

## COMMUNITIES, CULTURE & LEISURE PORTFOLIO

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has under spent by **£0.23M** at year-end, which represents a percentage variance against budget of **3.7%**. The Portfolio outturn variance has moved **favourably** by **£0.52M** from the position reported at Quarter 3.

|                                | <b>Outturn<br/>Variance<br/>£M</b> | <b>%</b>   | <b>Movement from<br/>Quarter 3<br/>£M</b> | <b>%</b>   |
|--------------------------------|------------------------------------|------------|---|------------|
| Portfolio Outturn              | 0.23 F                             | 3.7        | 0.52 F                                    | 8.5        |
| Grant Carry Forwards           | 0.00                               | 0.0        | -   | -          |
| <b>Final Portfolio Outturn</b> | <b>0.23 F</b>                      | <b>3.7</b> | <b>0.52 F</b>                             | <b>8.5</b> |
| Carry Forward Requests         | 0.13                               | 2.2        | 0.13                                      | 2.2        |

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

| <b>Division / Service Activity</b> | <b>Outturn<br/>Variance<br/>£M</b> | <b>Forecast<br/>Variance<br/>Quarter 3<br/>£M</b> | <b>Movement<br/>£M</b> | <b>Ref.</b> |
|------------------------------------|------------------------------------|---|------------------------|-------------|
| Leisure Client                     | 0.11 F                             | 0.07 F  | 0.04 F                 | COMM 1      |
| Gallery & Museums                  | 0.09 A                             | 0.18 A  | 0.09 F                 | COMM 2      |
| Heritage, Collection & Mgmt        | 0.12 F                             | 0.05 F  | 0.07 F                 | COMM 3      |
| Social Fund & Property             | 0.15 A                             | 0.17 A  | 0.02 F                 | COMM 4      |
| Major Projects                     | 0.15 F                             | 0.01 F  | 0.14 F                 | COMM 5      |
| Other                              | 0.09 F                             | 0.07 A  | 0.16 F                 |             |
| <b>Total</b>                       | <b>0.23 F</b>                      | <b>0.29 A</b>                                     | <b>0.52 F</b>          |             |

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

**COMM 1 Leisure Client (£0.11M favourable, £0.04M favourable movement)**

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

There is a saving of £0.07M 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 £0.02M from quarter 3. 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, no movement from quarter 3, due to an adjustment of indexation in part relating to prior years. There is an unchanged saving of £0.01M on the NorthGuild contract, due to indexation issues, and, there is a favourable variance of £0.01M from unspent community fund, not reported at quarter 3. There is also a variance of £0.01M on supplies and services due to reduced electrical maintenance costs, no movement compared to quarter 3.

**COMM 2 Gallery & Museums (£0.09M adverse, £0.09M favourable movement)**

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

The income for SeaCity Museum is adverse by £0.14M, following a draw of £0.17M from the Risk Fund, to partially cover an income shortfall. There is a favourable movement of £0.04M compared to quarter 3 due to banking transaction adjustments.

There is also a shortfall in actual income of £0.05M for Tudor House Museum, a favourable movement of £0.01M compared to quarter 3. However, there is a favourable variance on venues utilities (mainly SeaCity) for rates, geothermal & electricity and other operating costs of £0.10M, a favourable movement of £0.07M compared to quarter 3.

**COMM 3 Heritage, Collection & Management (£0.12M favourable, £0.07M favourable movement)**

**There is a favourable variance due to lower operational costs.**

There are lower operational costs with savings of £0.06M on repairs & maintenance (mainly Monuments), a favourable movement of £0.03M compared to quarter 3, and £0.02M on employee budgets, no movement compared to quarter 3. Also various premises costs are favourable by £0.03M, a favourable movement of £0.02M compared to quarter 3.

**COMM 4 Social Fund & Property (£0.15 adverse, £0.02M favourable movement)**

**There is an over spend due to the withdrawal of external funding.**

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.

The Local Welfare Provision has been withdrawn, but cases are still being referred to the Council and the cost of support services this year was £0.28M. Although £0.13M of this has been met by an approved carry forward of Council funding from 2014/15, it left an adverse variance of £0.15M, a favourable movement of £0.02M to quarter 3.

### **COMM 5 Major Projects (£0.15M favourable, £0.14M favourable movement)**

**There is a carry forward request for funding of £0.13M to help support the new operating company for the new arts complex.**

Council funding of £0.16M, along with Arts Council England (ACE) funding of £0.15M, was originally budgeted to transfer to the operating company of the new arts complex in 2014/15. The under spend on Council funding of £0.13M was then carried forward into 2015/16.

The project has suffered further substantial delays and the full sum of £0.13M remains unspent at year-end, a favourable movement of £0.13M from quarter 3. Although the ACE funding has now been spent in its entirety, a carry forward to 2016/17 is requested for the Council funding.

## **EDUCATION AND CHILDREN'S SOCIAL CARE PORTFOLIO**

### **KEY ISSUES – OUTTURN 2015/16**

The Portfolio has over spent by **£7.89M** at year-end, which represents a percentage variance against budget of **20.2%**. The Portfolio outturn variance has moved **adversely** by **£0.08M** from the position reported at Quarter 3.

|                                | <b>Outturn<br/>Variance<br/>£M</b> | <b>%</b>    | <b>Movement from<br/>Quarter 3<br/>£M</b> | <b>%</b>   |
|--------------------------------|------------------------------------|-------------|---|------------|
| Portfolio Outturn              | 6.84 A                             | 17.5        | 0.97 F                                    | 2.5        |
| Grant Carry Forwards           | 1.05                               | 2.7         | -   | -          |
| <b>Final Portfolio Outturn</b> | <b>7.89 A</b>                      | <b>20.2</b> | <b>0.08 A</b>                             | <b>0.2</b> |
| Carry Forward Requests         |                                    |             |   |            |

