non-compliance gas servicing moving shifting compliance rates to 98% from 87%. Addressing this backlog has incurred additional costs in the service alongside inflated materials and subcontractor costs.

The completion time for repairs to void properties has improved from 80 to 35 days, with the number of properties awaiting work reducing from 532 to less than 350 in the same period. The overall time taken to relet empty properties has reduced by almost 20% over the past 9 months.

The number of responsive repairs completed within target time has increased from 80% to over during the year and to 88%. The average waiting time for a responsive repair is now 12 days.

Disrepair claims were £2.4m above budget.

There were £2.4m extra costs for legal fees from an increasing volume of disrepair claims.

Vacant posts in Tenant Services contributed £2.4m underspend.	Tenant Services underspend is largely as a result of vacancies in Neighbourhood Services and the Investment and repairs service of £1.7m including £0.6m Fire Safety, £0.3m Housing Employability Team.
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Community heating account overspent by £0.2m	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance
	Income	(3.9)	(3.3)	(0.6)
	Expenditure	3.6	3.2	0.4
	Total	(0.3)	(0.1)	(0.2)

Overspends in the HRA impact the capital programme	The final outturn position results in a reduced contribution to the future programme. Savings in revenue budgets in 2023/24 must be delivered to ensure the long-term capital programme remains affordable.
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1.4.5 Transport, Regeneration & Climate Committee - underspent by £1.2m

The Transport, Regeneration & Climate Committee underspent by £1.2m	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance
	Direct Services (<i>Carbon Reduction; Transport</i>)	0.0	0.0	0.0
	Streetscene & Regulation (<i>Clean Air Zone</i>)	(0.1)	(0.1)	0.0
	Inclusive Growth & Development (<i>Capital Delivery; Director of Inclusive Growth; Property and Regeneration</i>)	0.6	0.7	(0.2)
	Planning, Investment & Sustainability (<i>Planning Services; ITA Levy; Transport and Infrastructure</i>)	27.9	29.0	(1.1)
	Total	28.4	29.7	(1.2)

The committee's outturn position improved by a further £0.3m this month due to additional income above forecast levels in highways network management.

The planned Clean Air Zone saving of £2.1m was offset by use of a specific reserve in 22-23.	Variance Analysis £m @ Month 12	One-off	BIPs	Trend
	Direct Services	0.0	0.0	0.0
	Streetscene & Regulation	(2.1)	2.1	0.0
	Inclusive Growth & Devt	0.0	0.0	(0.2)
	Planning, Investment & Sustain	0.0	0.0	(1.1)
	Total	(2.1)	2.1	(1.2)

The planned Clean Air Zone saving of £2.1m budgeted for 2022/23 was offset by use of a one-off specific reserve.

Operating expenditure relating to running the zone is assumed to be fully covered from income from charges following the introduction of the charging Clean Air Zone. This remains a risk contingent upon traffic and behaviour of the public and will be monitored closely in 2023/24 in line with central government guidance.

Any surplus revenue generated from the scheme will be spent in line with the requirements of the Transport Act 2000 as described in the CAZ Charging Order to facilitate the achievement of relevant local transport policies in Sheffield's in accordance with the following high level spending objectives:

- supporting the delivery of the ambitions of the scheme and promoting cleaner air;
- supporting active travel and incentivizing public transport use;
- supporting zero emission and sustainable infrastructure and actions in and around the city to improve air quality

This has been built into baseline budget assumptions for 2023/24.

The impact of the pay award created an extra £0.1m cost to the committee.

The pay award of £1,925 flat rate per employee was paid to employees in M8. The award impacted the Committee by £0.1m.

The underspend reflects vacancies and higher Highway Network activity.

Contributory factors in the underspend are vacancies within Planning & Transport and extra income from higher than planned Highway Network Management activity, somewhat offset by reduced planning fee income for the year. Management are advised to ensure forecasting accuracy as we move into 2023/24

1.4.6 Economic Development & Skills Committee – Underspent by £0.4m

The revenue outturn position for the Economic Development & Skills Committee was underspent by £0.4m	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance
	Education & Skills <i>(Employment and Skills; Family and Community Learning)</i>	0.9	0.9	(0.0)
	Streetscene & Regulation <i>(Events)</i>	1.0	0.9	0.1
	Economy, Culture & Skills <i>(Business Development; Director of Economic Development and Culture; Economy and Business Support; Employment and Skills)</i>	8.9	9.4	(0.5)
	Total	10.7	11.1	(0.4)

The committee's improved outturn position towards the end of the year was largely due to year end housekeeping and unwinding of risk in forecasts.

