COMMUNITIES CULTURE & LEISURE PORTFOLIO

The Portfolio has a forecast **under-spend** by year end of **£0.04M** at Quarter 3, which represents a percentage variance against budget of 0.1**%.** The Portfolio forecast variance has moved favourably by **£0.03M** from the position reported at Quarter 2.

A summary of the quarterly movements in the Portfolio forecast variance, compared to Quarter 2 are shown in the table below:

Division / Service Activity	**Forecast Variance Quarter 3 £M**	**Forecast Variance Quarter 2 £M**	**Movement £M**
Heritage, Collection & Management	0.02 F	0.02 F	0
Gallery & Museums	0.01 F	0.02 A	0.03 F
Archaeology	0.01 F	0.01 F	0
Total	**0.04 F**	**0.01 F**	**0.03 F**

The SIGNIFICANT issues for the Portfolio are:

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

EDUCATION AND CHILDREN'S SOCIAL CARE PORTFOLIO

The Portfolio has a forecast **under** spend by year end of **£0.19M,** which represents a percentage under spend against budget of **0.1%.** The Portfolio forecast variance has moved adversely by **£0.89M** from the position reported at Quarter 2.

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

Division / Service Activity	**Forecast Variance Qtr 3 £M**	**Forecast Variance Qtr 2 £M**	**Movement from Qtr 2 £M**
Divisional Management & Legal	0.16 F	0.56 F	0.40 A
Looked After Children	0.42 F	0.49 F	0.07 A
MASH & Children in Need (CiN)	0.32 F	0.23 F	0.09 F
Specialist Core Services	0.22 F	0.09 F	0.13 F
ICU – Children's Services	0.13 F	0.12 F	0.01 F
Education – Early Years & Asset	0.76 A	0.56 A	0.20 A

Management			
Education – High Needs & Schools	0.30 A	0.15 F	0.45 A
Total	**0.19 F**	**1.08 F**	**0.89 A**

<u>Divisional Management & Legal – (£0.16M favourable variance, £0.40M adverse movement)</u>

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

<u>Looked after Children and Provision (£0.42M favourable variance, £0.07M adverse movement)</u>

Children's Services are continuing to undertake a targeted piece of work to reduce LAC and look at more appropriate placement of children. This has enabled a number of posts to be left vacant giving a further favourable variance of £0.18M however these post may be required to be filled following the phase 3 restructure. The inter-agency adoption budget has seen a rise in the number of children achieving permanency, greater than budgeted, which has been reflected in an adverse variance of £0.29M.There is a favourable forecast for residential of £0.12M due to a reduction in the number of placements against budget although this has moved adversely by £0.24M since quarter 2 due to additional children being cared for in a residential placement due to complexity. Savings of £0.34M have been found within the Care Leavers budget due to a budget for 59 places and only 41 forecast to be filled this year.

<u>MASH & CiN (£0.32M favourable, £0.09M favourable movement)</u>

There are a number of vacant posts that are not currently covered by agency staff and which were not expected to be filled until the implementation of the phase 3 restructure. These vacant posts have now been forecasted to be vacant until the end of January 2018 which is the favourable movement from quarter 2.

<u>Specialist Core Services (£0.22M favourable, £0.13M favourable movement)</u>

Vacant posts not currently filled by agency staff will now remain vacant until the end of January 2018 when the phase 3 restructure has been fully implemented. This extension of vacant posts is the favourable movement from quarter 2.

<u>ICU – Children's Services (£0.13M favourable, £0.01M favourable movement)</u>

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

<u>E&CS6 – Education – Early Years & Asset Management (£0.76M adverse, £0.20M adverse movement)</u>

There has been an increase of £0.11M in the projected overspend for Home to school transport resulting in an increased adverse of £0.61M from £0.5M. This increase is partly due to the unachieved savings of £0.06M for the Personal Transport Budgets and £0.05M from a further increase of the number of children requiring school transport to date. This overspend could increase further if the demand for school transport continues to grow to year end. As part of setting the budget, a one off sum of £0.35M was added to HTST budgets to allow enough time for implementation of savings from April 2018. As a result of additional demand in our special schools, an extra 70 special schools places have been allocated in the current year. This will provide an additional pressure on the service of £0.28M. This gives an overall forecast pressure for 2017/18 of £0.5M. The service is working on an action plan and timeline to illustrate the consultation that will be undertaken linked to this area. The actual delivery of savings may take longer than expected due to the delays and requirements of the consultation process.

The pressure on the Educational Psychology (EP) budget is due to an increase in EP statutory work, with a 37% increase in requests in the last year leaving reduced capacity for activities which would generate income for the service. This is a national emerging picture and services across the country are experiencing considerable pressures in meeting statutory demands. This has also been further compounded by the need for agency staff to cover vacant posts required to complete statutory work. The last academic year saw a slight reduction in requests from school for bespoke training packages or attendance on training courses. This is being addressed by a redesign of the offer to schools, a newly designed online brochure being available to schools and the appointment of a dedicated resource in the Phase 3 restructure, who will help services further develop their traded offer to schools.

