

COMMUNITIES CULTURE & LEISURE PORTFOLIO

The Portfolio has a forecast **under-spend** by year end of **£0.01M** at quarter 2, which represents a percentage variance against budget of **0.1%**. The Portfolio forecast variance is unchanged from the position reported at quarter 1.

A summary of the quarterly movements in the Portfolio forecast variance, compared to Quarter 1, are shown in the table below:

Division / Service Activity	Forecast Variance Quarter 2 £M	Forecast Variance Quarter 1 £M	Movement £M
Heritage, Collection & Management	0.02F	0.02F	0.00
Gallery & Museums	0.02A	0.02A	0.00
Archaeology	0.01F	0.01F	0.00
Total	0.01F	0.01F	0.00

There are no SIGNIFICANT issues for the Portfolio.

It should however be noted that the Heritage and Galleries Services have shared resources within the services which has ensured resilience within the services and additional staff costs and other resources employed by the archaeology service have enabled the service to generate a small amount of additional income.

EDUCATION AND CHILDREN'S SOCIAL CARE PORTFOLIO

The Portfolio has a forecast **under spend** by year end of **£1.08M** at quarter 2, which represents a percentage under spend against budget of **2.6%**. The Portfolio forecast variance has moved favourably by **£0.80M** from the position reported at quarter 1.

A summary of the monthly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr 2 £M	Forecast Variance Qtr 1 £M	Movement from Qtr 1 £M
Divisional Management & Legal	0.56 F	1.16 F	0.60 A

Looked After Children (LAC) and Provision	0.49 F	0.07 F	0.42 F
MASH & Children in Need (CiN)	0.23 F	0.10 A	0.33 F
Specialist Core Services	0.09 F	0.24 A	0.33 F
ICU – Children’s Services	0.12 F	0.00	0.12 F
Education – Early Years & Asset Management	0.56 A	0.50 A	0.06 A
Education – High Needs & Schools	0.15 F	0.09 A	0.24 F
Other	0.00	0.02 A	0.02 F
Total	1.08 F	0.28 F	0.80 F

Divisional Management & Legal – (£0.56M favourable variance, £0.60M adverse movement)

The forecast net position on the agency budget for quarter 2 (i.e. netting the cost of agency staff against the vacant establishment posts) is a favourable variance of £0.56M.

The favourable position for quarter 2 reflects the forecast underspend due to the reduction in the number of agency staff for this year based on a number of posts that are expected to be filled on a permanent basis once the Phase 3 staffing restructure has been implemented. This is offset by the cost of management agency staff charged to this area for which there are budgets in other areas of Children’s Services.

Looked after Children and Provision (£0.49M favourable variance, £0.42M favourable movement)

There is an increasing average cost of Independent Fostering Agencies (IFA) placements which has led to an adverse variance of £0.76M. Children’s Services are continuing to undertake a targeted piece of work to reduce LAC and look at more appropriate placement of children. This has enabled a number of posts to be left vacant giving a favourable variance of £0.21M however these posts may be required to be filled following the phase 3 restructure.

The continued increase in the number of Special Guardianship Orders has also been experienced as the service look for permanent carers for the children, resulting in a forecast adverse variance of £0.34M. Offsetting these is a favourable forecast for internal fostering and residential of £1.18M due to a reduction in the number of placements against budget. There has been an adverse movement of £0.16M since quarter 1 due to recent pressure in residential placements.

MASH & CiN (£0.23M favourable, £0.33M favourable movement)

There are a number of vacant posts which are not expected to be filled until the implementation of the phase 3 restructure. These vacant posts have now been forecasted to be vacant until the end of November which is the favourable movement from quarter 1.

Specialist Core Services (£0.09M favourable, £0.33M favourable movement)

There are a number of vacant posts which are not expected to be filled until the implementation of the phase 3 restructure. These vacant posts have now been forecasted to be vacant until the end of November which is the favourable movement from quarter 1.

ICU – Children’s Services (£0.12M favourable, £0.12M favourable movement)

There is a forecast favourable variance due to the cessation of the midwifery contract.

Education – Early Years & Asset Management (£0.56M adverse, £0.06M adverse movement)

Home to school transport for children attending Special schools is currently forecast to overspend by £0.56M due to the impact of the continuing increase in school transport numbers and costs at Special Schools. The impact of this pressure is £0.57M in the current year. As part of setting the budget, a one off sum of £0.35M was added to HTST budgets to allow enough time for implementation of savings from April 2018. As a result of additional demand in our special schools, an extra 70 special schools places have been allocated in the current year. This will provide an additional pressure on the service of £0.28M. This gives an overall forecast pressure for 2017/18 of £0.56M. The service is working on an action plan and timeline to address the pressure going forward and any residual pressure will be taken into account in the 2018/19 budget.