Whilst the net budget is £11.9m, the Committee is reliant on £14.2m of income to support the services.	Service	Net Budget	Outturn - Income	Outturn - Expend	Total Outturn (M12)	Total Variance
	EDUCATION & SKILLS	0.9	(6.7)	7.7	0.9	(0.0)
	STREETSCENE & REGULATION	0.9	(0.6)	1.6	1.0	0.1
	ECONOMY, CULTURE & SKILLS	9.4	(6.8)	15.7	8.9	(0.5)
	TOTAL	11.1	(14.2)	24.9	10.7	(0.4)

The impact of the proposed pay award created an additional £0.2m pressure to the committee.

The pay award of £1,925 flat rate per employee was paid to employees in M8. The award impacted the Committee spend by £0.2m.

The key Budget Implementation Plan (BIP) was delivered

The key BIP for 2022/23 was to vacate the offices at Broad Street West, which has been achieved.

1.4.7 Waste & Street Scene Committee is £0.3m underspent

The Waste & Street scene committee is underspent by £0.3m.	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance
	Streetscene & Regulation <i>City Centre Management; Director of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services; Cost of living Hub)</i>	54.7	55.0	(0.3)
	Total	54.7	55.0	(0.3)

The committee's outturn position remained broadly stable throughout the year.

A breakdown of budgets included in the W&SC committee is provided below for further detail on the split between income and expenditure budgets:

Service Area	Budget	Outturn - Income	Outturn - Expend	Total Outturn @M12	Variance
WASTE MANAGEMENT	28.0	(5.2)	33.3	28.0	0.0
HIGHWAYS CONTRACT	20.2	(48.2)	69.2	21.1	0.8
ENVIRONMENTAL REGULATIONS	5.0	(1.6)	6.7	5.1	0.1
SHEFFIELD CITY MARKETS	1.9	(1.6)	3.6	1.9	0.1
HIGHWAY MAINTENANCE DIVISION	1.5	(3.0)	4.1	1.0	(0.5)
CITY CENTRE MANAGEMENT	1.4	(1.5)	3.2	1.7	0.4
DIRECTOR OF STREETSCENE & REGS	0.7	(0.2)	0.9	0.7	(0.0)
COVID HUB	0.7	(12.3)	13.0	0.7	0.0
EMERGENCY PLANNING	0.3	(0.1)	0.4	0.3	0.0
LICENSING	0.1	(1.5)	1.7	0.2	0.1
PLACE HUB	0.0	0.0	(0.0)	(0.0)	(0.1)
PARKING SERVICES	(4.8)	(11.4)	5.3	(6.1)	(1.2)
Grand Total	55.0	(86.5)	141.2	54.7	(0.3)

The above breakdown provides good context for the high value expenditure budgets of the committee. A £300k underspend represents a 0.2% deviation from budget.

Underlying inflationary pressures on energy and waste management have presented a significant challenge for the Council	Variance Analysis £m @ Month 12	One-off	BIPs	Trend
	Streetscene & Regulation <i>City Centre Management; Director of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services; Cost of living Hub)</i>	(3.5)	0.4	2.7
	Total	(3.5)	0.4	2.7

The Waste contract provides for an uplift in costs at RPIX which was re-based at 8% for 2022/23. This was £0.8m higher than the budgeted level. Similarly, energy cost increases of 100% on street lighting are resulting in a £2.1m issue in 2022/23.

Both these pressures are being mitigated in 2022/23 through one-off provisions / reserves this year. Inflationary pressures have been built into the 2023/24 budget. The indexation applied to the contract costs 2023/24 is 12.6%.

The impact of the pay award created an additional £0.2m pressure to the committee

The pay award of £1,925 flat rate per employee was paid to employees in M8The award impacted the Committee spend by £0.2m

1.4.8 Communities, Parks & Leisure Committee – underspent by £1.6m

The Communities Parks & Leisure Committee underspent by £1.6m	Full Year Forecast £m @ Month 12	Outturn	Budget	Variance
	Community Services (Community Safety; Family Centres; Youth Services; Community Services Business Support)	9.6	10.7	(1.2)
	Parks, Leisure & Libraries (Bereavement; Coroner and Medico Legal; Libraries and Archives; Parks and Countryside; Partnerships and Special Projects; Physical Activity and Sports; Public Health)	33.9	34.3	(0.4)
	Integrated Commissioning (Voluntary Sector)	0.7	0.8	(0.1)
	Total	44.2	45.1	(1.6)

The committee's outturn position improved by £1.1m over the course of the year, mainly due to a delay in the restructuring of the Youth service.

