COMMUNITIES, CULTURE & LEISURE PORTFOLIO

KEY ISSUES – QUARTER 3

The Portfolio is currently forecast to over spend by **£0.29M** at year-end, which represents a percentage over spend against budget of **5.4%.** The Portfolio forecast variance has moved favourably by **£0.26M** from the position reported at Quarter 2. This forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	**%**	**Movement from Quarter 2 £M**	**%**
Communities, Culture & Leisure	**0.29 A**	**5.4**	**0.26 F**	**4.2**
Potential Carry Forward Requests	0.00		0.00	

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

Division / Service Activity	**Forecast Variance Quarter 3 £M**	**Forecast Variance Quarter 2 £M**	**Movement £M**	**Ref.**
Leisure Client	0.07 F	0.09 A	0.16 F	COMM 1
Gallery & Museums	0.18 A	0.09 A	0.09 A	COMM 2
Archaeology	0.07 A	0.08 A	0.01 F	COMM 3
Social Fund & Property	0.17 A	0.25 A	0.08 F	COMM 4
Other (Local Issues)	0.06 F	0.04 A	0.10 F	
Total	**0.29 A**	**0.55 A**	**0.26 F**	

The SIGNIFICANT issues for the Portfolio are:

COMM 1 – Leisure Client (£0.07M favourable, £0.16M favourable movement)

Contractual adjustments on the Sports & Recreation and Golf Course contracts.

Forecast Range nil to £0.10M favourable

There is a forecast saving of £0.05M on the Sports & Recreation contract, due to the forecast for utility inflation being no longer required and savings on indexation. This is a favourable movement of £0.10M. This saving offsets an adverse variance of £0.05M due to the non-achievement of an approved savings proposal to review Leisure contracts.

There is a saving on the Golf Course contract of £0.05M, reported for the first time, due to an adjustment of indexation in part relating to prior years, and an unchanged saving of £0.01M on the NorthGuild contract, also due to indexation issues. In addition, reported for the first time there is a favourable forecast variance of £0.01M on supplies and services due reduced electrical maintenance costs.

COMM 2 – Gallery & Museums (£0.18M adverse, £0.09M adverse movement)

There is a shortfall in venue income due to lower visitor numbers than anticipated.

Forecast Range £0.25M adverse to £0.10M

The income target for SeaCity Museum has been reduced by £0.18M, following a draw from the Risk Fund, to partially cover an income shortfall. However, there remains an adverse income forecast of £0.16M, an adverse movement of £0.08M compared to Quarter 2.

There is also a shortfall in income of £0.06M for Tudor House Museum, an adverse movement of £0.02M. However, there is a favourable forecast variance on SeaCity utilities for rates, geothermal & electricity costs of £0.03M, no movement from Quarter 2.

COMM 3 – Archaeology (£0.07M adverse, £0.01M favourable movement)

There is an adverse forecast variance due to higher operational costs.

Forecast Range £0.10M adverse to £0.05M adverse

There are higher operational costs forecast that are only partially covered by additional income. Bidding for some anticipated project work from new clients has been unsuccessful. The current forecast adverse variance of £0.07M is a favourable movement of £0.01M from Quarter 2.

COMM 4 – Social Fund & Property (£0.17M adverse, £0.08M favourable movement)

There is a forecast over spend due to the withdrawal of external funding.

Forecast range £0.30M adverse to £0.17M adverse

Until 31st March 2015, the Department for Work and Pensions provided Local Welfare Provision funding to provide transitional support to residents following the end of Crisis Loans and Community Care Grants.

Although the Local Welfare Provision has been withdrawn, cases are still being referred to the Council and the estimated cost of support services this year is £0.30M. Although £0.13M of this will be met by an approved carry forward of Council funding from 2014/15, this leaves a forecast adverse variance of £0.17M, a favourable movement of £0.08M from Quarter 2 following a detailed analysis of commitments.

EDUCATION AND CHILDREN'S SOCIAL CARE PORTFOLIO

KEY ISSUES – QUARTER 3

The Portfolio is currently forecast to over spend by **£7.81M** at year-end, which represents a percentage over spend against budget of **20.1**%. The Portfolio forecast variance has moved adversely by **£0.06M** from the position reported at Quarter 2. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	**%**	**Movement from Quarter 2 £M**	**%**
Education and Children's Social Care	**7.81 A**	**20.1**	**0.06 A**	**0.15**
Potential Carry Forward Requests	0.00		0.00	

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

Division / Service Activity	**Forecast Variance Quarter 3 £M**	**Forecast Variance Quarter 2 £M**	**Movement £M**	**Ref.**
Divisional Management & Legal	0.56 A	0.73 A	0.17 F	E&CSC1
Quality Assurance	0.27 A	0.21 A	0.06 A	E&CSC2
Specialist Core Services	1.10 A	0.80 A	0.30 A	E&CSC3
Looked after Children & Provision	5.28 A	5.22 A	0.06 A	E&CSC4
MASH & Early Help	0.33 A	0.59 A	0.26 F	E&CSC5
Education – Early Years & Asset Management	0.25 A	0.18 A	0.07 A	E&CSC6
Other	0.02 A	0.02 A	0.00 A	
Total	**7.81 A**	**7.75 A**	**0.06 A**	

The SIGNIFICANT issues for the Portfolio are:

E&CSC 1 – Divisional Management and Legal (£0.57M adverse; £0.17M Favourable movement)

The over spend on this budget is due to the additional cost of Legal Services relating to the placement of children looked after, an increase in demand for translation services, the inability to achieve the procurement savings target, interim cover for vacant posts and, specific project work to assist with reducing the number of children looked after.