Education – High Needs & Schools (£0.30M adverse, £0.45M adverse movement)

Pressures of £0.30M relate to unachievable transformation savings for Education Welfare Service, Music Service, and the Language Intervention Team. The Music Service and Language Intervention Team are not SCC funded, and the Education Welfare Service has unable to generate additional income. £0.11M overspend within the JIGSAW team relates to agency staff spend which will be resolved with the implementation of the phase 3 restructure. The remaining £0.04M adverse variance is due to reduced income in the Southampton Language Service and additional demand on Children's Direct Payments.

UNACHIEVED SAVINGS 2017/18

No unachieved 2017-18 savings

UNACHIEVED SAVINGS PRIOR YEARS

Saving Year	Saving Reference	Description	Unachieved Savings £M	Explanation of ongoing impact and mitigating actions.
2016/17	ECSC4	Review of LAC Children's Services	0.44	Current programme of LAC review and reduction is underway.
2016/17	ECSC8	Reduce temporary & agency staffing	0.29	Reviewed monthly and will be reduced further as part of the Phase 3 restructure.
	Total		**0.73**	

FINANCE PORTFOLIO

The Portfolio is currently forecast to over spend by **£0.43M** at year-end, which represents a percentage over spend against budget of 1.8**%.** The Portfolio forecast variance has moved adversely by **£0.05M** from the position reported at quarter 2.

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**
IT Services	0.60 A	0.38 A	0.22 A
Accounts Payable & Accounts Receivable	0.07 F	0.00 F	0.07 F
Business Support	0.10 F	0.00 F	0.10 F
	0.43 A	**0.38 A**	**0.05 A**

The SIGNIFICANT issues for the Portfolio are:

<u>IT Services (forecast adverse variance £0.60M, £0.22M adverse movement)</u>

The slippage on the approved savings to reorganise the IT provision continues to be an issue alongside a detailed review of licences, where the savings will be achieved via the Application Consolidation Project. A detailed review of provision is currently underway, with any potential changes to follow. The ongoing savings is on track to be achieved from 2018/19. In addition, a non-recurrent pressure of £0.15M has been incurred due to the urgent need for additional network (SAN) storage for back-up capacity. This has been offset in part by a saving of £0.03M on salary savings from vacant posts. The adverse movement from quarter 2 is due to a £0.18M saving on reduced development activity now not being realised.

<u>Accounts Payable & Accounts Receivable (forecast favourable variance £0.07M, £0.07M adverse movement)</u>

The forecast under spend has arisen due to vacancy savings within the Debtors section due to posts held vacant from acting up arrangements, together with staff paid at a lower cost than the budgeted post (all posts are budgeted at top of grade)

<u>FIN 3 – Business Support (forecast favourable variance £0.10M, £0.10M favourable movement)</u>

The forecast under spend has arisen due to vacancy savings within the Business Support teams due to significant turnover, together with staff paid at a lower cost than the budgeted post (all posts are budgeted at top of grade)

UNACHIEVED SAVINGS 2017/18

Savings Description	Unachieved Savings 2017/18 £M	Explanation of ongoing impact and mitigating actions.
Reorganise IT Provision	0.19	Slippage in saving, see above for actions and mitigating circumstances
Rationalise licences by 20%	0.11	Slippage in saving, see above for actions and mitigating circumstances
Reduce Development activity	0.18	Slippage in saving, see above for actions and mitigating circumstances
Total	**0.48**	

ENVIRONMENT & TRANSPORT PORTFOLIO

The Portfolio has a forecast **under** spend by year end of **£0.32M** at quarter 3, which represents a percentage variance against budget of **1.5%.** The Portfolio forecast variance has moved **favourably** by **£0.22M** from the position reported at quarter 2

A summary of the quarterly movements in the Portfolio forecast variance, compared to Quarter 2, are shown in the table below:

Division / Service Activity	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement £M
City Services – Waste Management	0.10 A	0.02 A	0.08 A
City Services – Open Spaces	0.02 A	0.00	0.02 A
Regulatory Services	0.01 F	0.05 A	0.06 F
Transportation	0.44 F	0.19 F	0.25 F
Other Minor Variances	0.01 A	0.02 A	0.01 F
Total	**0.32 F**	**0.10 F**	**0.22 F**

The SIGNIFICANT issues for the Portfolio are:

City Services – Waste Management (£0.10M adverse, £0.08M adverse movement)

Due to the ongoing unavailability of the incinerator, commercial waste is being taken to a transfer station causing a £0.12M adverse variance on this budget.

