## COMMUNITIES, CULTURE & LEISURE PORTFOLIO

## KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to overspend by **£0.13M** at year-end, which represents a percentage overspend against budget of **2.3%**. The Portfolio forecast variance has moved adversely by **£0.04M** from the position reported at **Quarter 1**. 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 Qtr. 1 £M** | **%** |
|---|---|---|---|---|
| **Communities, Culture & Leisure** | **0.13 A** | **2.3** | **0.04 A** | **0.7** |
| 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 Qtr. 2 £M** | **Forecast Variance Qtr. 1 £M** | **Movement £M** | **Ref.** |
|---|---|---|---|---|
| Gallery & Museums | 0.27 A | 0.16 A | 0.11 A | COMM 1 |
| Leisure Client | 0.06 F | 0.02 F | 0.04 F | COMM 2 |
| Other | 0.08 F | 0.05 F | 0.03 F | |
| **Total** | **0.13 A** | **0.09 A** | **0.04 A** | |

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

### COMM 1 – Gallery & Museums (£0.27M adverse, £0.11M adverse movement)

**There is a shortfall in venue income and additional employee costs.**

There is a shortfall in income due to lower fee paying visitor numbers;
- £0.19M for SeaCity Museum, adverse by £0.05M compared with Quarter 1.
- £0.04M for Tudor House Museum, no movement from Quarter 1.

There are various other variances reported for the first time;
- £0.05M adverse on unbudgeted employee costs.
- £0.01M favourable on repairs & maintenance due to reassessment of works.
- £0.01M adverse on SeaCity Shuttle Bus Hire costs; expectation the free service will generate additional income.

### COMM 2 – Leisure Client (£0.06M favourable, £0.04M favourable movement)

**This is mainly due to savings on the Live Nation and Active Nation contracts.**

There are various variances reported for the first time. There is a favourable variance of £0.06M on the Active Nation (Sports & Rec Contract) due to lower utility inflation payments in respect of 2015/16. There is a forecast saving of £0.02M on the Live Nation contract, mainly due to the receipt of the Council's share of 2015/16 profits in accordance with the contract. There is an adverse variance of £0.04M on physical works at Woodmill and the Sports Centre. There is a favourable variance of £0.02M on Guildhall client costs.

## EDUCATION AND CHILDREN'S SOCIAL CARE PORTFOLIO

## KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to overspend by **£1.26M** at year-end, which represents a percentage overspend against budget of **2.8**%. The Portfolio forecast variance has moved adversely by **£0.57M** from the position reported at **Quarter 1**. 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 Qtr. 1 £M | % |
|---|---|---|---|---|
| **Education and Children's Social Care** | **1.26 A** | **2.8** | **0.58 A** | **1.3** |
| 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 Qtr. 2 £M | Forecast Variance Qtr. 1 £M | Movement £M | Ref. |
|---|---|---|---|---|
| Agency Staff | 0.01 F | 0.00 | 0.01 F | E&CS1 |
| Looked After Children | 1.02 A | 0.84 A | 0.18 A | E&CS2 |
| ICU – Children's Services | 0.15 F | 0.13 F | 0.02 F | E&CS3 |
| Education – Early Years and Asset Management | 0.30 A | 0.03 F | 0.33 A | E&CS4 |
| Other | 0.10 A | 0.00 | 0.10 A | |
| **Total** | **1.26 A** | **0.68 A** | **0.58 A** | |

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

**E&CS1 – Agency Staff (£0.01M favourable, £0.01M favourable movement)**

**The forecast net position on the agency budget for Quarter 2 (i.e. netting the cost of agency staff against the vacant establishment posts) is £0.01M favourable variance.** This is based on the information supplied by the service on the planned use of agency staff over the year. Therefore, the service is forecast to spend the entire agency budget. However there is an indication that agency cover will increase to cope with higher levels of Looked After Children (LAC) than budgeted.

**E&CS2 - Looked after Children and Provision (£1.02M adverse, £0.18M adverse movement)**

**There has been an increase in the unit cost of each type of placement for LAC, in particular in residential placements where demand has led to an increase in the number of placements.**

The total forecast adverse variance is £1.02M, which relates to the forecast additional placement costs for 2016/17. There is an increasing demand for residential placements and an increase in the average cost per placement which has led to a forecast overspend of £1.44M. There has also been an increase in the number of Special Guardianship Orders, expecting to result in an adverse variance of £0.19M. In addition to this, the Interagency Adoption grant is expected to end in October 2016. The cost of Interagency Adoption placements for the remainder of the year to be funded by the Council is expected to be £0.52M.