Forecast Range £0.80M adverse to £0.50M adverse

Interim managers have been required on a short term basis to cover vacant posts and for specific project work to assist with reducing the number of children looked after. The additional cost of interim managers has led to a forecast overspend of £0.22M due in the main to a requirement for additional capacity requirements at service manager level. The need for additional service manager resource has been recognised as an ongoing issue and provision has been identified for 2016-17 to pay for this resource. The provision for agency social workers has been removed since the requirement for agency social workers has been reflected within the budgets of the teams requiring them for quarter 3. This has led to a forecast favourable movement of £0.18M on this service activity since Quarter 2.

There is a forecast overspend of £0.24M relating to the increase in demand for translation services which has continued from 2014 onwards, and has increased by £0.08M since quarter 2. In addition, a pressure has arisen of £0.15M to reflect the unlikelihood of the portfolio achieving the Council's agreed procurement saving.

Finally, the increase in demand for external counsel fees relating to the placement of children has resulted in a forecast overspend of £0.08M on Legal costs. This is a forecast reduction of £0.06M from Quarter 2 following actions taken by Legal Services in conjunction with Children and Families Management to reduce the need for external counsel.

E&CSC 2 – Quality Assurance (£0.27M adverse; £0.06M adverse movement)

The increasing number of children in care has resulted in an increase in the statutory work undertaken by the Independent Reviewing Officers team.

Forecast Range £0.30M adverse to £0.20M adverse

The increase in statutory work has led to a need for additional capacity within the Independent Reviewing Officers (IRO) team and a forecast overspend of £0.18M within this team. As a result, unbudgeted interim independent reviewing officer cover is required during 2015/16, and provision has been set aside for 2016/17 to pay for additional IRO resource. The inability to recruit permanently to management posts has also contributed to this overspend.

The requirement for agency cover within the Data Team has led to a forecast overspend of £0.08M, which has increased by £0.03M since quarter 2.

E&CSC 3 – Specialist Core Services (£1.10M adverse; £0.30M adverse movement)

Agency staff have been employed to cover increasing caseloads and there is an inability to recruit and retain experienced social workers.

Forecast Range £1.25M adverse to £0.75M adverse

As previously reported, the level of vacant social work posts within the Protection and Court Teams (PACT) has been higher than anticipated, and there has been an ongoing need for agency cover. It is now anticipated that there will be a need for 10 vacant posts to be covered by agency workers, which is an increase on the previous assumption in the Quarter 2 forecast. Agency social workers cost on average twice as much as a permanent social worker.

In addition, the level of the overall caseload has led to a need for interim social workers over establishment. It is now envisaged that 6 agency workers over establishment will be required for the remainder of the year, which is an increase on the position anticipated at Quarter 2.

E&CSC 4 – Looked after Children and Provision (£5.28M adverse; £0.06M adverse movement)

There are significant numbers of children in care above the budgeted level, in particular, in fostering and residential placements with external providers.

Forecast Range £6.00M adverse to £5.00M adverse

The increasing number of children requiring specialist support packages has led to a forecast overspend of £1.544M on residential placements. Since these placements can cost up to £785 per day, (or £899 per day for a civil secure placement), a small increase in the number of children requiring such intensive support can have a significant impact on the financial position.

Management action is being taken to address this overspend, including the establishment of a residential panel to ensure that each placement meets the need of the child in the most cost efficient way.

The forecast overspend of £2.90M on fostering has mainly arisen as a result of an increase in placements from Independent Fostering Agencies (IFA's) (forecast overspend of £2.18M) and SCC foster carers (forecast overspend of £0.45M) than originally anticipated. IFA placements tend to cost between 2 and 3 times as much as an SCC foster placement.

There were 67 adoption agency placements that either commenced during the last quarter of 2014-15 or during 2015-16. The ongoing financial liability for these placements has led to a net forecast over spend of £0.54M, after taking into account those placement costs that should be met from the new inter agency adoption fee grant. The non-recurring cost of these adoption placements is mitigated by avoiding the recurring cost of foster care fees.