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

| <b>Division / Service Activity</b> | <b>Outturn<br/>Variance<br/>£M</b> | <b>Forecast<br/>Variance<br/>Quarter 3<br/>£M</b> | <b>Movement<br/>£M</b> | <b>Ref.</b> |
|------------------------------------|------------------------------------|---|------------------------|-------------|
| Divisional Management & Legal      | 0.34 A                             | 0.56 A  | 0.22 F                 | E&CSC1      |
| Quality Assurance                  | 0.26 A                             | 0.27 A  | 0.01 F                 | E&CSC2      |
| Specialist Core Services           | 1.38 A                             | 1.10 A  | 0.28 A                 | E&CSC3      |

|  |               |               |               |        |
|--|---------------|---------------|---------------|--------|
| Looked After Children & Provision          | 5.41 A        | 5.28 A        | 0.13 A        | E&CSC4 |
| MASH & Early Help                          | 0.55 F        | 0.33 A        | 0.88 F        | E&CSC5 |
| Education – Early Years & Asset Management | 0.28 A        | 0.25 A        | 0.03 A        | E&CSC6 |
| Education - High Needs & Schools           | 0.21 F        | 0.00          | 0.21 F        | E&CSC7 |
| Other                                      | 0.07 F        | 0.02 A        | 0.09 F        |        |
| <b>Total</b>                               | <b>6.84 A</b> | <b>7.81 A</b> | <b>0.97 F</b> |        |

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

**E&CSC 1 – Divisional Management and Legal (£0.34M adverse; £0.22M Favourable movement)**

**The over spend on this budget is due to; interim cover for vacant posts, an increase in demand for translation services and specific project work to assist with reducing the number of looked after children. Whilst there have been favourable movements relating to legal expenses.**

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 looked after children. The additional cost of interim managers has led to an over spend of £0.21M 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. This is a favourable movement of £0.01M from quarter 3.

There is an over spend of £0.22M relating to the increase in demand for translation services which has continued from 2014 onwards. This is a favourable movement of £0.02M from quarter 3.

Finally, there was an under spend of £0.06M relating to backdated legal invoices and decrease in demand in the final three months of the year. This was a favourable movement of £0.15M from quarter 3.

**E&CSC 2 – Quality Assurance (£0.26M adverse; £0.01M Favourable movement)**

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

The increase in statutory work has led to a need for additional capacity within the Independent Reviewing Officers (IRO) team and led to an over spend of £0.20M within this team. As a result, unbudgeted interim independent reviewing officer cover was 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 an over spend of £0.09M. This was a favourable movement of £0.01M from quarter 3.

### **E&CSC 3 – Specialist Core Services (£1.38M adverse; £0.28M Adverse movement)**

#### **Increased agency staff costs.**

This area has over spent by £1.38M. 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. 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. This is an adverse movement of £0.28M from quarter 3.

### **E&CSC 4 –Looked After Children & Provision (£5.41M adverse; £0.13M Adverse movement)**

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

The increasing number of children requiring specialist support packages has led to an over spend of £1.73M 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 has been 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 over spend of £2.03M on fostering has mainly arisen as a result of an increase in placements from Independent Fostering Agencies (IFA's) and SCC foster carers (overspend of £0.39M) over that originally anticipated. IFA placements tend to cost between 2 and 3 times as much as an SCC foster placement.

There were 88 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 over spend of £0.75M, 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 higher recurring cost of foster care fees.

This is an overall adverse net movement of £0.13M from quarter 3 which is mainly due to an additional 4 residential placements in the last 3 months and also due to 3 placements becoming more complex. However, there was a net favourable movement on Independent Fostering Agencies (IFA's) and SCC foster carers of £0.21M, in the last 3 months as IFA placement numbers remain the same as quarter 3.

### **E&CSC 5 – MASH & Early Help (£0.54M favourable; £0.87M Favourable movement)**

#### **Increased agency staff costs**

An increase in the demand for the MASH and 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. This has led to an over spend of £0.32M. It is envisaged that this additional support will only be required on a short term basis.

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). Also, the Service have recruited a Transformation Manager to oversee recruitment of permanent staff into posts being covered by agency staff, which will also help address the issue.

There has also been a revenue grants carry forward request of £.87M in relation to the DCLG Troubled Families grant to fund future years' activities.

**E&CSC 6 – Education – Early Years & Asset Management (£0.28M adverse; £0.03M Adverse movement)**

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

The overspend position is primarily due to Home to school transport for children attending Special schools due to the impact of the continuing increase in school transport numbers 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 against; IT and Business Support as a result of increased income due to more school signing up for SLAs and reductions in expenditure on payments to early years providers due to a reduction in the numbers of funded hours paid for pre-school age children.

**E&CSC 7 – Education - High Needs & Schools (£0.21M favourable; £0.21M Favourable movement)**

**High needs adverse variance is offset by underspend against non-recurring monies held within DSG.**

As expected the overall high needs pressure due to the additional cost of educational placements for children and young people with a special educational need, was funded from the non-recurring monies held within DSG carry forward from 2014/15.

It is important to note that some of the current high needs pressures will have full year impact in 2016/17. Where possible sufficient allowance has been made in 2016/17 estimates on the basis of known activity and expected growth.

The DSG position will continued to be monitored very closely during 2016/17.

There has also been a revenue grant carry forward request of £0.18M in relation to the SEN reform and SEN employment grants to fund future years' activities.