Regulatory Services (£0.01M favourable, £0.06M favourable movement)

Income from cemeteries is £0.02M lower than expected due to the delay in the implementation of double interment charges. Additional volume through the port has increased Port Health revenue by £0.01M while lower subscription charges and additional work derived from the port have created a favourable variance of £0.02M in Trading Standards.

Transportation (£0.44M favourable, £0.25M favourable movement)

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

UNACHIEVED SAVINGS 2017/18

Description	Unachieved Savings 2017/18 £M	Explanation of ongoing impact and mitigating actions.
Charges for double interment for non-residents	0.03	Delay in implementation. Part-year impact. May be partially offset by the purchase of burial rights.
Employ additional Registration staff to perform additional income generating work	0.04	Staff recruited but part-year effect. May be offset by savings from within the service
Charge for replacement bins	0.04	Delay in implementation. Will be offset by other “surplus” Waste savings
Reduce Free Parking Periods at District Centre Car Parks from 5 hours to 2	0.07	Traffic Regulation Order (TRO) advertised in December and, subject to consultation, should be implemented early in the New Year. It is hoped this will be partially offset by increased parking income.
	0.17	

HEALTH & COMMUNITY SAFETY PORTFOLIO

The Portfolio is currently forecast to under spend by **£0.02M** at year-end, which represents a percentage under spend against budget of **0.4%.**

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
Public Health	0.00	0.05 A	0.05 F
Other	0.02 F	0.01 F	0.01 F

Total	0.02 F	0.04 A	0.06 F

The SIGNIFICANT issues for the Portfolio are:

HSL 1 – Public Health (forecast zero variance £0.00M, £0.05M favourable movement)

The previous adverse forecast variance has been offset by health check underspends due to a reduction in demand.

HOUSING AND ADULT CARE PORTFOLIO

The Portfolio has a forecast over spend by year end of **£4.40M,** which represents a percentage over spend against budget of **6.6%.** The Portfolio forecast variance has moved favourably by **£1.45M** from the position reported at Quarter 2.

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

Division / Service Activity	Forecast Variance Qtr 3 £M	Forecast Variance Qtr 2 £M	Movement from Qtr 2 £M
Safeguarding AMH & OOH	0.49 A	0.69 A	0.20 F
Provider Services	0.29 A	0.23 A	0.06 A
Long Term	3.46 A	4.87 A	1.41 F
Adult Services Management	0.02 F	0.06 A	0.07 F
Reablement & Hospital Discharge	0.18 A	0.00	0.18 A
Total	**4.40 A**	**5.85 A**	**1.45 F**

The SIGNIFICANT issues for the Portfolio are:

Safeguarding Adult Mental Health & Out of Hours – (£0.49M adverse variance, £0.20M favourable movement)

The adverse variance of £0.49M for Mental Health client package costs is due to an increase in the number of clients. The budget was based on 238 clients but there are currently 241 clients currently, a reduction from the quarter 2 position. The average number of clients for the current financial year is 266. The main reason for the favourable movement in forecast from quarter 2 is due to an additional £0.3M income from a CCG dating back to 2015 that was previously in dispute and therefore prudently not in the forecast. The Phase 3 restructure will provide additional review capacity to ensure the care being provided is appropriate to each client's needs and ensuring care is provided in the most cost effective way. In addition, it is unlikely that the Mental Health employee saving will be achieved in full. Due to Section 75 Partnership agreement slippage, a shortfall of £0.07M in the savings target is contributing to the adverse variance.

Provider Services (£0.29M adverse variance, £0.06M adverse movement)

There was a delay in the closure of Kentish Road respite centre, which was originally planned for April 2017 and instead closed at the end of November 2017. This has led to a £0.29M adverse variance. The decision to close Kentish Road was made with the assurance to families and individuals that closure would not happen until there were suitable alternatives identified for each client. Due to delays in the consultation and transition process, there was a further delay to the proposed closure date from the expected date at quarter 2, leading to a further adverse movement in variance by £0.06M.

Long Term (£3.46M adverse variance, £1.41M favourable movement)

An adverse variance for Long Term client packages has been forecast at £3.46M as the cost reductions are not yet meeting the savings profile, as well as additional pressures in demand taking place. Since Quarter 2's report, an additional £0.85M of IBCF monies has been allocated to this area. This funding is for meeting increased demand and complexity of care. The remaining £0.56M is due to a reduction in forecast overspend. The forecast for Older Persons & Physical Disability client packages is showing an adverse variance of £2.83M and a forecast adverse variance of £0.63M on Learning Disability packages. Savings are monitored weekly and reported to Adult Social Care Improvement Board. The forecast level of unachieved savings for Long Term clients is now at £2.53M with the balance of the forecast overspend £0.93M being attributed to an increase in demand and complexity. The assumption for all currently unachieved savings is that they will not be found in the 2017/18 financial year, however this is under constant review through the weekly Improvement Board, as well as alternative savings plans being developed.