The table outlines the activity levels for 2015/16:

Service	Daily Rate Range	Children Numbers					
		Budget	Budget	Actual	Actual	Actual	Year End
		Apr 15	Mar 16	Oct 2015	Nov 2015	Dec 2015	
Fostering up to 18	£22 - £91	285	254	298	294	299	299
Independent Fostering Agencies (IFA)	£85 - £275	134	109	177	175	172	176
IFA Parent and Baby Placements	£176 - £324	6	6	5	5	5	6
Inter Agency Fostering Placements	£58 - £127	1	1	1	1	1	1
Supported Placements or Rent	£9 - £54	5	5	3	3	1	1
Residential - Independent Sector	£85 - £785	12	12	23	23	22	22
Civil Secure Accommodation	£713 - £899	1	1	0	0	0	0
Sub-total: Children in Care		**444**	**388**	**507**	**501**	**500**	**505**
Residential (Not Looked After)	£88 - £333	4	4	1	1	0	0
Supported Placements or Rent (Not Looked After)	£9 - £54	1	1	4	4	3	3
Over 18's	£8 - £236	32	56	38	38	41	36
Adoption Allowances	£3 - £38	95	95	97	95	97	97
Special Guardianship Allowances	£2 - £44	115	115	116	115	118	118
Residence Order Allowances	£7 - £22	13	13	13	13	15	15
Total		**704**	**672**	**776**	**767**	**774**	**774**

Figures for CIC exclude disability placements, UASC's and children placed at nil cost (e.g., with parents)

E&CSC 5 – MASH & Early Help (£0.33M adverse; £0.26M favourable movement)

Agency staff have been employed over and above the established structure to ensure that the statutory requirement to cover caseloads for children in need can be met. In addition, agency staff have been required to cover vacant social work posts within the MASH and Early Help Service.

Forecast Range £0.50M adverse to £0.25M adverse

An increase in the demand for the Early Help service including the need to cover statutory work for children in need has led to the necessity to recruit additional social workers and assistant team managers over the established structure. It is envisaged that this additional support will only be required on a short term basis.

The adverse position has reduced by £0.26M since quarter 2 due to a reduction in the number of agency social workers, combined with a reduction in the costs of running the Children's Centres.

A number of management actions have been undertaken to address the over spend on agency staff including reviewing the need for agency staff and setting a cap on the rates paid to staff agencies, (based on the grade of the post to be covered).

E&CSC 6 – Early Years & Asset Management (£0.25M adverse; £0.07M adverse movement)

The adverse variance primarily relates to Home to Schools Transport for Special Schools (HTSTS) due to increased demand.

Forecast Range £0.80M adverse to £0 adverse

Home to school transport for children attending Special schools is currently forecast to overspend by £0.28M, due to the impact of the continuing increase in school transport numbers and costs at Special Schools. This correlates with the recent increases in capacity at the Special Schools. This adverse variance is partially offset by various minor favourable variances totalling £0.08M. The £0.07M movement in forecast since Quarter 2 is due to the expensive single child taxi contract this year and as a result of lower than expected income from schools within education and psychology.

E&CSC 7 – High Needs & Schools (£0.0M adverse; £0.0M adverse movement)

There is potential for an adverse variance arising from an increase in demand for High Needs services. At this time the pressure is expected to be managed within DSG grant envelope.

Forecast Range £0.60M adverse to £0.00M adverse

Although the general fund is showing a balanced position against this service activity, there is currently a net pressure against Dedicated School Grant (DSG) of £0.60M, primarily against High Needs. It is expected that overall DSG pressure will be managed by potential increase in EY block underspend and any unspent funding against the one-off 2014/15 DSG carry forward. However, it is important to note that this forecast is based on current known pressures and does not include any unexpected growth for rest of the year. Any pressures over and above DSG funding will need to be met from council resources. At this stage, this pressure has not been reflected in Quarter 3 forecast. The DSG position continues to be monitored very closely.

ENVIRONMENT & TRANSPORT PORTFOLIO

KEY ISSUES – QUARTER 3

The Portfolio is currently forecast to under spend by **£0.58M** at year-end, which represents a percentage under spend against budget of **2.6%**. The Portfolio forecast variance has moved favourably by **£0.47M** from the position reported at Quarter 2. The forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Quarter 2 £M	%
Environment & Transport	**0.58 F**	**2.6**	**0.47 F**	**2.2**
Potential Carry Forward Requests	0.00		0.00	

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

Division / Service Activity	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement £M	Ref.
Domestic Waste Collection	0.62 A	0.60 A	0.02 A	E&T 1
Waste Disposal	0.27 A	0.22 A	0.05 A	E&T 2

E&T Contracts Management	0.74 F	0.55 F	0.19 F	E&T 3
Off Street Parking	0.09 F	0.06 F	0.03 F	E&T 4
Development Management	0.48 F	0.23 F	0.25 F	E&T 5
Travel	0.31 F	0.21 F	0.10 F	E&T 6
Other (Local Issues)	0.15 A	0.12 A	0.03 A	
Total	**0.58 F**	**0.11 F**	**0.47 F**	

The SIGNIFICANT issues for the Portfolio are:

E&T 1 – Domestic Waste Collection (£0.62M adverse, £0.02M adverse movement)

There is a forecast adverse variance on employee costs.