## ENVIRONMENT & TRANSPORT PORTFOLIO

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has under spent by **£1.10M** at year-end, which represents a percentage variance against budget of **5.0%**. The Portfolio outturn variance has moved **favourably** by **£0.52M** from the position reported at Quarter 3.

|                                | <b>Outturn<br/>Variance<br/>£M</b> | <b>%</b>   | <b>Movement from<br/>Quarter 3<br/>£M</b> | <b>%</b>   |
|--------------------------------|------------------------------------|------------|---|------------|
| Portfolio Outturn              | 1.10 F                             | 5.0        | 0.52 F                                    | 2.4        |
| Grant Carry Forwards           | 0.00                               | 0.0        | -   | -          |
| <b>Final Portfolio Outturn</b> | <b>1.10 F</b>                      | <b>5.0</b> | <b>0.52 F</b>                             | <b>2.4</b> |
| Carry Forward Requests         | 0.00                               | 0.0        | 0.00                                      | 0.0        |

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

| <b>Division / Service Activity</b> | <b>Outturn<br/>Variance<br/>£M</b> | <b>Forecast<br/>Variance<br/>Quarter 3<br/>£M</b> | <b>Movement<br/>£M</b> | <b>Ref.</b> |
|------------------------------------|------------------------------------|---|------------------------|-------------|
| Domestic Waste Collection          | 0.63 A                             | 0.62 A  | 0.01 A                 | E&T 1       |
| Waste Disposal                     | 0.42 A                             | 0.27 A  | 0.15 A                 | E&T 2       |
| E&T Contracts Management           | 0.71 F                             | 0.74 F  | 0.03 A                 | E&T 3       |
| Off Street Parking                 | 0.27 F                             | 0.09 F  | 0.18 F                 | E&T 4       |
| Development Management             | 0.70 F                             | 0.48 F  | 0.22 F                 | E&T 5       |
| Travel                             | 0.49 F                             | 0.31 F  | 0.18 F                 | E&T 6       |
| Other                              | 0.02 A                             | 0.15 A  | 0.13 F                 |             |
| <b>Total</b>                       | <b>1.10 F</b>                      | <b>0.58 F</b>                                     | <b>0.52 F</b>          |             |

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

**E&T 1 Domestic Waste Collection (£0.63M adverse, £0.01M adverse movement)**

**There is an adverse variance on employee costs.**

The main adverse variance is the cost of temporary agency cover for staff sickness absences. This is adverse by £0.42M, an adverse movement of £0.02M compared to quarter 3. There are other adverse variances for additional fleet hire, cost of bin storage and lower recyclable income. These total £0.21M, a favourable movement of £0.01M.

**E&T 2 Waste Disposal (£0.42M adverse, £0.15M adverse movement)**

**There are various changes with an adverse overall variance.**

There are adverse variances on the disposal costs of general collected household waste of £0.22M (£0.10M adverse movement) and of waste from the Civic Amenity Waste Centres of £0.05M (£0.01M adverse movement).

There are also adverse variances on income from the profit share of £0.08M (£0.02M adverse movement) and on HWRC income of £0.07M (£0.02M adverse movement), due to the fall in the price of recycled metal. There is also an adverse variance of £0.03M on HWRC management fees, a £0.01M adverse movement compared to quarter 3.

**E&T 3 E&T Contracts Management (£0.71M favourable, £0.03M adverse movement)**

**There are savings on contract indexation and street lighting energy costs and there is additional income.**

There is a favourable variance on the PFI Street Lighting contract sum. This is favourable by £0.22M, due to contract deductions, including prior year one-off adjustments, an adverse movement of £0.03M compared to quarter 3. There is a favourable variance on the Highways HSP contract sum. This is favourable by £0.06M, mainly due to actual contract indexation being lower than budgeted, no movement compared to quarter 3.

There is also a favourable variance on street lighting energy costs. This is favourable by £0.18M, an adverse movement of £0.05M, due to the lower consumption levels associated with the near completion of the core investment programme and the Council's dimming policy. This is offset slightly by higher unbudgeted increases in electricity prices.

There is a favourable variance on Highways Partnership Third Party Income share (re 2014/15) of £0.10M, as the income is higher than was anticipated, no movement compared to quarter 3. There is a favourable variance on Traffic Management Act permit income of £0.04M, no movement compared to quarter 3 and on a provision for drainage works of £0.07M, a favourable movement of £0.02M.

**E&T 4 Off Street Parking (£0.27M favourable, £0.18M favourable movement)**

**There is higher other parking income and lower spend on operational costs.**



There is a favourable variance of £0.12M on other income from penalty charge notices and suspended parking bays, an adverse movement of £0.02M compared to quarter 3.

There is a favourable variance on Off-Street Parking income of £0.02M, a favourable movement of £0.19M, due to the forecast decline in parking income not being realised.

There is lower spend on operational costs of £0.04M, an adverse movement of £0.01M. This is due to the impact of the initiative on non-essential spend.

There is also a favourable variance on rates of £0.09M, no movement compared to quarter 3.

### **E&T 5 Development Management (£0.70M favourable, £0.22M favourable movement)**

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

There is a favourable variance of £0.50M on income from planning applications, a favourable movement of £0.16M compared to quarter 3. This reflects a higher level of applications, including a number of recent proposed major developments in the City.

There are also favourable variances on employee budgets of £0.03M (£0.01M adverse movement) and on CIL administration fees of £0.09M, a favourable movement of £0.04M compared to quarter 3.

There is a favourable variance of £0.04M on S.106 administration fees, a favourable movement of £0.01M compared to Month 9, and a favourable variance of £0.04M from staff charges to PUSH, a favourable movement of £0.02M.

### **E&T 6 Travel (£0.49M favourable, £0.18M favourable movement)**

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

The total actual number of Concessionary Fare journeys and the average fare are both lower than originally estimated which led to a favourable variance on the scheme of £0.45M. There is a movement of £0.15M compared to quarter 3 due to a prudent approach to forecasting the future number of journeys and the average fare – both of which are not within the Service's direct control.

### **Trading Areas (£0.11M Adverse, £0.13M adverse movement)**

**Adverse due to under recovery of cost of service and lower than expected income from landscaping activities.**

The Fleet trading area is adverse by £0.10M (1.9%) due to charges to customers not fully recovering the cost of the Service. As part of an efficiency process, the fleet workshop labour rates have not been increased for four years. However, the rates are not yet fully aligned with costs.

The Landscaping trading area is adverse by £0.03M (3.9%) due to the Service being unable to fully achieve the planned level of income from ad hoc landscaping work.