Offsetting these is a favourable forecast for fostering of £0.93M mainly due to a reduction in the number of Independent Foster Agency placements.

Since Quarter 1 there has been an increase in cost and number of children in residential placements resulting in an adverse movement of £0.73M and reduction in government grant income for Interagency Adoption which has only recently been communicated, resulting in an adverse movement of £0.52M.

Favourable variance movement since Quarter 1 has offset some of these additional anticipated costs and includes of £0.81M due to a reduction in number of children in Independent Foster Agency placements, a decrease in forecast expenditure on the Pathways service of £0.03M due to lower cost options chosen by care leavers and a decrease in the cost for the Contact Scheme by bringing the assessments back in-house resulting in a favourable movement of £0.05M.

The remaining favourable movement is mainly due to a reduction in the cost of staffing due to vacant posts which is offset by adverse staffing variances across the service due to the appointment of agency staff.

The table below outlines the budgeted and Quarter 2 actual activity levels for 2016/17:

| No's of Children 2016/17 | Cost Centre | 1617 Budgeted Numbers | Average Weekly Unit Cost | 1617 Working Budget (Month 6) | Q2 Numbers | Average Weekly Unit Cost | Q2 Forecast | Q2 Forecast variance | Q2 Unit Cost variance | Q2 Numbers variance |
|---|---|---|---|---|---|---|---|---|---|---|
| Fostering up to 18 | SL78D | 315 | £171.65 | £4,887,500 | 295 | £174.26 | £4,694,500 | -£189,000 | £3 | -20 |
| Independent Fostering Agencies (inc Jigsaw) | SC41D / SL86D | 199 | £854.11 | £8,862,100 | 169 | £915.89 | £8,070,551 | -£778,500 | £62 | -30 |
| Supported Placements or Rent | S9760 | 9 | £123.22 | £85,300 | 9 | £250.39 | £133,400 | £48,100 | £127 | 0 |
| Residential - Independent Sector | SC40D | 23 | £3,409.55 | £3,441,000 | 25 | £3,747.81 | £4,879,020 | £1,438,020 | £338 | 2 |
| Unaccompanied Asylum Seekers | SL820 | 5 | £264.53 | £147,200 | 4 | £264.53 | £147,200 | £0 | £0 | -1 |
| Inter-Agency | SC33E | 36 | £345.22 | £328,600 | 36 | £345.22 | £328,600 | £0 | £0 | 0 |
| Children Placed with Parents | SL78D | 0 | £0.00 | £0 | 71 | £0.00 | £0 | £0 | £0 | 71 |
| **Sub-total: Children Looked After** | | **587** | | **£17,751,700** | **609** | | **£18,253,271** | **£518,620** | **£530** | **22** |
| | | | | | | | | | | |
| Care Leavers | S9780 | 59 | £304.52 | £636,300 | 30 | £258.64 | £535,100 | -£101,200 | -£46 | -29 |
| Adoption Allowances | SL89D | 96 | £126.89 | £632,800 | 91 | £129.57 | £641,800 | £9,000 | £3 | -5 |
| Special Guardianship Allowances | SC25D | 115 | £102.69 | £608,000 | 134 | £113.31 | £786,000 | £190,000 | £11 | 19 |
| Residence Order Allowances | SL89D | 14 | £91.17 | £75,700 | 18 | £90.00 | £81,500 | £5,800 | -£1 | 4 |
| **Sub-total: Children in Need** | | **284** | | **£1,952,800** | **273** | | **£2,044,400** | **£103,600** | **-£34** | **-11** |
| | | | | | | | | | | |
| **Total** | | **871** | | **£19,704,500** | **882** | | **£20,297,671** | **£622,220** | **£496** | **11** |

A detailed looked after children reduction plan is currently being validated. This plan will be subsumed within the Children's and Families Transformation Plan.

**E&CS3 – ICU Children's Services (£0.15M favourable, £0.02M favourable movement)**

**The service is not commissioning a contract (previously in place in 2015/16) for midwifery services in 2016/17, thus generating a saving.**

During 2015/16 the service decided not to continue to commission a contract for midwifery services, generating a saving of £0.16M. Additional contract pressures due to demand on service, initially lead to these savings not being fully realised but work has continued to bring this back within budget.