Forecast Range £0.70M adverse to £0.50M adverse

The main adverse forecast variance of £0.40M is the cost of temporary agency cover for staff sickness absences. This is unchanged from Quarter 2. There are other previously reported adverse forecast variances for additional fleet hire, cost of bin storage, and lower recyclable income. These now total £0.22M, an adverse movement of £0.03M.

The action plan for the service, set out in the following table.

Action	Amount Saved/Income increase	Expected Delivery Date of Saving
Improve Supervision to reduce sickness rates and associated agency costs.	A saving of £0.05M has already been taken into account in the forecast.	March 2016
Implement changes to collection arrangements and simplify procedures to improve efficiency and reduce costs.	Any improvement is not currently included in the forecast.	March 2016
Garden Waste Collection Service.	Increased income of £0.03M has already been taken into account in the forecast.	March 2016

E&T 2 – Waste Disposal (£0.27M adverse, £0.05M adverse movement)

There are various forecast changes with an adverse overall variance.

Forecast Range £0.35M adverse to £0.20M adverse

There are adverse forecast variances on disposal costs of general collected household waste of £0.12M, an adverse movement of £0.04M from Quarter 2, and of waste from the Civic Amenity Waste Centres of £0.04M, a favourable movement of £0.01M.

There are also adverse forecast variances on income from profit share of £0.06M, no movement, and on HWRC income of £0.05M, an adverse movement of £0.01M from Quarter 2. Also reported for the first time, there is an adverse forecast variance of £0.02M on HWRC management fees.

<u>E&T 3 – E&T Contracts Management (£0.74M favourable, £0.19M favourable movement)</u>

There are forecast savings on contract indexation and street lighting energy costs and additional income forecasts.

Forecast Range £0.70M favourable to £0.80M favourable

There is a favourable forecast variance on the PFI Street Lighting contract sum. This is favourable by £0.25M, a favourable movement of £0.07M, due to further contract deductions, including prior year one-off adjustments. There is also a favourable forecast variance on the street lighting energy costs. This is favourable by £0.23M, a favourable movement of £0.11M, due to the lower consumption levels associated with the near completion of the core investment programme and the Council's dimming policy slightly offset by higher unbudgeted increases in electricity prices.

As previously reported, there is a favourable forecast variance on Highways Partnership Third Party Income share (re 2014/15) of £0.10M, as the income is higher than was anticipated. Also as previously reported, there are favourable forecast variances on Traffic Management Act permit income of £0.04M and on a provision for drainage works of £0.05M.

<u>E&T 4 – Off-Street Parking (£0.09M favourable, £0.03M favourable movement)</u>

There is a forecast favourable variance due to lower spend on operational costs.

Forecast Range £Nil adverse to £0.15M favourable

There is a forecast favourable variance due to lower spend on operational costs of £0.05M, an adverse movement of £0.04M from Quarter 2. This is due to the impact of the initiative on non-essential spend.

There is an adverse forecast variance on Off-Street Parking income of £0.17M, a favourable movement of £0.1M from Quarter 2. A favourable variance on other income of £0.14M, from penalty charge notices and suspended parking bays charges, is a favourable movement of £0.06M. There is also a favourable variance on rates of £0.09M, which is unchanged.

<u>E&T 5 – Development Management (£0.48M favourable, £0.25M favourable movement)</u>

There is a forecast favourable variance mainly due to increased income.

Forecast Range £0.45M favourable to £0.55M favourable

There is a favourable forecast variance of £0.34M on income from planning applications, a favourable movement of £0.20M from Quarter 2. This reflects a higher level of applications, including a number of recent proposed major developments in the City. As previously reported, there are also favourable forecast variances on employee budgets of £0.04M, no movement, and on CIL administration fees of £0.05M, a favourable movement of £0.01M from Quarter 2.

There is a favourable variance of £0.03M on S.106 administration fees, reported for the first time, and a favourable forecast variance of £0.02M from staff charges to PUSH, which is unchanged.

<u>E&T 6 – Travel (£0.31M favourable, £0.10M favourable movement)</u>

There is a forecast favourable variance due to lower Concessionary Fares costs.

Forecast Range £0.20M favourable to £0.40M favourable

The total forecast number of Concessionary Fare journeys and the forecast average fare are being monitored closely throughout the year. At Quarter 3, based upon the current passenger journeys and the calculated average fare, it appears appropriate to forecast a favourable variance on the scheme of £0.30M. This is a favourable movement of £0.10M compared to Quarter 2.

FINANCE PORTFOLIO

KEY ISSUES – QUARTER 3

The Portfolio is currently forecast to under spend by **£1.43M** at year-end, which represents a percentage under spend against budget of **4.0**%. The Portfolio forecast variance has moved favourably by **£0.75M** from the position reported at Quarter 2. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Quarter 2 £M	%
Finance	**1.43M**	**4.0**	**0.75F**	
Potential Carry Forward Requests	0		0	

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

Division / Service Activity	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement £M	Ref.
Partnership	0.46F	0.33F	0.13F	FIN 1
Finance Service	0.15F	0.12F	0.03F	FIN 2
Business Support	0.22F	0.14F	0.08F	FIN 3
IT	0.15F	0.07F	0.08F	FIN 4
Corporate Management	0.43F	0.00F	0.43F	FIN 5
Local Taxation & Benefits	0.05F	0.00F	0.05F	FIN 6

Other	0.03A	0.02F	0.05A	
Total	**1.43F**	**0.68F**	**0.75F**	

The SIGNIFICANT issues for the Portfolio are:

FIN 1 Partnership (£0.46M favourable, £0.13M favourable movement)

Saving against assumed annual contract uplift / service credits.