## FINANCE PORTFOLIO

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has under spent by **£1.55M** at year-end, which represents a percentage variance against budget of **4.0%**. The Portfolio outturn variance has moved **favourably** by **£0.12M** from the position reported at Quarter 3.

|                                | <b>Forecast<br/>Variance<br/>£M</b> | <b>%</b>   | <b>Movement from<br/>Quarter 3<br/>£M</b> | <b>%</b>   |
|--------------------------------|-------------------------------------|------------|---|------------|
| Portfolio Outturn              | 1.57 F                              | 4.1        | 0.14 F                                    | 0.4        |
| Grant Carry Forwards           | 0.02 A                              | 0.1        | -   | -          |
| <b>Final Portfolio Outturn</b> | <b>1.55 F</b>                       | <b>4.0</b> | <b>0.12 F</b>                             | <b>0.3</b> |
| Carry Forward Requests         | 0.00                                | 0.0        | 0.00                                      | 0.0        |

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

| <b>Division / Service Activity</b>           | <b>Outturn<br/>Variance<br/>£M</b> | <b>Forecast<br/>Variance<br/>Quarter 3<br/>£M</b> | <b>Movement<br/>£M</b> | <b>Ref.</b> |
|--|------------------------------------|---|------------------------|-------------|
| Partnership                                  | 0.49 F                             | 0.46 F  | 0.03 F                 | FIN 1       |
| Finance Service                              | 0.16 F                             | 0.15 F  | 0.01 F                 | FIN 2       |
| Business Support                             | 0.31 F                             | 0.22 F  | 0.09 F                 | FIN 3       |
| IT Services                                  | 0.15 F                             | 0.15 F  | 0.00 F                 | FIN 4       |
| Corporate Management                         | 0.43 F                             | 0.43 F  | 0.00 F                 | FIN 5       |
| Local Taxation & Benefits                    | 0.20 F                             | 0.05 F  | 0.15 F                 | FIN 6       |
| Corporate Services Directorate<br>Management | 0.27 A                             | 0.08 A  | 0.19 A                 | FIN 7       |
| Other  | 0.10 F                             | 0.05 F  | 0.05 F                 |             |
| <b>Total</b>                                 | <b>1.57 F</b>                      | <b>1.43F</b>                                      | <b>0.14 F</b>          |             |

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

**FIN 1 Partnership (£0.49 favourable, £0.03 favourable movement)**

**Saving against assumed annual contract uplift / service credits.**

A favourable variance of £0.13M has arisen against the Capita contract as the actual annual contract uplift was lower than the percentage increase assumed when the budgets were approved for the year; this revised base has been reflected in future year's budgets. In addition one-off service credits totalling £0.09M have been received in-year as part of the contract performance measurements, an increase of £0.03M compared to quarter 3. A further favourable variance of £0.22M has arisen from ongoing contract changes reflected in current and future year's budgets. 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 2016/17 approved vacancy savings.

**FIN 2 Finance Service (£0.16M favourable, £0.01M favourable movement)**

**Salary and Supplies & Services under spends.**

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. This represents a small favourable movement of £0.01M compared to quarter 3.

**FIN 3 Business Support (£0.31M favourable, £0.09M favourable movement)**

**Salary and Supplies & Services under spends.**

A favourable variance of £0.14M has resulted from under spends on salaries and staff training as a result of the non-essential spend freeze, an increase of £0.04M compared to quarter 3. In addition is a new favourable variance of £0.05M from the centralised stationery budgets; these centralised budgets will be reviewed for 2016/17 to assess the level required and to determine whether an ongoing saving against the budget could be declared.

A further favourable variance of £0.12M is due to the early achievement of the 2016/17 budget saving achieved from Phase 1 of the Business Support review.

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

**Rationalisation of PCs.**

A favourable variance of £0.12M 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 £0.02M compared to quarter 3. In addition an in-year saving of £0.03M reflects salary and supplies & services underspends within the IT / Web teams following the establishment of a permanent Web Support Team and recruitment to the structure, a decrease of £0.02M compared to quarter 3.

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

#### **Provision for in-year pressures not required.**

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; a NIL movement compared to quarter 3.

### **FIN 6 Local Taxation & Benefits (£0.20M favourable, £0.15M favourable movement)**

#### **External Legal Expenses under spend.**

A favourable under spend of £0.06M has arisen against legal expenses related to Council Tax collection, a favourable movement of £0.01M compared to quarter 3. 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.

In addition a favourable variance of £0.05M has arisen against the bad debt provision following a year-end review of the level of provision required. Additional one-off income of £0.12M from Council Tax benefit clawback relating to prior years has been received, offset in part by a reduction in recovery cost income received of £0.05M. The combined impact represents a net favourable movement of £0.15M.

It should be noted that a grant carry forward is requested for £0.02M in relation to a DWP grant receipted in 2015/16 for a work to be undertaken in 2016/17 for new burdens arising from Real Time Bulk Data Matching.

### **FIN 7 Corporate Services Directorate Management (£0.27M adverse, £0.19M adverse movement)**

#### **Additional spend on Equal Pay.**

The adverse variance relates to in year one-off spend on additional activity/staffing resources required to complete the implementation of the Equal Pay project, the final date for which was delayed, thereby incurring additional costs. This particular work activity is now complete and the associated cost pressure can be covered within the overall Portfolio position.