**E&CS4 – Education – Early Years and Asset Management (£0.30M adverse, £0.33M adverse movement)**

**There is a pressure on the home to school transport budget.**

Within this area, the home to school transport for children attending Special schools is currently forecasting a pressure of £0.33M due to the impact of the continuing increase in school transport numbers and costs at Special Schools. The age range has increased from 21 to 25 years which will result in additional costs. This was not forecast in Quarter 1.

This pressure is partially offset by additional income from Service Level Agreements for the School Information Management System (SIMS) and any comms licences, training & support.

At present the maintained Special Schools within the City are at capacity, thus new cases where there is need for a specialist provision cannot be met in area. As a consequence the numbers placed out of area has increased. This has a knock on impact on transport. Work is to commence looking at a more robust pupil planning process for children with SEN to reduce the need for external placements.

No further increase in costs is expected unless there are new children identified as requiring transport during the school year. As it seems to take a while to transfer students onto a Personal Travel Budget (PTB) and it is unlikely there will be any further savings from this in this financial year.

## ENVIRONMENT & TRANSPORT PORTFOLIO

## KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to underspend by **£0.25M** at year-end, which represents a percentage underspend against budget of **1.2%**. The Portfolio forecast variance has moved favourably by **£0.26M** from the position reported at **Quarter 1**. 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 Qtr. 1 £M** | **%** |
|---|---|---|---|---|
| **Environment & Transport** | **0.25 F** | **1.2** | **0.26 F** | **1.2** |
| 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 Qtr. 2<br>£M | Forecast Variance Qtr. 1<br>£M | Movement<br>£M | Ref. |
|---|---|---|---|---|
| Domestic Waste Collection | 0.36 A | 0.32 A | 0.04 A | E&T 1 |
| Commercial Waste Collection | 0.11 A | 0.10 A | 0.01 A | E&T 2 |
| Waste Disposal | 0.22 A | 0.10 A | 0.12 A | E&T 3 |
| E&T Contracts Management | 0.15 F | 0.18 F | 0.03 A | E&T 4 |
| Off Street Parking | 0.20 F | 0.14 F | 0.06 F | E&T 5 |
| Travel | 0.33 F | 0.15 F | 0.18 F | E&T 6 |
| Development Management | 0.20 F | 0.02 F | 0.18 F | E&T 7 |
| Other | 0.06 F | 0.02 F | 0.04 F | |
| **Total** | **0.25 F** | **0.01 A** | **0.26 F** | |

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

**<u>E&T 1 – Domestic Waste Collection (£0.36M adverse, £0.04M adverse movement)</u>**

**There is a forecast adverse variance on employee costs and fleet charges.**

There is an adverse forecast variance of £0.12M relating to the estimated additional cost of temporary agency cover for staff sickness absences and related issues, no movement from Quarter 1. In addition, there is an adverse forecast variance of £0.17M for fleet charges, no movement. The procured new fleet of ten refuse collection vehicles have a forecast part year additional cost of £0.06M, with the balance of £0.11M mainly being additional hire charges for replacement vehicles. Also there is an adverse forecast variance of £0.08M, for the cost of bin purchase and storage, adverse movement of £0.05M.

**<u>E&T 2 – Commercial Waste Collection (£0.11M adverse, £0.01M adverse movement)</u>**

**There is a forecast adverse variance in fleet charges and disposal costs.**

There is an adverse forecast variance of £0.08M for higher fleet charges for new replacement vehicles, no movement compared with Quarter 1. Also there is an adverse forecast variance of £0.10M, for trade waste disposal costs, an adverse movement of £0.05M. This is due to an increased price for alternative disposal methods whilst the incinerator is out of use. There is a favourable variance on trade waste income of £0.05M. There is a favourable variance on Garden waste income of £0.06M, favourable movement of £.01M. Additionally there is an adverse variance of £0.02M on vehicle damage and repairs.

**<u>E&T 3 – Waste Disposal (£0.22M adverse, £0.12M adverse movement)</u>**

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

There is an adverse forecast variance on disposal costs fixed fees within the contract for general collected household waste of £0.11M, an adverse movement of £0.07M compared with Quarter 1, due to the final agreed re-negotiated contract not fully achieving the required reductions in the early years. There are also adverse forecast variance of £0.07M, an adverse movement of £0.02M, due to the additional disposal costs of contaminated recyclables within the Dry Mixed Recyclables collections. Reported for the first time there is a favourable variance of £0.03M on the cost of Civic Amenity waste and an adverse variance of £0.06M on third party income.