There is forecast to be a shortfall of BIP delivery of £0.4m relating to Parks and Libraries	Variance Analysis £m @ Month 12	One-off	BIPs	Trend
	Community Services (Community Safety; Family Centres; Youth Services; Community Services Business Support)	(1.1)	0.0	(0.1)
	Parks, Leisure & Libraries	(0.3)	0.0	(0.1)
	Integrated Commissioning (Voluntary Sector)	(0.1)	0.0	(0.0)
	Total	(1.5)	0.0	(0.2)

Higher energy costs of £0.3m in parks, leisure and libraries have been mitigated in year by a one-off contribution from reserves. This underlying trend has been built into the baseline position for 2023/24.

Community Services have underspent by £1.2m	Most of the underspend is one-off. £240k funding relating to year 2 of the Page Hall project is being carried forward to 2023/24 in line with previous approvals for the programme
	The position assumes the following items of underspend are carried forward into 2023/24 are recommended to the finance committee for approval: <ol style="list-style-type: none"> I. £259k of displaced general fund as a result of Team Around the Person funding from ICB spent in 2022/23. Funding was received from the ICB above expectations set out in the budget and needed to be defrayed within the year. This in turn displaced the general fund

contribution for 2022/23. Delivery plans continuing with the implementation of the Team Around the Person strategy mean this budget will be required in 2023/24.

- II. **£200k Youth –Voluntary Sector grants**
A proportion of the underspend in the Youth Service related to the budgeted amount allocated for Voluntary Sector grants in 2022/23. It is recommended this budget is spent in 2023/24 in line with member agreed principles for the service.

All carry-forward requests assumed in the outturn position are noted in section 1.5.

The impact of the proposed pay award created an additional £0.4m pressure for the committee

The pay award of £1,925 flat rate per employee was paid to employees in M8. The award impacted the Committee spend by £0.4m.

£1.3m is forecast to be spent to support the community response team

The committee outturn accounts for £1.3m temporary funding drawn down to pay for staffing costs in community response for Clinically Extremely Vulnerable, Community Safety and Locality Teams.

This was one off funding expenditure and management must be cautious not to fund ongoing contracts from this funding into 2023/24.

1.5 **Recommendation for approval to carry forward expenditure from 2022/23**

There are areas from 2022/23 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 general fund outturn position presented in sections 1.2 – 1.4 assumes approval that the following underspends from committee base budgets can be carried forward into 2023/24. Non-approval of any of the following items would result in an improved outturn position:

1.5.1 **I. £239k Local Area Committee & Ward Pots - Communities**

Due to the timing of delivery, some of the budget was not spent in 2022/23 but has been approved and should be spent in line with plans slipped in 2023/24

1.5.2 **II. £259k Team Around the Person – Communities**

Funding was received from the ICB above expectations set out in the budget and needed to be defrayed within the year. This in turn displaced

the general fund contribution for 2022/23. Delivery plans continuing with the implementation of the Team Around the Person strategy mean this budget will be required in 2023/24.

1.5.3 **III. £200k Youth Voluntary Sector Grants - Communities**

A proportion of the underspend in the Youth Service related to the budgeted amount allocated for Voluntary Sector grants in 2022/23. It is recommended this budget is spent in 2023/24 in line with member agreed principles for the service.

1.5.4 **IV. £300k for Registration Regulation – Housing General Fund**

A £300k additional permanent investment was approved by Members and allocated to Registration Regulation in 21/22 to fund staff to undertake enforcement work in Private Sector Housing. The underspend was due to delayed recruitment following a restructure but will be spent in 2023/24 to support delivery of a budget improvement plan relating to additional income following review of charging rates for licenses.

1.6 **Capital Programme Outturn 2022/23**

Further details on the capital spending priorities of each of these Committees are contained in our [Capital Strategy](#) which is refreshed each year. In March 2022, the then 'Co-Operative Executive' approved a capital programme budget for the financial year 2022/23. The final outturn report is noted in **Appendix 1** sets out the overall position on how we delivered against the 2022/23 approved budget.

1.7 **Treasury Management Outturn 2022/23**

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 2022/23. 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 The recommendations in this report are that each Policy Committee notes their 2022/23 outturn and takes action on overspends in budgets in preparation for the 2023/24.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 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

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 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.

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 2022/23 and the Treasury position.

4.3 Legal Implications

- 4.3.1 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.

- 4.3.2 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.

- 4.3.3 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 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 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.

4.4 Climate Implications

- 4.4.1 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.

4.4 Other Implications

- 4.4.1 No direct implication

5. ALTERNATIVE OPTIONS CONSIDERED

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. REASONS FOR RECOMMENDATIONS

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

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