Forecast range not applicable

As previously reported a favourable variance of **£0.13M** has arisen against the Capita contract as the actual annual contract uplift is lower than the percentage increase assumed when the budgets were approved for the year. This revised base has now been reflected in both current and future year's budgets. In addition one-off service credits totalling **£0.06M** have been received to date as part of the contract performance measurements. A further favourable variance of **£0.22M** has arisen from ongoing contract changes reflected in current and future year's budgets; an increase of **£0.08M** compared to quarter 2. In addition a one-off favourable variance of **£0.05M** has arisen from salary underspends due to vacant posts and represents the early achievement of vacancy savings included within the draft budget proposals reported to Cabinet on 18th Nov.

FIN 2 Finance Service (£0.15M favourable, £0.03 favourable movement)

Salary and Supplies & Services under spends

Forecast range not applicable

The favourable variance reflects salary under spends from vacant posts across the Finance Service, together with an in-year under spend against supplies & services budgets, an increase of £0.03M compared to Quarter 2.

FIN 3 Business Support (£0.22M favourable, £0.08M favourable movement)

Salary and Supplies & Services under spends

Forecast range not applicable

There is a £0.22M favourable variance as a result of under spends on salaries and staff training as a result of the non-essential spend freeze, an increase of £0.08M compared to quarter 2. A further favourable forecast of £0.12M is due to the early achievement of the 2016/17 budget saving achieved from Phase 1 of the Business Support review, approved by Council on 18th Nov

FIN 4 IT Services (£0.15M favourable, £0.08M favourable movement)

Rationalisation of PCs

Forecast range not applicable

A favourable variance of £0.10M has arisen primarily from the managed rationalisation of PCs and laptops across the authority resulting in an in-year saving to SCC, an increase of £0.03M compared to quarter 2. In addition an in-year saving of £0.05M reflects salary and supplies & services underspends within the IT / Web teams primarily following the recent establishment of a permanent Web Support Team and recruitment to the structure.

FIN 5 Corporate Management (£0.43M favourable, £0.43M favourable movement)

Provision for in-year pressures not required

Forecast range not applicable

A number of potential in-year pressures were anticipated within the Portfolio, to cover items such as implementation of restructures, contract changes etc, for which one-off provision had been made. However these pressures have either not materialised at the levels anticipated or can now be covered within the overall Portfolio position. As a result this one-off provision is no longer required.

FIN 6 Local Taxation & Benefits (£0.05M favourable, £0.05M favourable movement)

External Legal Expenses under spend

Forecast range not applicable

The favourable under spend has arisen primarily against legal expenses related to Council Tax collection. Council Tax Benefit ended in 2013 to be replaced with Local Council Tax Reduction which meant that approximately 8500 claimants would have to pay 25% Council Tax rather than nothing. It was therefore anticipated that this would lead to an increase in legal cases and the associated legal expenses. Whilst there has been an increase, this has not to date been realised at the rate anticipated and therefore the budget is currently forecast to under spend. This will be kept under review to assess whether an ongoing saving against the legal expenses budget could be declared.

HEALTH & ADULT SOCIAL CARE PORTFOLIO

KEY ISSUES – QUARTER 3

The Portfolio is currently forecast to over spend by **£3.47M** at year-end, which represents a percentage over spend against budget of **6.0%**. The Portfolio forecast variance has moved adversely by **£0.83M** from the position reported at Quarter 2. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Quarter 2 £M	%
Health & Adult Social Care	**3.47 A**	**6.0**	**0.83 A**	**1.4**
Potential Carry Forward Requests	0		0	

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

Division / Service Activity	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement £M	Ref.

Long Term	3.02 A	2.38 A	0.42 A	H&ASC 1
ICU System Redesign	0.49 F	0.32 F	0.17 F	H&ASC 3
Reablement	0.89 A	0.79 A	0.33 A	H&ASC 4
Adult Services Management	0.58 F	0.44 F	0.14 F	H&ASC 5
Public Health	0.53 A	0.09 A	0.44 A	H&ASC 7
Other	0.10 A	0.14 A	0.04 F	
Total	**3.47 A**	**2.64 A**	**0.83 A**	

The SIGNIFICANT issues for the Portfolio are:

H&ASC 1 – Long Term (£3.02M adverse; £0.42M adverse movement).

Volume of care provision that caused an over spend in 2014/15 for this service activity has continued into 2015/16. In addition there will be slippage in the achievement of savings agreed in both February 2014 and February 2015 for reductions in volume of care.