**E&T 4 – E&T Contracts Management (£0.15M favourable, £0.03M adverse movement)**

**There are forecast savings on contracts and additional income forecasts.**

There is a favourable forecast variance on the PFI Street Lighting contract sum. This is favourable by £0.10M, a favourable movement of £0.05M from Quarter 1 due to contract deductions, and £0.02M, no movement, due to contract indexation adjustments. Also, there is a favourable forecast variance on the Highways contract sum of £0.02M, no movement, due to contract indexation adjustments. There is a favourable forecast variance on the Highways Partnership Third Party Income share for 2015/16 of £0.09M, no movement. Additionally client charges to the TMA Permit scheme are forecast to be lower by £0.03M. Also reported for the first time there is a forecast adverse variance on Street Lighting energy of £0.05M, no movement, due to higher forecast consumption than was estimated.

**E&T 5 – Off-Street Parking (£0.20M favourable, £0.06M favourable movement)**

**There is a forecast favourable variance due to additional income forecasts and lower business rates payments.**

There is a favourable forecast variance on Off-Street Parking income of £0.24M, a favourable movement of £0.12M from Quarter 1. This is a favourable variance on ticket income. Income from penalty charge notices is forecast to be adverse by £0.07M, an adverse movement of £0.04M.

Also, there is a favourable variance on business rates payments of £0.08M, no movement. The favourable variances are offset by a forecast adverse variance, due to higher spend on operational costs of £0.06M, no movement.

**E&T 6 – Travel (£0.33M favourable, £0.18M favourable movement)**

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

The total forecast number of Concessionary Fare journeys and the forecast average fare are being monitored closely throughout the year. 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, a favourable movement of £0.15M from Quarter 1. Additionally there is now a forecast saving of £0.02M on supported bus costs.

**E&T 7 – Development Management (£0.20M favourable, £0.18M favourable movement)**

**There is a forecast favourable variance due to additional income forecasts.**

There is a favourable forecast variance on planning applications income of £0.09M, a favourable movement of £0.07M from Quarter 1. It should be noted that planning application income is £0.13M favourable to date, however following the Brexit referendum the Service feel it is prudent to forecast a significant reduction in planning activity in future months. Also there are favourable forecast variances on community infrastructure levy administration fees of £0.09M, a favourable movement of £0.07M and section 106 administration fees of £0.03M, a favourable movement of £0.02M. Also other income is favourable by £0.01M.

## FINANCE PORTFOLIO

## KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to underspend by **£0.23M** at year-end, which represents a percentage underspend against budget of **0.6%.** The Portfolio forecast variance has moved favourably by **£0.16M** from the position reported at **Quarter 1**. 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 Qtr. 1 £M** | **%** |
|---|---|---|---|---|
| **Finance** | **0.23 F** | **0.6** | **0.16 F** | **0.4** |
| 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 Qtr. 2 £M** | **Forecast Variance Qtr. 1 £M** | **Movement £M** | **Ref** |
|---|---|---|---|---|
| Audit and Risk Management | 0.08 F | 0.04 F | 0.04 F | FIN 1 |
| Local Taxation & Benefits | 0.12 F | 0.00 | 0.12 F | FIN 2 |
| Business Support | 0.07 F | 0.00 | 0.07 F | FIN 3 |
| IT Services | 0.07 A | 0.00 | 0.07 A | FIN 4 |
| Other | 0.03 F | 0.03 F | 0.00 | |
| **Total** | **0.23 F** | **0.07 F** | **0.16 F** | |

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

**<u>FIN 1 – Audit and Risk Management (£0.08M favourable, £0.04M favourable movement)</u>**

**Underspend on Audit contract / reduced cost of insurance premiums**

A favourable variance of £0.04M relates to an in-year underspend against the annual budget for the Southern Internal Audit Partnership, following formal notification of the 2016/17 annual fee. This will be reviewed as part of the 2017/18 budget process to determine whether an ongoing saving can be declared. In addition a new favourable variance of £0.04M has arisen against the budget for insurance premiums, as actual costs are now expected to be lower.