The pressure on the Educational Psychology (EP) budget is due to an increase in EP statutory work, with a 37% increase in requests in the last year leaving reduced capacity for activities which would generate income for the service. The last academic year saw a slight reduction in requests from school for bespoke training packages or attendance on training courses. This is being addressed by a redesign of the offer to schools, a newly designed online brochure being available to schools and the appointment of a dedicated resource in the Phase 3 restructure, who will help services further develop their traded offer to schools

Education – High Needs & Schools (£0.15M favourable, £0.24 favourable Movement)

There are a number of vacant posts in the Standards and School Improvement service which are not expected to be filled until the implementation of the phase 3 restructure

ENVIRONMENT & TRANSPORT PORTFOLIO

The Portfolio has a forecast **under** spend by year end of **£0.16M** at quarter 2, which represents a percentage variance against budget of **0.8%**. The Portfolio forecast variance has moved **favourably** by **£0.26M** from the position reported at quarter 1

A summary of the quarterly movements in the Portfolio forecast variance, compared to Quarter 1, are shown in the table below:

Division / Service Activity	Forecast Variance Quarter 2 £M	Forecast Variance Quarter 1 £M	Movement £M
City Services – Waste Management	0.02 A	0.20 A	0.18 F
E&T Contracts Management	0.01 A	0.05 A	0.04 F
Regulatory Services	0.05 A	0.02 F	0.07 A
Transportation	0.19 F	0.13 F	0.06 F
Other Minor Variances	0.05 F	0.00	0.05 F
Total	0.16 F	0.10A	0.26 F

The **SIGNIFICANT** issues for the Portfolio are:

City Services – Waste Management (£0.02M adverse, £0.18M favourable movement)

Reduction in domestic waste costs by £0.14M due to the introduction of alternate weekly refuse collections which started in June 2017. An increase in garden waste collections has generated additional income of £0.04M while lower volumes of garden waste at the amenity sites have reduced costs by £0.01M.

Regulatory Services (£0.05M adverse, £0.07M adverse movement)

A reduction in registration income this quarter with lower than expected income in nationality checking and notices of marriage has resulted in an adverse variance of £0.04M.

Transportation (£0.19M favourable, £0.06M favourable movement)

The favourable variance is due to the successfully awarding of an Access grant which will fund the City Ride scheme and some underspends on staffing budgets.

FINANCE PORTFOLIO

The Portfolio is currently forecast to **over** spend at year-end by **£0.38M** at quarter 2, which represents a percentage over spend against budget of **1.7%**. The Portfolio forecast variance has moved adversely by **£0.12M** from the position reported at quarter 1.

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Quarter 2 £M	Forecast Variance Quarter 1 £M	Movement £M
IT Services	0.38 A	0.25 A	0.13 A
Other	0.00 F	0.01 A	0.01 F
	0.38 A	0.26 A	0.12 A

The **SIGNIFICANT** issues for the Portfolio are:

IT Services (forecast adverse variance £0.38M, £0.13M adverse movement)

The slippage on the approved savings to reorganise the IT provision continues to be an issue alongside a detailed review of licences. An action plan is to be submitted imminently by the new Service Director for IT for review by Finance.

In addition to the previously reported variances a non-recurrent pressure of £0.15M has been incurred due to the urgent need for additional network (SAN) storage for back-up capacity. This has been offset in part by a saving of £0.07M on salary savings from vacant posts.

HEALTH & COMMUNITY SAFETY PORTFOLIO

The Portfolio is currently forecast to **over** spend at year-end by **£0.04M** at quarter 2, which represents a percentage over spend against budget of **0.9%**. The Portfolio forecast variance has moved adversely by **£0.06M** from the position reported at quarter 1.

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Quarter 2 £M	Forecast Variance Quarter 1 £M	Movement £M
Public Health	0.05 A	0.00	0.05A
Other	0.01 F	0.02 F	0.01A
	0.04 A	0.02 F	0.06A

The **SIGNIFICANT** issues for the Portfolio are:

Public Health (forecast adverse variance £0.05M, £0.05M adverse movement)

The adverse forecast variance relates primarily to the slippage of approved savings. The Solent University PhD students saving has a shortfall of £0.03M due to residual costs up to the end of the academic year. This adverse position has been offset by £0.01M from a decrease in staff hours saving. The non-recurrent saving target in 2017/18, which replaced the substance misuse reduction, has an adverse position of £0.07M. The variance has been reduced by health improvement contract savings and savings from decrease in staff hours.

HOUSING AND ADULT CARE PORTFOLIO

The Portfolio has a forecast over spend by year end of **£5.85M**, which represents a percentage over spend against budget of **8.8%**. The Portfolio forecast variance has moved adversely by **£0.28M** from the position reported at Quarter 1.