Forecast range £2.50M adverse to £3.50M adverse

As reported at Quarter 2 the Long Term budget is not achieving the previously agreed savings targets for reductions in care. In Quarter 3 this amounts to £3.27M, which is an increase of £0.04M on the Quarter 2 adverse position, this is due to a reduction in the forecast saving achieved from the review of high cost placements.

Aside from the pressure arising from previously agreed savings not achieved there was, in Quarter 2, a favourable variance of £0.71M on the underlying volumes of care compared to the budgeted provision. In Quarter 3 this position has moved adversely by £0.46M to £0.25M favourable due to the cost of additional Older Persons' and Physical Disabilities' packages that have been agreed. The need for packages of care to support some of our most vulnerable adults continues to rise. The Rehabilitation and Reablement team continue to do everything they can to assist people to remain independent for as long as possible. Despite every effort being made to sustain individuals without a care package the demand from vulnerable people over the past three months has meant that there has been a rise in care costs.

A range of mitigation measures continue to be put in place:

- The integration process with Solent Health Care Trust and the Rehab and Reablement Team continues, the Integrated Management team has been appointed and they can now prepare for integration of the teams on the front line to continue apace,
- Efforts to bring Lot five of the Domiciliary Care Contract on-line continue through the integrated commissioning unit. Lott five has the potential to deliver additional packages of rehabilitation in the private sector and will support the efforts of the integrated teams,
- The Long Term teams will seek to review all new cases where a domiciliary package of care is in place, within the first three months, to ascertain whether the same level of support is required.

The adverse position has been slightly offset by a reduction, since Quarter 2, in Learning Disabilities' packages of £0.10M due to a reduction in the forecast costs of transition clients. However, this is offset by the introduction of a provision of £0.06M, in Quarter 3, for costs relating to clients that are currently situated at Southampton Day Services but will transfer to purchased care provision by year end at an additional cost.

H&ASC 2 – Provider Services (£0.46M adverse; £0.05M favourable movement).

The delay in the final outcome of the Kentish Road and Southampton Day Services review has created an adverse variance.

Forecast range £0.10M adverse to £1.00M adverse

As reported at Quarter 2 the savings associated with the review of Kentish Road and Southampton Day Services are not going to be achieved. Since Quarter 2 the position has moved favourably by £0.05M after a review of the employee costs, (£0.02M) and Supplies and Services, (£0.03M).

H&ASC 3 - ICU System Redesign (£0.49M favourable; £0.17M favourable movement).

Savings created from reduction in contract costs and decommissioning of contracts

Forecast range £0.10M favourable to £0.70M favourable

As previously reported there is an under spend of £0.29M from various contract savings. This favourable position has increased by a further contract saving of £0.17M for substance misuse. This contract is funded from the Public Health grant and therefore the saving will contribute towards the saving required to meet the reduction in the grant.

H&ASC 4 - Reablement (£0.89M adverse; £0.33M adverse movement).

The review of rehabilitation and reablement services saving is unlikely to be achieved.

Forecast range £0.50M adverse to £1.50M adverse

As previously reported £0.40M of the Rehab and Reablement saving was not expected to be achieved this year. In addition there have been additional costs for staffing and agency of £0.37M to cover vacant posts and to cover the real cost of Pay and Allowances introduced in the year. These are offset by savings on supplies and services of £0.08M and additional income of £0.13M.

This adverse position has increased since Quarter 2 due to additional costs within the CCFS and Care Closer to Home teams for allowances, shift pay and overtime of £0.02M. The true cost of changes for Pay and Allowances has now been fully assessed and is included within the forecast. Within the Hospital Discharge and Reablement teams agency costs have increased by £0.15M to cover staff vacancies, with an additional cost of £0.03 for winter pressure cover. Brownhill House temporary staff and overtime costs have increased by £0.06M to cover vacancies and maternity leave. Income of £0.05M, which was due to be received for a jointly funded post, is now unlikely to be received as the debtor is disputing the charge for 2015/16.

H&ASC 5 – Adult Services Management (£0.58M favourable; £0.14M favourable movement).

A favourable variance is generated due to expenditure relating to Care Act responsibilities is reported elsewhere within the portfolio whilst the budget is held within this service activity. This is offset by not achieving the Corporate agency saving target.

Forecast range £0.30M favourable to £0.80M favourable

The previously reported favourable position of £0.44M was due to Care Act funding of £0.68M that is paying for activity that has already been undertaken and included within the forecast elsewhere in the Portfolio. This is offset by the non-achievement of the HASC proportion of the Council wide agency saving of £0.22M.

Since Quarter 2 this favourable variance has increased by £0.07M as further Care Act funding is released to offset the additional activity in Long term Care. In addition there are further underspends on Learning and Development of £0.07M due to slippage within the training programme.

<u>H&ASC 6 – ICU Provider Relationships (£0.44M favourable; £0.02M adverse movement).</u>

The retender of the Supporting People contract has generated a saving

Forecast range £0.10M favourable to £0.70M favourable

As previously reported a saving of £0.46M has occurred following the retender of the Supporting People contract. This is a recurring saving which is already included within the 2016/17 budget.