## HEALTH & ADULT SOCIAL CARE PORTFOLIO

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has over spent by **£3.50M** at year-end, which represents a percentage variance against budget of **6.0%**. The Portfolio outturn variance has moved **adversely** by **£0.03M** from the position reported at Quarter 3.

|                                | <b>Forecast<br/>Variance<br/>£M</b> | <b>%</b>   | <b>Movement from<br/>Quarter 3<br/>£M</b> | <b>%</b>   |
|--------------------------------|-------------------------------------|------------|---|------------|
| Portfolio Outturn              | 3.50 A                              | 6.0        | 0.03 A                                    | 0.0        |
| Grant Carry Forwards           | 0.00 A                              | 0.0        | -   | -          |
| <b>Final Portfolio Outturn</b> | <b>3.50 A</b>                       | <b>6.0</b> | <b>0.03 A</b>                             | <b>0.0</b> |
| Carry Forward Requests         | 0.00                                | 0.0        | 0.00                                      | 0.0        |

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

| <b>Division / Service Activity</b> | <b>Outturn<br/>Variance<br/>£M</b> | <b>Forecast<br/>Variance<br/>Quarter 3<br/>£M</b> | <b>Movement<br/>£M</b> | <b>Ref.</b> |
|------------------------------------|------------------------------------|---|------------------------|-------------|
| Long Term                          | 3.72 A                             | 3.02 A  | 0.70 A                 | H&ASC 1     |
| ICU System Redesign                | 0.55 F                             | 0.49 F  | 0.07 F                 | H&ASC 2     |
| Reablement                         | 0.89 A                             | 0.89 A  | 0.00 F                 | H&ASC 3     |
| Adult Services Management          | 0.82 F                             | 0.58 F  | 0.23 F                 | H&ASC 4     |
| Safeguarding AMH & OOH             | 0.03 F                             | 0.07 A  | 0.10 F                 | H&ASC 5     |
| Provider Services                  | 0.38 A                             | 0.46 A  | 0.07 F                 | H&ASC 6     |
| ICU Provider Relationships         | 0.45 F                             | 0.44 F  | 0.01 F                 | H&ASC 7     |
| Public Health                      | 0.35 A                             | 0.53 A  | 0.18 F                 | H&ASC 8     |
| Other                              | 0.00 F                             | 0.01 A  | 0.01 F                 |             |
| <b>Total</b>                       | <b>3.50 A</b>                      | <b>3.47 A</b>                                     | <b>0.03 F</b>          |             |

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

**H&ASC 1 – Long Term (£3.72M adverse, £0.70M adverse movement)**

**Non achievement of savings agreed in both February 2014 and February 2015 for reductions in volume of care created an adverse variance.**

The budget for externally purchased care for Older Persons and clients with either a Physical Disability or Learning Disability overspent by £3.42M. The majority of this overspent, £3.22M, was due to the non achievement of savings. The adverse position was also increased by Learning Disabilities' packages of £0.47M due to additional demand and reprovision of Clients from Southampton Day Services. This is offset in part from the £0.10M delayed transfer of care grant received in 2015/16 and a favourable variance of £0.16M from reductions in activity within Learning Disability Domiciliary Care due to client reductions within the scheme for former locally based hospital unit clients.

This adverse position was further increased due to additional staffing costs of £0.30M, from the requirement to cover vacancies and sickness by temporary staff, in addition there are redundancy and compromise agreement costs and non achievement of the market supplement saving.

As reported at quarter 3 the Long Term budget is not achieving the previously agreed savings targets for reductions in care. The adverse position increased by £0.03 at year end due to a reduction in the anticipated savings achieved from the retender of Homecare. The adverse position has also increased at year end because of additional client packages of £0.24M for Older Persons and Physical Disabilities. The adverse movement has further increased by additional packages for Learning Disability clients of £0.29M due to new and amended care arrangements. In addition, since quarter 3 there have been further costs of £0.08M relating to clients that were situated at Southampton Day Services but transferred to purchased care provision at an additional cost.

The adverse position for staffing has increased by £0.05M due to increased agency costs to cover additional sickness and vacancies.

**H&ASC 2 - ICU System Redesign (£0.55M favourable, £0.07M favourable movement)**

**Savings created from reduction in contract costs and decommissioning of contracts.**

The favourable position of £0.55M has arisen due to contract savings. Part of this saving, £0.22M, related to the substance misuse contract. This contract is funded from the Public Health grant and therefore the saving contributed towards the saving required to meet the reduction in this grant. The Rose Road respite contract underspent by £0.06M due to a reduction against the anticipated volume of beds required. The budget for decommissioning and transition, £0.11M, was not essential this year and so was held along with other savings of £0.05M to offset other pressures within the Portfolio.

The learning disability day care contract for a specific group of clients, who had previously transferred from Health, underspent by £0.02M following action to reduce the cost of this provision, and staffing budgets underspent by £0.04M due to vacancies.

There has been a further favourable movement since quarter 3 of £0.07M.

**H&ASC 3 - Reablement (£0.89M adverse, Nil movement).**

**The review of rehabilitation and reablement services saving was not achieved in addition to significant agency and pay and allowances costs.**

The £0.40M of the Rehab and Reablement review saving was not achieved this year due to a delay in the process whilst the proposals were fully considered and consulted on. In addition there have been additional costs for staffing and agency of £0.80M to cover; vacant posts, the net cost of Pay and Allowances introduced in the year, an additional cost for winter pressure cover and costs associated with the regrading of Co-Ordinators. These pressures are offset by savings achieved through a cessation on non-essential spend on supplies and services and travel and premises costs of £0.13M. In addition there was unbudgeted income for joint funded posts of £0.04M. As part of the Better Care Fund pooled budget arrangement, the Southampton Clinical Commissioning Group made an additional payment of £0.13M as their contribution towards the reablement overspend.

Since quarter 3 employee costs have increased by £0.12M which have been fully offset by supplies and services savings of £0.02M and additional income of £0.10M. This income is made up from the contribution towards the pooled budget overspend by the CCG of £0.13M, less a reduction in anticipated income of £0.30M for shared posts.

**H&ASC 4 – Adult Services Management (£0.82M favourable, £0.23M favourable movement).**

**A favourable variance was generated due to expenditure relating to Care Act responsibilities which 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.**

The favourable position of £0.82M was due in part to the saving in Care Act Funding of £0.93M. This funding was released to offset the additional activity in Long term Care. Further savings were achieved in the Learning and Development budget of £0.07M to offset overspends elsewhere in the Portfolio. These savings were reduced by the non achievement of the corporate agency saving target of £0.22M.