**<u>FIN 2 – Local Taxation and Benefits (£0.12M favourable, £0.12M favourable movement)</u>**

**Reduced printing, postage charges and fees from Capita, reduced external Legal costs**

A favourable variance of £0.05M has arisen on reduced charges from Capita for printing and postage following the implementation of the Council Tax Reduction Scheme as the actual increase in costs to date to support the scheme is lower than anticipated.

In addition a favourable variance of £0.05M has arisen from reduced external Legal costs associated with arrears activity, together with a £0.02M underspend on Capita fees.

All costs will be reviewed as part of the budget process to determine whether any ongoing savings can be declared.

**<u>FIN 3 – Business Support (£0.07M favourable, £0.07M favourable movement)</u>**

**Underspends on centralised stationery and staff training**

The favourable forecast variance has arisen due to in-year underspends against the centralised stationery £0.40M and staff training budgets £0.03M and represents the early achievement of budget proposals for 2017/18 and ongoing.

**<u>FIN 4 – IT Services (£0.07M adverse, £0.07M adverse movement)</u>**

**Unachieved saving plus additional security/storage costs**

The adverse variance has arisen in part due to a shortfall of £0.02M against an approved budget saving relating to the reduction in the cost of software licence agreements. The cost of the new contract is higher than expected due to an increase in the number of licences, plus a new licence is now required to ensure that all staff have digital access.

In addition one-off costs of £0.05M have been incurred on essential security measures, together with the need for increased network storage. These costs will be reviewed to determine if any ongoing pressures need to be considered as part of the 2017/18 budget setting process.

## <u>HEALTH & SUSTAINABLE LIVING PORTFOLIO</u>

## <u>KEY REVENUE ISSUES – QUARTER 2</u>

The Portfolio is currently forecast to underspend by **£0.03M** at year-end, which represents a percentage underspend against budget of **0.7%.** The Portfolio forecast variance has moved favourably by **£0.07M** from the position reported at **Quarter 1**. 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<br>£M | % | Movement from Qtr. 1<br>£M | % |
|---|---|---|---|---|
| **Health & Sustainable Living** | **0.04 F** | **0.8** | **0.08F** | **1.7** |
| 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 Qtr. 2<br>£M | Forecast Variance Qtr. 1<br>£M | Movement<br>£M | Ref. |
|---|---|---|---|---|
| Public Health | 0.04 A | 0.12 A | 0.08 F | HSL 1 |
| Sustainability | 0.04 F | 0.04 F | 0.00 | HSL 2 |
| Other | 0.04 F | 0.04 F | 0.00 | |
| **Total** | **0.04 F** | **0.04 A** | **0.08 F** | |

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

**HSL 1 – Public Health (£0.04M adverse, £0.08M favourable movement)**

**Currently not achieving the full Public Health grant cut for 16/17**

Public Health have a current funding shortfall of £0.04M, on a grant reduction of £1.47M. The majority of the savings required, due to the Public Health England grant reduction in 2016/17, has been delivered, from ceasing services and reducing contracts. The Public Health Management Team are investigating further saving options to meet the remaining shortfall.

Since Quarter 1, further savings of £0.08M have been identified.

**HSL 2 – Sustainability (£0.04M favourable, nil movement)**

**There is a forecast underspend on Carbon Reduction Certificates**

Based on the actual consumption for 2015/16 the estimated number of Carbon Reduction Certificates (CRCs) required for 2016/17 is expected to be £0.04M lower than budgeted.

Unused CRCs to the value of £0.04M were brought forward from 2015/16 and a further purchase to the value of £0.15M was made in June 2016. The budget for 2016/17 for the purchase of CRCs is £0.23M.

## HOUSING & ADULT CARE PORTFOLIO

## KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to overspend by **£4.29M** at year-end, which represents a percentage overspend against budget of **6.5%**. The Portfolio forecast variance has moved adversely by **£0.66M** from the position reported at **Quarter 1**. 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<br>£M | % | Movement from Qtr. 1<br>£M | % |
|---|---|---|---|---|
| **Housing & Adult Social Care** | **4.29 A** | **6.5** | **0.66 A** | **1.0** |
| 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 Qtr. 2<br>£M** | **Forecast Variance Qtr. 1<br>£M** | **Movement<br>£M** | **Ref.** |
|---|---|---|---|---|
| Long Term | 3.12 A | 2.38 A | 0.74 A | ASC 1 |
| Safeguarding Adult Mental Health & Out of Hours | 0.60 A | 0.30 A | 0.30 A | ASC 2 |
| Provider Services | 0.31 A | 0.17 A | 0.14 A | ASC 3 |
| Reablement & Hospital Discharge | 0.44 A | 0.62 A | 0.18 F | ASC 4 |
| Integrated Commissioning Unit Provider Relationships | 0.04 F | 0.19 A | 0.23 F | ASC 5 |
| Integrated Commissioning Unit System Redesign | 0.19 F | 0.07 F | 0.12 F | ASC 6 |
| Other | 0.05 A | 0.04 A | 0.01 A | |
| **Total** | **4.29 A** | **3.63 A** | **0.66 A** | |