A summary of the monthly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr 2 £M	Forecast Variance Qtr 1 £M	Movement from Qtr 1 £M
Safeguarding AMH & OOH	0.69 A	0.57 A	0.12 A
Provider Services	0.23 A	0.15 A	0.08 A
Long Term	4.87 A	4.84 A	0.03 A
Adult Services Management	0.05 A	0.00	0.05 A
Total	5.85 A	5.56 A	0.28 A

The **SIGNIFICANT** issues for the Portfolio are:

Safeguarding Adult Mental Health & Out of Hours – (£0.69M adverse variance, £0.12M adverse movement)

The adverse variance of £0.69M for Mental Health client package costs is due to an increase in the number of clients. The budget was based on 238 clients but there are currently 245 clients being charged to this service. The Phase 3 restructure will provide additional review capacity to ensure the care being provided is appropriate to each client's needs and ensuring care is provided in the most cost effective way. In addition, it is unlikely that the Mental Health employee saving will be achieved in full. Due Section 75 Partnership agreement slippage, a shortfall of £0.07M in the savings target is contributing to the adverse variance.

Provider Services (£0.23M adverse variance, £0.08 adverse movement)

There has been a delay in the closure of Kentish Road respite centre, which was originally planned for April 2017 leading to an £0.23M adverse variance. The decision to close Kentish Road was made with the assurance to families and individuals that closure would not happen until there were suitable alternatives identified for each client. Since quarter 1, there has been a delay to this proposed closure date with the revised date to be confirmed, leading to a further adverse movement in variance by £0.08M. The Integrated Commissioning Unit are working with adult social care colleagues to identify the alternative provision.

Long Term (£4.87M adverse variance, £0.03M adverse movement)

A variance for Long Term client packages has been forecast at £4.87M adverse variance as the cost reductions are not yet meeting the savings profile. Net cost reductions of £1.59M for Learning Disability client packages against a savings target of £2.74M have been identified and will be achieved during the year. As work continues on the remaining savings targets of £1.15M, this has been forecast as an adverse variance, pending the verification of further savings. In addition to this £1.00M of IBCF monies has been allocated to this area as per the previous report to council. The forecast for Older Persons & Physical Disability client packages is showing an adverse variance of £4.72M. This is an adverse movement of £1.19M, partly due to the further identification of clients within this area. Savings are monitored weekly and reported to Adult Social Care Improvement Board. The forecast level of unachieved savings for Long Term clients is now at £3.77M with the balance of the forecast overspend (£1.10M) being attributed to an increase in demand and complexity. The assumption for all currently unachieved savings is that they will not be found in the 2017/18 financial year, however this is under constant review through the weekly Improvement Board, as the service looks to identify and develop alternative savings plans.

LEADERS PORTFOLIO

The Portfolio is currently forecast to **over** spend at year-end by **£0.39M** at quarter 2, which represents a percentage over spend against budget of 3.55%. The Portfolio forecast variance has moved adversely by **£0.65M** from the position reported at quarter 1.

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Quarter 2 £M	Forecast Variance Quarter 1 £M	Movement £M
Property Services	0.34 A	0.30 F	0.64 A
HR Services	0.16 A	0.06 A	0.10 A
Legal & Governance	0.05 F	0.00 F	0.05 F
Intelligence, Insight & Comms	0.06 F	0.00 F	0.06 F
Other	0.00	0.02 F	0.02 A

	0.39 A	0.26 F	0.65 A
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The **SIGNIFICANT** issues for the Portfolio are:

Property Services (forecast adverse variance £0.34M, £0.64M adverse movement)

A forecast variance of £0.81M has arisen due to delays in the Capital Assets restructure, fewer investment properties and lower rental income. A further pressure of £0.95M, after offsetting salary savings of £1.63M, arises from lower recharge income due to the non-charging of overheads to capital projects, exclusion of mark-up on staffing recharge and lower staff numbers and activity. Savings from underspends in Central Repairs and Maintenance of £1.00M and £0.15M in Property Management together with other favourable variances due to lower than expected occupancy of the Civic Centre have resulted in a total adverse variance of £0.34M.

HR Services (forecast adverse variance £0.16M, £0.10M adverse)

The element of the Hays contract relating to permanent recruitment was terminated with effect from July 2017, further to the establishment of the new permanent recruitment team within the Council. The forecast overspend reflects the in-year one-off impact of the contract termination fee to be charged for 12 months from July 2017, together with additional charges for the volume of recruitment cases over and above that built into the Hays core fee.

SUSTAINABLE LIVING PORTFOLIO

The Portfolio has a forecast **under** spend by year end of **£0.04M** at quarter 2, which represents a percentage variance against budget of **9.1%**. The Portfolio forecast variance has moved favourably by **£0.04M** from the position reported at quarter 1.

A summary of the Portfolio forecast variances are shown in the table below:

Service	Forecast Variance Quarter 2 £M	Forecast Variance Quarter 2 £M	Movement £
Sustainability	0.04 F	0.00	0.04 F
Total	0.04 F	0.00	0.04 F

The **SIGNIFICANT** issues for the Portfolio are:

Sustainability (£0.04M forecast favourable, £0.04 favourable movement)

There are a number of vacant posts which are not expected to be filled until the implementation of the Capital Assets phase 3 restructure. Carbon Reduction Commitment allowances purchased in advance, in order of offset out CO2 footprint has resulted in a saving of £0.04M.