Since quarter 3 the favourable variance had increased by £0.18M as further Care Act funding was released to offset increase costs in Long term Care. Further savings of £0.06 were achieved on supplies and services and premises costs.

**H&ASC 5 – Safeguarding Adult Mental Health & Out of Hours (£0.03M favourable, £0.10M favourable movement)**

**Overspend on care packages for Mental Health clients are offset by employee savings.**

Client package costs for Mental Health clients are overspent by £0.36M due to increased demand. This overspend is offset by employee savings from vacant posts of £0.29M and the anticipated costs of £0.03M for Legal support for the deprivation of liberty safeguards, now being paid from the Care Act funding held elsewhere in the Portfolio.

At quarter 3 the budget was forecast to overspend by £0.07M. At year end the position was favourable by £0.03M. This favourable movement of £0.10M related to savings on substance misuse packages of £0.06M and further staffing savings of £0.02M and legal costs of £0.03M.

**H&ASC 6 – Provider Services (£0.38M adverse, £0.07M favourable movement).**

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

The saving associated with the review of Kentish Road of £0.10M was not achieved, due to the delay in implementation. This adverse position was increased by £0.20M because of the additional cost of agency staff and overtime to cover vacant posts and increased demand for the service. The review of Southampton Day Services did not fully achieve the saving target as the original implementation date for the proposal was September but it took effect in December, the shortfall was £0.14M.

The adverse position was offset by increased savings of £0.09M from the closure of Woodside Lodge and vacant posts in Shared lives of £0.03M, reduced by increased agency staffing costs of £0.06M for Holcroft and Glen Lee.

Since quarter 3 there has been a favourable movement of £0.07M. This is in part due to a reduction in Day Services costs of £0.21M. The new service for Day Services was implemented in the last quarter of the year and there was uncertainty of the likely running costs which at year end was less than anticipated. This reduction in cost was reduced by an increase in costs for Holcroft House and Glen Lee of £0.12M for additional agency cover for staff sickness and holiday cover. Kentish Road respite service incurred additional costs of £0.02 for agency staff to cover an increase in placements.

**H&ASC 7 – ICU Provider Relationships (£0.45M favourable, £0.01M favourable movement).**

**The re-negotiation of the Supporting People contract has generated a saving.**

A saving of £0.53M has occurred following contract re-negotiations for the Supporting People contract. This is a recurring saving which is already included within the 2016/17 budget. This favourable position is reduced by additional costs for the Community Day Care contract of £0.05M which has been incurred due to the re-provision of service from the closed Day Care services. This is further reduced by £0.04M due to reduced income for the block contract beds at Northlands for free nursing care which is not paid for when beds are vacant.



Since quarter 3 there has been a slight decrease in costs by £0.01M. This is due to saving on the Joint Equipment Store, Voluntary Contracts and employee savings of £0.10M offset by additional costs of the Supporting People contact, Community Day Care contract and a reduction of income from Northlands House for free nursing care of £0.09M.

**H&ASC 8 – Public Health (£0.35M adverse, £0.18M favourable movement).**

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

During the year Public Health England announced that the Public Health grant paid to the City Council would reduce by £1.06M, which represented a 6.19% reduction in our 2015/16 funding. In year savings of £0.71M, within this service activity, has partly offset this shortfall in income. In total, services funded by the Public Health grant have achieved a saving of £0.93M against the grant reduction, as Public Health funded contract savings have been made in ICU System Redesign of £0.22M.

Since quarter 3 further savings of £0.18M have been achieved, the majority of which related to reduced activity expenditure over and above that forecast at the time.

**HOUSING & SUSTAINABILITY PORTFOLIO**

**KEY ISSUES – OUTTURN 2015/16**

The Portfolio has under spent by **£0.06M** at year-end, which represents a percentage variance against budget of **2.1%**. The Portfolio outturn variance has moved **favourably** by **£0.15M** from the position reported at Quarter 3.

|                                | <b>Forecast<br/>Variance<br/>£M</b> | <b>%</b>   | <b>Movement from<br/>Quarter 3<br/>£M</b> | <b>%</b>   |
|--------------------------------|-------------------------------------|------------|---|------------|
| Portfolio Outturn              | 0.14 F                              | 5.1        | 0.23 F                                    | 8.3        |
| Grant Carry Forwards           | 0.08 A                              | 3.0        | -   | -          |
| <b>Final Portfolio Outturn</b> | <b>0.06 F</b>                       | <b>2.1</b> | <b>0.15 F</b>                             | <b>5.3</b> |
| Carry Forward Requests         | 0.00                                | 0.0        | 0.00                                      | 0.0        |

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

| <b>Division / Service Activity</b> | <b>Outturn<br/>Variance<br/>£M</b> | <b>Forecast<br/>Variance<br/>Quarter 3</b> | <b>Movement</b> | <b>Ref.</b> |
|------------------------------------|------------------------------------|--|-----------------|-------------|
|------------------------------------|------------------------------------|--|-----------------|-------------|

|                                |               | £M            | £M            |       |
|--------------------------------|---------------|---------------|---------------|-------|
| Housing Renewal                | 0.08 F        | 0.06 F        | 0.02 F        | H&S 1 |
| Private Sector Housing         | 0.00          | 0.05 F        | 0.05 A        | H&S 2 |
| Prevention & Inclusion Service | 0.15 A        | 0.20 A        | 0.05 F        | H&S 3 |
| Sustainability                 | 0.12 F        | 0.02 A        | 0.14 F        | H&S 4 |
| Other                          | 0.09 F        | 0.02 F        | 0.07 F        |       |
| <b>Total</b>                   | <b>0.14 F</b> | <b>0.09 A</b> | <b>0.23 F</b> |       |

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

**H&S 1 Housing Renewal (£0.08M favourable, £0.02M favourable movement)**

**There is an under spend on staffing due to vacant posts.**

Three vacant posts within Housing Renewal were not filled during 2015/16. Two of these posts are expected to contribute towards savings proposals for 2016/17. This has resulted in a favourable variance of £0.05M for the year, no movement from month 9.