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

**ASC 1 – Long Term (£3.12M adverse, £0.74M adverse movement).**

**Slippage has occurred in the achievement of savings agreed in February 2016 for reductions in volume of care, and client package costs have increased.**

The budget for externally purchased care for Older Persons and clients with either a Physical Disability or Learning Disability is forecast to overspend by £3.11M.

It is forecast that current actions to meet the approved savings will achieve £1.44M of the required £3.24M, leaving a pressure of £1.80M. The integrated Commissioning Unit, working with the Capita review team have commenced work on the various savings elements but are not yet in a position to evidence the likely cohort of packages to be impacted. For this to be included in the forecast, assumptions have therefore been made on the anticipated savings. Where saving targets are now not achievable the ICU are looking at alternative savings proposals.

This adverse position is increased by a rise in older persons and disabled client packages of £1.47M. This is in part due to an increase in the number of high cost nursing placements above the standard rate, an increase in clients whose capital has depleted and clients who are no longer eligible for continuing healthcare.

The adverse position is offset by savings on staffing and transport costs of £0.03M and a forecast reduction in Learning Disability packages of £0.13M, due to a reduction in the number of client packages and a decrease in costs.

The adverse position has increased by £0.74M since Quarter 1. This is due to a rise in older persons and disabled client packages of £1.47M. This has been offset by an increase in anticipated savings of £0.49M relating to telecare, contract savings, extra care and complex housing, as well as staffing savings of £0.03M and a reduction in Learning Disability Packages of £0.21M.

**ASC 2 – Safeguarding, Adult Mental Health & Out of Hours (£0.60M adverse, £0.30M adverse movement).**

**There has been an increase cost for Mental Health clients' packages of £0.71M above the budget.**

Work is currently being undertaken to review all of the Mental Health client packages to ensure that the care being provided is appropriate for each client's needs. This adverse position has been reduced by £0.11M because of staffing savings due to vacant posts.

The adverse position has risen from Quarter 1 due to an increase in the cost of client packages by £0.42M. This increase in packages relates to existing care packages where a change in need has been identified, they have been reassessed and financial contributions re-evaluated using standard agreed procedures. As a consequence some clients who were 100% funded by Health, but following a joint matrix exercise with SCC, are now showing eligible social care needs. Therefore we are seeing increasing numbers of clients moving from Health funding to social care funding. This overspend is in part offset by £0.11M staffing savings by keeping posts vacant.

**ASC 3 – Provider Services (£0.31M adverse, £0.14M adverse movement).**

**Increased staffing costs for Kentish Road, Glen Lee and Holcroft House.**

Kentish Road respite centre is forecast to overspend by £0.08M due to an increase in staffing costs to meet client demand. Glen Lee and Holcroft House are forecast to overspend by £0.27M due to an increase in temporary staff costs to cover long term sickness and maternity leave and additional shift pay and allowances costs, offset by staff vacancy savings and additional income and supplies savings.

The adverse position is further offset by staff savings in Southampton Day Services of £0.05M due to keeping posts vacant and reducing the hours of permanent staff.

The adverse position has increased since Quarter 1 by £0.27M due to increased staffing costs for Glen Lee and Holcroft.

Also since Quarter 1 Kentish Road's forecast overspend has reduced by £0.09M following a reduction in management costs and a reduction in temporary staff.

**ASC 4 – Reablement & Hospital Discharge (£0.44M adverse, £0.18M favourable movement).**

**Additional staffing costs for the Hospital Discharge Team and the Urgent Response Service.**

The Hospital Discharge Team is forecast to overspend by £0.34M due to additional staffing costs to meet the current level of client demand. Any delay in the transfer of care of clients from hospital has the potential risk that the City Council could face fines for bed blocking.