<u>H&ASC 7 – Public Health (£0.53M adverse; £0.44M adverse movement).</u>

A reduction in the Public Health grant has created an adverse variance which has been mitigated, in part by corresponding savings.

Forecast range £0.10M adverse to £1.00M adverse

Public Health England have recently announced that the Public Health grant paid to the City Council will reduce by £1.06M, which represents a 6.19% reduction in our 2015/16 funding. In year savings of £0.65M within this service activity, identified for Quarter 3, have partly offset this shortfall in income. In total, services funded by the Public Health grant are achieving a saving of £0.82M as contract savings have been made in ICU System Redesign of £0.17M, see H&ASC 3. These savings are based primarily on one off savings in year and therefore the work to drive out recurring savings for 2016/17 is still active. It should be noted that the level of saving achieved will impact directly on the ability of the Council to meet its target outcomes in respect of Public Health.

<u>HOUSING AND SUSTAINABILITY PORTFOLIO</u>

<u>KEY ISSUES – QUARTER 3</u>

The Portfolio is currently forecast to over spend by **£0.09M** at year-end, which represents a percentage over spend against budget of **3.2**%. The Portfolio forecast variance has moved adversely by **£0.09M** from the position reported at Quarter 2. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	**%**	**Movement from Quarter 2 £M**	**%**
Housing and Sustainability	**0.09 A**	**3.2**	**0.09 A**	**3.2**
Potential Carry Forward Requests	0.00		0.00	

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

Division / Service Activity	**Forecast Variance Quarter 3 £M**	**Forecast Variance Quarter 2 £M**	**Movement £M**	**Ref.**
Housing Renewal	0.06 F	0.09 F	0.03 A	H&S 1
Private Sector Housing	0.05 F	0.06 F	0.01 A	H&S 2
Prevention & Inclusion Service	0.20 A	0.17 A	0.03 A	H&S 3
Other	0.00	0.02 F	0.02 A	
Total	**0.09 A**	**0.00**	**0.09 A**	

The CORPORATE issues for the Portfolio are:

<u>H&S 1 – Housing Renewal (£0.06M favourable, £0.03M adverse movement).</u>

There is a forecast under spend on staffing due to vacant posts.

Forecast range £0.05M favourable to £0.10M favourable

Three vacant posts have now been identified within Housing Renewal that will not be filled this year. Two of these posts are expected to contribute towards savings proposals for 2016/17. This has resulted in a forecast favourable variance of £0.05M.

In Quarter 2, the full saving on one of the vacant posts of £0.04M was forecast against the General Fund. However, as this post is partly funded by the Housing Revenue Account, it has been agreed that £0.02M should be reflected as a saving to the HRA by way of a reduction in the retainer for Housing Renewal staff for 2015/16.

In addition to this, a forecast saving of £0.01M has been identified on supplies and services budgets within Housing Renewal, due to the implementation of the essential spend initiative.

<u>H&S 2 – Private Sector Housing (£0.05M favourable, £0.01M adverse movement).</u>

There is a forecast under spend on staffing due to vacant posts.

Forecast range £0.05M favourable to £0.07M favourable

There are two vacant posts within Private Sector Housing that will not be filled this year, resulting in a favourable forecast variance of £0.08M.

However, there is an adverse forecast variance of £0.03M, due to a reduction in income from mandatory licence fees, an adverse movement of £0.01M from Quarter 2.

<u>H&S 3 – Prevention & Inclusion Service (£0.20M adverse, £0.03M adverse movement)</u>

The cost of children held in secure accommodation by court order pending release or conviction.

Forecast Range £0.25M adverse to £0.10M adverse

As previously reported, additional budget will be applied for from the Risk Fund when the cost forecast for children held in secure accommodation is more certain. The forecast Risk Fund bid is currently £0.20M, an adverse movement of £0.03M from Quarter 2.

LEADERS PORTFOLIO

KEY ISSUES – QUARTER 3

The Portfolio is currently forecast to under spend by **£1.87M** at year-end, which represents a percentage under spend against budget of **14.8%.** The Portfolio forecast variance has moved favourably by **£1.02M** from the position reported at Quarter 2. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	**%**	**Movement from Quarter 2 £M**	**%**
Leaders	**1.87 F**	**14.8**	**1.02F**	**8.8**
Potential Carry Forward Requests	0.45F		0.00F	

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

Division / Service Activity	**Forecast Variance Quarter 3 £M**	**Forecast Variance Quarter 2 £M**	**Movement £M**	**Ref.**
Central Repairs & Maintenance	0.65F	0.45F	0.20F	LPOR 1
Property Portfolio Management	0.31F	0.06A	0.37F	LPOR 2
Property Services	0.45F	0.46F	0.01A	LPOR 3
Registration of Electors & Elections Costs	0.17F	0.00F	0.17F	LPOR 4
Business Improvement	0.06F	0.00F	0.06F	LPOR 5
Corporate Communications	0.06F	0.00F	0.06F	LPOR 6
Legal Services & Customer Relations	0.12F	0.00F	0.12F	LPOR 7
Other	0.05F	0.00F	0.05F	