In addition to this, a saving of £0.03M has been made on supplies and services budgets within Housing Renewal. This is a favourable movement of £0.02M from month 9 as the actual licensing enforcement costs for the year, in relation to pedlars, was lower than forecast.

**H&S 2 Private Sector Housing (Nil variance, £0.05M adverse movement)**

**There is an under spend on staffing, offset by reduced income.**

There was staff turnover within Private Sector Housing that resulted in a favourable variance of £0.10M, a favourable movement of £0.02M from month 9.

There is an adverse variance of £0.01M, due to a reduction in income from mandatory licence fees, a favourable movement of £0.02M from month 9. There is also an adverse variance of £0.09M, due to a reduction in net income from additional licence fees, which is reported for the first time.

**H&S 3 Prevention & Inclusion Service (£0.15M adverse, £0.05M favourable movement)**

**The budget for children held in secure accommodation by court order pending release or conviction is held in the Risk Fund**

The number of children placed in remand was lower than forecast for the final three months of the year, resulting in a favourable movement from month 9 of £0.05M.

**H&S 4 Sustainability (£0.12M favourable, £0.14M favourable movement)**

**There is a carry forward of non-ring fenced government grant funding and an under spend on Carbon Reduction Certificates.**

In 2014/15, a DEFRA grant of £0.02M was awarded to fund technical advice on surface water drainage proposals. As this was unspent at the end of the financial year, it was carried forward. A further £0.06M was awarded by DEFRA in 2015/16 but, due to delays in recruitment, the total funding of £0.08M remains unspent at year-end, a favourable movement of £0.08M from month 9. There is now a proposal to use £0.06M of this grant to fund consultants to provide the technical advice. The remaining £0.02M will be used to make the drainage database system accessible, via mobile devices. As this is a non-ring-fenced government grant, a request is being made to carry the funding forward into 2016/17.

The cost of the Carbon Reduction Certificates (CRCs) needed to cover the authority's energy consumption in 2015/16 was £0.07M lower than budgeted. This is a favourable movement of £0.05M from month 9, due to a lower consumption for the final four months of the year than expected.

## LEADERS PORTFOLIO

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has under spent by **£2.64M** at year-end, which represents a percentage variance against budget of **21.6%**. The Portfolio outturn variance has moved **favourably** by **£0.77M** from the position reported at Quarter 3.

|                                | <b>Forecast<br/>Variance<br/>£M</b> | <b>%</b>    | <b>Movement from<br/>Quarter 3<br/>£M</b> | <b>%</b>   |
|--------------------------------|-------------------------------------|-------------|---|------------|
| Portfolio Outturn              | 2.64 F                              | 21.6        | 0.77 F                                    | 6.3        |
| Grant Carry Forwards           | 0.00 A                              | 0.0         | -   | -          |
| <b>Final Portfolio Outturn</b> | <b>2.64 F</b>                       | <b>21.6</b> | <b>0.77 F</b>                             | <b>6.3</b> |
| Carry Forward Requests         | 0.00                                | 0.0         | 0.00                                      | 0.0        |

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

| <b>Division / Service Activity</b> | <b>Outturn<br/>Variance<br/>£M</b> | <b>Forecast<br/>Variance<br/>Quarter 3<br/>£M</b> | <b>Movement<br/>£M</b> | <b>Ref.</b> |
|------------------------------------|------------------------------------|---|------------------------|-------------|
| Central Repairs & Maintenance      | 0.63 F                             | 0.65 F  | 0.02 A                 | LPOR 1      |

|  |               |               |               |        |
|--|---------------|---------------|---------------|--------|
| Property Portfolio Management              | 0.33 F        | 0.31 F        | 0.02 F        | LPOR 2 |
| Property Services                          | 1.02 F        | 0.45 F        | 0.57 F        | LPOR 3 |
| Registration of Electors & Elections Costs | 0.15 F        | 0.17 F        | 0.02 A        | LPOR 4 |
| Business Improvement                       | 0.07 F        | 0.06 F        | 0.01 F        | LPOR 5 |
| Corporate Communications                   | 0.20 F        | 0.06 F        | 0.14 F        | LPOR 6 |
| Legal Services & Customer Relations        | 0.12 F        | 0.12 F        | 0.00 F        | LPOR 7 |
| HR Services                                | 0.07 A        | 0.00 A        | 0.07 A        | LPOR 8 |
| Democratic Representation & Management     | 0.09 F        | 0.00 F        | 0.09 F        | LPOR 9 |
| Other                                      | 0.10 F        | 0.05 F        | 0.05 F        |        |
| <b>Total</b>                               | <b>2.64 F</b> | <b>1.87 F</b> | <b>0.77 F</b> |        |

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

**LPOR 1 Central Repairs & Maintenance (£0.63M favourable, £0.02M adverse movement)**

**Under spend on reactive repairs/fees, plus slippage against the planned programme.**

The favourable under spend has arisen in part from a £0.34M under spend against Capita fees and reactive repairs. In addition there is slippage against the planned maintenance programme of £0.29M due to tendering issues on the Guildhall roof project, the remaining works, for which, will now need to be completed as part of the planned works programme / budget for 2016/17.

The £0.02M adverse movement compared with quarter 3 has arisen from a £0.43M favourable increase (£0.14M increase in the under spend on reactive repairs / fees, together with the planned programme slippage of £0.29M) offset by the removal of a £0.45M potential carry forward to facilitate a match funding bid to the Heritage Lottery Fund (HLF). The original bid to enable improvements to the Art Gallery was unsuccessful and will now form part of a wider HLF bid in 2016/17. As a result the £0.45M has been moved into reserves to be earmarked as necessary dependent on the outcome of any revised bid.