Due to a delay in finalising the staffing arrangements, connected with the closure of Brownhill House, £0.19M savings will not be achieved this year. Additional staffing costs of £0.14M above the budget are forecast to be incurred by the Urgent Response Service. This is due to a greater number of existing staff joining the superannuation scheme, non-achievement of the vacancy management target and increased allowances and shift pay costs.

The adverse position has been reduced by £0.12M due to keeping posts vacant within the Reablement Care Management team and implementing a restructure plan within the service area. The Southampton Clinical Commissioning Group (CCG) are also making a contribution of £0.11M towards the adverse position as part of their obligation under the Better Care Fund pooled budget.

Since Quarter 1, the Hospital Discharge Team temporary staff costs have increased by £0.10M. Staffing costs within the Hospital Discharge Team and the Reablement Care Management Team have increased by £0.04M following a job evaluation exercise. The adverse position on the Brownhill House closure has also increased by £0.04M due to additional staffing costs. The adverse position has decreased by a restructure plan and keeping post vacant, totalling £0.24M. A contribution towards the overspend from the CCG of £0.11M has also been forecast.

**ASC 5 – Integrated Commissioning Unit Provider Relationships (£0.04M favourable, £0.23M favourable movement.**

**Staff vacancies within the integrated commissioning unit.**

Staffing savings have created a forecast saving of £0.04M.

The forecast position since Quarter 1 has favourably moved as the contract saving target of £0.20M, brought forward from February 2015, is now forecast to be achieved following a review of potential contract savings.

**ASC 6 – Integrated Commissioning Unit System Redesign (£0.02M favourable, £0.12M favourable movement.**

**Contract and staff savings within the System Redesign team budget.**

Contract and staff savings have created a forecast saving of £0.19M.

Since Quarter 1, a further £0.12M of contract savings have been identified.

## LEADERS PORTFOLIO

## KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to underspend by **£0.93M** at year-end, which represents a percentage underspend against budget of **7.3%.** The Portfolio forecast variance has moved favourably by **£1.85M** from the position reported at **Quarter 1**. 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 | % | Movement | |
|---|---|---|---|---|

| | Variance £M | | from Qtr. 1 £M | % |
|---|---|---|---|---|
| **Leaders** | **0.93F** | **7.3** | **1.85 F** | **14.6** |
| 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 Qtr. 2 £M** | **Forecast Variance Qtr. 1 £M** | **Movement £M** | **Ref** |
|---|---|---|---|---|
| Central Repairs & Maintenance | 0.59 F | 0.10 F | 0.49 F | LPOR 1 |
| Legal Services & Customer Relations | 0.05 F | 0.07 F | 0.02 A | LPOR 2 |
| Property Portfolio Management | 0.39 A | 1.31 A | 0.92 F | LPOR 3 |
| Property Services | 0.26 F | 0.21 F | 0.05 F | LPOR 4 |
| Corporate Communications | 0.17 F | 0.00 | 0.17 F | LPOR 5 |
| Democratic Representation & Management | 0.09 F | 0.00 | 0.09 F | LPOR 6 |
| Land Charges | 0.08 F | 0.00 | 0.08 F | LPOR 7 |
| Other | 0.08 F | 0.01 F | 0.07 F | |
| **Total** | **0.93 F** | **0.92 A** | **1.85 F** | |

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

**LPOR 1 – Central Repairs & Maintenance (£0.59M favourable, £0.49M favourable movement)**

**Underspend on Planned & Reactive Repairs / Fees**

A favourable forecast variance of £0.27M is predicted against the reactive repairs / fee budgets, a favourable increase of £0.17M compared with Quarter 1. This will continue to be kept under close review as the year-end position will be subject to demand for essential works during the winter months.

In addition a new favourable forecast variance of £0.32M is anticipated against the planned maintenance programme due to the challenging level of resources within the current Capita Property Service and the need to prioritise the available resources across all SCC work programmes.

**LPOR 2 – Legal Services & Customer Relations (£0.05M favourable, £0.02M adverse movement)**

**Additional Income**

The favourable forecast variance of £0.05M relates to the receipt of additional in-year section 106 revenue income, a reduction of £0.02M compared with Quarter 1 due to increased uncertainly around income following ‘Brexit’. This income is variable by nature and therefore difficult to precisely predict so will be kept under review during the year.