UNACHIEVED SAVINGS 2017/18

Saving Description	Unachieved Savings 2017/18 £M	Explanation of ongoing impact and mitigating actions.
Changing the way the adult social care teams operate.	1.81	A strengths based approach to assessing and meeting need through a structured learning and professional development programme is being implemented.
Developing more housing with care.	0.30	A process for extra care when discharged from hospital has been agreed and plans for additional capacity are in place.
Mental Health review.	0.07	Savings are being achieved but the number of clients has increased.
Joining up adults and housing teams to maintain independent living for longer in supported housing.	0.68	Although residential costs are reducing, the savings are below target. The action plan has been reviewed and further actions implemented.
Cost recovery from care provider training.	0.05	Alternative income is under investigation.
Total	**2.91**	

UNACHIEVED SAVINGS PRIOR YEARS

Saving Year	Description	Unachieved Savings £M	Explanation of ongoing impact and mitigating actions
2016/17	Introduce wider role out of telecare.	0.49	Benefits tracking is in place and is beginning to show financial benefit achieved. A new telecare service is to be procured, the procurement plans are on track and full rollout expected to be completed between July and Sept 2018.
	Total	**0.49**	

LEADERS PORTFOLIO

The Portfolio is currently forecast to under spend by **£0.12M** at year-end, which represents a percentage under spend against budget of 1.0**%.** The Portfolio forecast variance has moved favourably by **£0.55M** from the position reported at quarter 2.

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
Property Services	0.07 F	0.34 A	0.41 F	LPOR 1
HR Services	0.16 A	0.16 A	0.00 F	LPOR 2
Legal & Governance	0.14 F	0.05 F	0.09 F	LPOR 3
Intelligence, Insight & Comms	0.06 F	0.06 F	0.00 F	LPOR 4
Other	0.01 F	0.04 A	0.05 F	
	0.12 F	**0.43 A**	**0.55 F**	

The SIGNIFICANT issues for the Portfolio are:

<u>Property Services (forecast favourable variance £0.07M, £0.41M favourable movement)</u>

Property Services and the Major Project team are overspent by £0.66M, which is a favourable movement from quarter 2 of £0.05M. This is due to lower recharge income from the non-charging of overheads to capital projects, exclusion of mark-up on staffing recharges and lower staff numbers. Capital Assets has a combined income and savings target of £6.98M. Included within this are savings in respect of Business Rates and Council Tax of £3.55M which are on track to be achieved leaving a net Capital Assets savings requirement of £3.43M. Pressures have arisen due to delays in the Capital Assets restructure, fewer investment properties and lower rental income. The net pressure is forecast to be £0.62M. The total pressures highlighted above of £1.28M have been mitigated by an expected under-spend of £1.35M in Central Repairs and Maintenance. This is a favourable movement of £0.35M since quarter 2.

HR Services (forecast adverse variance £0.16M, NIL movement)

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

Legal & Governance (forecast favourable variance £0.14M, £0.09M favourable movement)

There is a number of minor favourable variances including unexpected legal claim income from land charges and increased 106 revenue income.

Intelligence, Insight & Communications (forecast favourable variance £0.06M, NIL movement)

The favourable variance reflects salary under spends from vacant posts across the service, due to the completion of the recruitment following the recent restructure.

SUSTAINABLE LIVING PORTFOLIO

The Portfolio has a forecast **over** spend by year end of **£0.19M** at quarter 3, which represents a percentage variance increase against budget of 118**%.**

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

Service	**Forecast Variance Quarter 3 £M**	**Forecast Variance Quarter 2 £M**	**Movement £**
Sustainability	0.04 F	0.04 F	0.00
Private Sector Housing	0.23 A	0.00	0.23 A
Total	**0.19 A**	**0.04 F**	**0.23 A**

The SIGNIFICANT issues for the Portfolio are:

Sustainability (£0.04M favourable, Nil movement)

There are a number of vacant posts which are not expected to be filled until the implementation of the Capital Assets phase 3 restructure. Carbon Reduction Commitment allowances purchased in advance, in order of offset out CO2 footprint has resulted in a saving of £0.02M.

SUSL 2 – Private Sector Housing (£0.23M adverse, £0.23M adverse movement)

Income from Houses in Multiple Occupation (HMO) licencing is being forecast as £0.23M adverse based on income received to date, maturity of this programme and knowledge of the new service lead. This pressure will be reduced in year by the funds carried over from previous years as the income is ringfenced, this will be transferred as part of the year end processes. A review of this area is being undertaken to provide more accurate forecasting data which will be used for the new 2018-23 scheme.