**LPOR 2 Property Portfolio Management (£0.33M favourable, £0.02M favourable movement)**

**Under spend/saving in Property Management fees.**

The Investment Property account shows a NIL variance against budget, an adverse movement of £0.15M compared with the position for quarter 3 and reflects the final position for income received in the year based on actual vacation dates for a number of properties.

In addition there is a favourable under spend of £0.33M on Property Management fees. This represents the early achievement of an approved 2016/17 budget saving for reduced Capita fees, together with a lower level of revaluation work required in the current year. This reflects a favourable movement of £0.17M compared to quarter 3 due to a number of postponed projects and a year-end review of the level of bad debt provision required.

**LPOR 3 Property Services (£1.02M favourable, £0.57M favourable movement)**  
**Under spends across utility budgets, impact of spend moratorium and reduced dilapidations costs.**

A favourable variance of £1.02M has arisen within Admin Buildings and reflects an under spend of £0.22M from the early achievement of the 2016/17 proposed saving on utilities costs, together with a favourable impact of £0.19M due to the spend moratorium on non-essential spend; a combined increase of £0.32M compared to quarter 3. Utilities costs have been difficult to forecast given the number of accommodation changes/increased occupation during the year, the work programmes for which will continue into 2016/17, combined with the impact of a mild winter. A further detailed review will be undertaken during 2016/17 once the current set of approved moves are complete to assess a more accurate assessment of the ongoing budgets required.

In addition a one-off saving of £0.55M 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. This is an increase of £0.25M compared to quarter 3 following a detailed review of dilapidations provisions at year-end.

**LPOR 4 Registration of Electors & Elections Costs (£0.15M favourable, £0.02M adverse movement)**  
**Under spends on election costs.**

A favourable forecast variance of £0.06M 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 £0.09M 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.

The combined impact represents a small adverse movement of £0.02M compared to quarter 3

**LPOR 5 Business Improvement (£0.07M favourable, £0.01M favourable movement)**

**Salary Under spends.**

The £0.07M favourable variance has arisen from vacancies due to delayed staff appointments to the newly created Strategy Unit and represents a small favourable movement of £0.1M compared to quarter 3. This is 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 1<sup>st</sup> April 2016.

This represents a small favourable movement of £0.01M compared to quarter 3.

**LPOR 6 Corporate Communications (£0.2M favourable, £0.14M favourable movement)**

**Under spends within centralised budgets/Salary under spends.**

The favourable variance has arisen primarily within the newly centralised Communications budget, set up to create a managed Corporate Campaign budget. The under spend of £0.17M reflects both the in-year impact of centralisation together with the moratorium on non-essential spend, a favourable movement of £0.12M compared to quarter 3. This will be reviewed for 2016/17 to assess the level of corporate campaign activity required and to determine whether an ongoing saving against the budget could be declared.

In addition there is an under spend of £0.03M within the division arising from salary under spends/additional Design income, a favourable movement of £0.02M compared to quarter 3.

**LPOR 7 Legal Services & Customer Relations (£0.12M favourable, £Nil movement)**

**Salary and Supplies & Services under spends, additional income.**

A one-off favourable variance of £0.05M has arisen from salary underspends due to vacant posts and represents the early achievement of approved 2016/17 vacancy savings. In addition a favourable variance of £0.07M relates to the receipt of additional in-year section 106 revenue income. This income is variable by nature and therefore difficult to forecast. There is a nil movement in these variances compared to quarter 3.

**LPOR 8 HR Services (£0.07M adverse, £0.07M adverse movement)**

**Additional payments to Capita due to implementation delays.**

A £0.07M adverse position has arisen within HR Services as a result of additional charges payable to Capita due to the delayed implementation of payroll simplification/automation. These charges were not reflected in the quarter 3 monitoring position as detailed work was underway at that stage to assess the financial impact of the delay.

**LPOR 9 Democratic Representation & Management (£0.09M favourable, £0.09M favourable movement)**

**Salary/members allowances under spends.**

The favourable variance of £0.09M at year-end has arisen from salary under spends of £0.05M together with an in-year under spend of £0.04M on members allowances. This under spend represents the early achievement an approved 2016/17 budget saving relating to the review and restructure of the Democratic Services team.

The combined saving represents a favourable movement of £0.09M compared to quarter 3, as in-year staff costs that had been anticipated did not subsequently materialise.

**TRANSFORMATION PORTFOLIO**

**KEY ISSUES – OUTTURN 2015/16**

The Portfolio has under spent by **£0.00M** at year-end, which represents a percentage variance against budget of **0.0%**. There has been a nil variance movement since the position reported at Quarter 3.

|                                | <b>Outturn<br/>Variance<br/>£M</b> | <b>%</b>   | <b>Movement from<br/>Quarter 3<br/>£M</b> | <b>%</b>   |
|--------------------------------|------------------------------------|------------|---|------------|
| Portfolio Outturn              | 0.00 F                             | 0.0        | 0.00 F                                    | 0.0        |
| Grant Carry Forwards           | 0.00 A                             | 0.0        | -   | -          |
| <b>Final Portfolio Outturn</b> | <b>0.00 F</b>                      | <b>0.0</b> | <b>0.00 F</b>                             | <b>0.0</b> |
| Carry Forward Requests         | 0.000                              | 0.0        | 0.000                                     | 0.0        |

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

| <b>Division / Service Activity</b> | <b>Outturn<br/>Variance<br/>£M</b> | <b>Forecast<br/>Variance<br/>Quarter 3<br/>£M</b> | <b>Movement<br/>£M</b> | <b>Ref.</b> |
|------------------------------------|------------------------------------|---|------------------------|-------------|
| None                               |                                    |   |                        |             |

|              |               |             |               |  |
|--------------|---------------|-------------|---------------|--|
| <b>Total</b> | <b>0.00 F</b> | <b>0.00</b> | <b>0.00 F</b> |  |
|--------------|---------------|-------------|---------------|--|

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

There are no significant issues to report.