**LPOR 3 – Property Portfolio Management (£0.39M adverse, £0.92M favourable movement)**

**Under Achievement of approved savings**

The adverse variance relates primarily to the under achievement of £0.85M savings approved by Council on 16th Feb 2016. This relates to:

- Property Rationalisation and Disposal £0.30M – relating to the disposal of service properties. As no potential disposals have been identified to date the saving is not currently on track to be achieved.
- Public Sector PLC £0.05M – the increase in ground rent income is currently not on track to be achieved, an adverse movement of £0.05M compared with Quarter 1. This will be reviewed and updated throughout the year.

**LPOR 4 – Property Services (£0.26M favourable, £0.05M favourable movement)**

**Underspends on utilities and supplies & services**

The favourable variance has arisen within Admin Buildings and comprises a £0.13M underspend on supplies and services, together with £0.13M on utility costs, an overall increase of £0.05M compared with Quarter 1. A detailed review of the supplies and services budgets has been undertaken to identify essential spend only, the forecast for which will be kept under review subject to any additional demands during the remainder of the year. Utility costs have also been reviewed in detail, looking at both current and historical data, but could be affected by winter conditions and the impact of increased occupation of the Civic Centre.

**LPOR 5 – Corporate Communications (£0.17M favourable, £0.17M favourable movement)**

**Underspends on Advertising & Publicity / Salaries**

The favourable forecast variance relates primarily to a £0.12M underspend against the centralised advertising and publicity budget and represents the early achievement of budget proposals for 2017/18 and ongoing.

In addition an in-year underspend of £0.05M has arisen on salaries as a result of vacancies / maternity leave.

**LPOR 6 – Democratic Representation & Management (£0.09M favourable, £0.09M favourable movement)**

**Restructure savings**

The favourable forecast saving reflects the approved restructure within this service area, the ongoing saving for which has been reflected in the budget proposals for 2017/18 and ongoing.

**LPOR 7 – Land Charges (£0.08M favourable, £0.08M favourable movement)**

**Additional income**

The value and volume of Land Charges income received is directly affected by conditions in the housing market and wider economy and is therefore difficult to predict, particularly post Brexit. A £0.08M favourable variance is forecast based on a considered projection of income received to date and will continue to be reviewed for the remainder of the year.

## TRANSFORMATION PORTFOLIO

## KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to overspend by **£2.65M** at year-end, which represents a percentage overspend against budget of **27.6**%. 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 Qtr. 1 £M** | **%** |
|---|---|---|---|---|
| **Transformation** | **2.65 A** | **27.6** | **0.74 F** | **7.71** |
| 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 Qtr. 2 £M** | **Forecast Variance Qtr. 1 £M** | **Movement £M** | **Ref.** |
|---|---|---|---|---|
| Phase 2 Restructure | 1.85 A | 1.85 A | 0.00 | Trans 1 |
| Phase 3 Digital & Business Ops | 0.23 A | 0.23 A | 0.00 | Trans 2 |
| Capita Contract – Core Services | 0.02 A | 0.51 A | 0.49 F | Trans 3 |
| SCR – Schools | 0.55 A | 0.80 A | 0.25 F | Trans 4 |
| **Total** | **2.65 A** | **3.39 A** | **0.74 F** | |

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

**Trans 1 – Phase 2 Restructure (£1.85M adverse, nil movement).**

**Phase 2 management restructure has generated savings of £0.65M compared to target of £2.50M**

Following the review of the Organisational Design, the reduction of posts in phase 2 of the management restructure was lower than anticipated.

**<u>Trans 2 – Phase 3 Digital & Business Ops (£0.23M adverse, nil movement).</u>**

**Restructures are expected to generate savings of £0.36M.**

A number of changes have been made to the original project scope and timetable. There is, however, likely to be further savings in 2016/17 as further initiatives are developed.

**<u>Trans 3 – Capita Contract – Core Services (£0.02M adverse, £0.49M favourable movement).</u>**

**Contract re-negotiation has resulted in savings of £3.30M.**

A saving will be achieved against the contract reset, however the profile of savings results in a small shortfall in 2016/17, but this should be achieved in future years.

**<u>Trans 4 – SCR - Schools (£0.55M adverse, nil movement).</u>**

**In-year savings target short of target built into budget.**

No income is currently being assumed against this budget. The Service Level Agreement process with schools is currently being finalised and the position will be updated following this process.