Total	**1.87F**	**0.85F**	**1.02F**	

The SIGNIFICANT issues for the Portfolio are:

<u>LPOR 1 – Central Repairs and Maintenance (£0.65M favourable, £0.20M favourable movement)</u>

Slippage of funding associated with Heritage Lottery Fund Bid / under spend on reactive repairs / fees

Forecast range not applicable

As noted in the previous report a budget of £0.45M has been earmarked within the planned maintenance programme to facilitate a match funding bid to the Heritage Lottery Fund (HLF) to enable improvements to the Art Gallery. Although the initial bid was unsuccessful the feedback was positive and the intention is to re-submit the bid during the first half of 2016, possibly in partnership with other organisations. It is therefore anticipated that the outcome of any revised bid and any potential approval of funding may slip into the next financial year. Therefore a carry forward request may need to be submitted at year to ensure the match funding is still available to support the bid.

In addition a favourable forecast variance of £0.2M is predicted against the reactive repairs / fee budgets. However this will be kept under close review as the final year-end position will be subject to demand for essential works during the winter months.

<u>LPOR 2 – Property Portfolio Management (£0.31M favourable, £0.37M favourable movement)</u>

Increased Investment Property rental income plus saving in Property Management fees

Forecast range not applicable

A detailed review of rental income has recently taken place resulting in an improved forecast position of £0.15M, a favourable movement of £0.37M compared with Quarter 2. Whilst it is difficult to guarantee income levels, this latest forecast positon will be kept under close review with Capita Valuation to ensure that all necessary efforts and actions are being undertaken to ensure that actual rental income levels can be achieved at least in line with budget.

In addition there is an unchanged favourable variance of £0.16M on Property Management fees. This represents the early achievement of the 2016/17 budget saving approved by Council on 18th Nov, together with a lower level of revaluation work required in the current year.

<u>LPOR 3 – Property Services (£0.45M favourable, £0.01M adverse movement)</u>

Under spends across utility budgets plus impact of spend moratorium and reduced dilapidations costs

Forecast range not applicable

A favourable variance of £0.15M has arisen within Admin Buildings and reflects the early achievement of the 2016/17 proposed saving on utilities costs, together with the impact of the spend moratorium on non-essential spend; an decrease of £0.01M compared to Quarter 2.

In addition a one-off saving of £0.3M has been identified following a detailed review of potential one-off dilapidations liabilities arising from the vacation of properties occupied by the Council as part of the wider accommodation strategy.

LPOR 4 – Registration of Electors & Elections Costs (£0.17M favourable, £0.17M favourable movement)

Under spends on election costs

Forecast range not applicable

A favourable forecast variance of £0.09M has arisen within the Elections budget due to one-off savings arising from the benefit of managing combined elections earlier in the financial year. Historically this has only occurred 3 out of five years but is becoming more common following the Localism Act. A review of the funding profile is underway following these changes to identify the likely impact ahead of each financial year based on the regional/national elections that will be delivered the following year.

In addition a favourable forecast variance of £0.08M has arisen within Electoral Registration. IER funding has been provided over the last two years during the transition to enable the changes to take place. This has led to a radical change in the processes undertaken and the number of staff required to deliver them, together with a threefold increase in the volume of printing and postage required. Central Government has now finalised the transition period but as yet there is no indication of the ongoing increase in the funding settlement to cover this. Whilst the underspend this year is as a result of the additional funding provided in 2015-16 there is no guarantee that this saving will be ongoing. Southampton has bid for several post transition projects aimed at streamlining the new process and moving from paper to electronic communication with potential electors in an effort to minimise the ongoing burden but will not know if these bids have been successful until 2016.

LPOR 5 – Business Improvement (£0.06M favourable, £0.06M favourable movement)

Salary Under spends

Forecast range not applicable

The favourable forecast variance has arisen from vacancies due to delayed staff appointments to the newly created Strategy Unit. This will be partly offset by an over spend within the Data Team (Education & Children's Social Care Portfolio) the budgets for which will transfer to the Strategy Unit from 1st April 2016.

LPOR 6 – Corporate Communications (£0.06M favourable, £0.06M favourable movement)

Salary Under spends

Forecast range not applicable

The favourable forecast variance has arisen primarily within the newly centralised Communications budget, set up to create a managed Corporate Campaign budget. The impact of centralisation together with the moratorium on non-essential spend has to date resulted in an anticipated under spend and this will be kept under review to assess whether an ongoing saving against the campaign budget could be declared.

LPOR 7 – Legal Services & Customer Services (£0.12M favourable, £0.12M favourable movement)

Salary and Supplies & Services under spends, additional income

Forecast range not applicable

A one-off favourable forecast variance of £0.05M has arisen from salary underspends due to vacant posts and represents the early achievement of vacancy savings included within the draft budget proposals reported to Cabinet on 18th Nov. In addition a favourable forecast variance of £0.07M relates to the receipt of additional in-year section 106 income. This income is variable by nature and therefore difficult to forecast.