MAIN VARIANCES ON CONTROLLABLE PORTFOLIO SPENDING

HEALTH & ADULT SOCIAL CARE PORTFOLIO

KEY ISSUES - OUTTURN

The Portfolio has over spent by **£0.45M** at year-end, which represents a percentage variance against budget of **0.7%.** This position takes into account allocations that have been made from the Risk Fund, as shown below:

	£M	**%**
Portfolio Outturn Pre Risk Fund	1.10 A	1.7
Allocation from Risk Fund	0.65 F	1.0
Grant Carry Forwards	-	
Final Portfolio Outturn	**0.45 A**	**0.7**
Carry Forward Requests	-	

The SIGNIFICANT issues for the Portfolio are:

H&ASC 1 – Long Term (adverse variance £2.59M)

The volume of care provision that caused an over spend in 2013/14 for this service activity has continued into 2014/15. In addition there was slippage in the achievement of savings agreed in February 2014 for reductions in volume of care. To mitigate this pressure a recovery plan has been implemented to achieve these savings for 2015/16 and identified compensating savings from within the portfolio for 2014/15.

For Older Persons and Physical Disabilities there were overspends of:

- £2.02M on Domiciliary,
- £1.12M on Nursing
- £0.43M on Residential.

These are partially offset by an under spend on Direct Payments of £0.12M and Day Care of £0.03M.

Additional costs due to an increase in demand and complex cases during the winter period and avoiding delays in care transfer have been offset by the Winter Resilience Grant of £0.21M and the Delay in Transfer of Care Grant of £0.26M. The over spend has been partially offset by an allocation of £0.65M from the Risk Fund. All of these adjustments have been included within the overspend figures above.

Learning Disability services were overspent by:

- £0.73M on Residential and Nursing
- £0.03M on Direct Payments

This is partially offset by an under spend on Transitional clients of £0.46M and Domiciliary Care of £0.08M.

A number of savings initiatives were agreed for 2014/15 to reduce the volume of care provided, subsequently the budget was reduced. However there was significant slippage in the achievement of these savings. The specific savings not achieved in 2014/15 totalled £2.09M, this figure is already included within the detailed breakdown of over spends shown above.

A favourable variance was achieved on a non-recurring contingency of £1.10M to fund additional costs expected from S117 mental health clients transferring to the City Council from the Clinical Commissioning Group (CCG) as this was not required in year. These clients have transferred and the costs have been managed within the recurring budget envelope.

Whilst a voluntary suspension has now been removed from a block provider of nursing care there was still a delay placing clients. It is anticipated that the associated financial recompense for non-provision of service will be £0.15M. This anticipated refund has been deducted from the Older Persons' residential costs above.

There were several posts within the Long Term and Review teams that were being covered by locums either due to vacancy or maternity cover, this has led to an over spend of £0.03M.

H&ASC 2 – Adult Services Management (favourable variance £0.82M)

Savings resulted from vacant posts and from slipping work to develop the service.

There were 24 full time equivalent vacant posts within business support as a result of holding posts vacant during the business support review, creating an under spend of £0.27M. This was offset by a £0.25M pressure due to the recruitment of Locum Service Managers to cover vacant posts and costs associated with compromise agreements made in the year.

The outcomes for which non ring-fenced grants have been awarded have been fully achieved without the need for commensurate additional spend. This has led to a £0.11M favourable variance.

H&ASC 3 – ICU Provider Relationships (favourable variance £0.44M)

Contract and staff vacancies has resulted in an overall saving.

Savings of £0.30M have been achieved through renegotiation of contract prices within the Supporting People programme in advance of the budgeted saving for 2015/16. There has also been an under spend of £0.05M on various Voluntary contracts due to negotiated reduced costs and lower than anticipated levels of inflation awarded. The service have also held posts vacant in excess of the vacancy management target generating a favourable variance of £0.13M. During the year the Domestic Violence contract was re-let and the new contract was closer aligned to Public Health priorities. In turn Public Health has partially funded the new service which has given rise to a favourable variance of £0.10M.

Offsetting these favourable variances is an over spend on the Joint Equipment Store of £0.20M due to increased volumes of equipment being delivered. This pressure represents SCC's 50% share of the overall pressure, the residual amount was funded by the CCG as per the terms of the Pooled Fund arrangement.

H&ASC 4 – ICU System Redesign (favourable variance £0.80M)

Contract reviews and re-tenders have resulted in an under spend. In addition a non-recurrent budget for the costs associated with implementing changes to the care provision Learning Disability clients with complex needs is not required.

The tendering of a new Drugs and Alcohol Misuse contract during 2014/15 has resulted in a one off saving in year of £0.24M. The under spend is largely due to the transition between contractual arrangements and the bedding in of the new service. Additionally there has been a recurring saving achieved of £0.04M through pulling together the various Carers contracts into one agreement with one provider.

A provision of £0.50M has been held during 2014/15 for the costs associated with making changes to the provision of care for clients with Complex Housing needs. This project has not got underway during 2014/15. It is now envisaged that the costs will be significantly less than £0.50M and that this can be met from within the existing Portfolio budget allocation for 2015/16.

H&ASC 5 – Reablement (adverse variance £0.11M)

Increase in the use of Locum's to cover maternity and sick leave within the Hospital Discharge team.

The over spend is due to the use of Locum's covering vacant posts and posts that are subject to requiring maternity cover within the Hospital Discharge team. The cost of a Locum is currently 30% greater than the cost of a Council Social Worker. The additional increase in activity within the Reablement team has been partially funded by a proportion of the Delayed Transfer of Care grant £0.07M.

Furthermore, non-recurrent savings of £0.50M were achieved from the cessation of one off projects and budgets earmarked for the development of the service. These sums were held specifically to assist in offsetting the Portfolio overspend. In addition there was an under spend on Learning and Development of £0.10M.

H&ASC 6 – Provider Services (adverse variance £0.13M)

Staffing vacancies and additional income has resulted in an over spend.

The internal day service provision underspent by £0.17M. This was in part due to staff vacancies in year. In addition further funding has been received for Learning Disability Support Worker contributions to various clients Community Care packages. A pressure of £0.05M has arisen in year due to an arrangement with Hampshire County Council for the provision of an out of hours' service. This contract has not been funded, the requisite funding will need to be identified during 2015/16.

The internal provision for Learning Disability respite care at Kentish Road has over spent by £0.15M. This is largely due to additional use of casual and agency staff over the establishment budget, (£0.16M). Furthermore there has been an increase in overtime of £0.03M due to the requirement to cover shifts while posts remain vacant.

Residential homes had an adverse outturn position of £0.15M. Staffing levels within the Residential Units are required to meet CQC regulations, staff absence due to sickness and maternity needed to be covered which has meant increased agency and casual staff costs.

H&ASC 7 – ICU Director & Management (adverse variance £0.13M)

Additional agency cover and permanent staff costs has resulted in an over spend.

There has been a salary overspend of £0.07M to fund an additional Commissioner post above establishment and as well as additional temporary employee staff costs of £0.03M to cover vacant business support posts. This over spend has been funded from employee savings elsewhere within the Integrated Commissioning Unit.

H&ASC 8 - Public Health (variance £0M)

An allocation of £0.22M has been set aside within the Public Health Reserve for use in 2015/16.

Summary of Risk Fund Items allocated to the Portfolio budget

Service Activity	**£M**
Adult Disability	0.40
Continuing Care	0.25
Risk Fund Items	**0.65**

CHILDREN'S SERVICES PORTFOLIO

KEY ISSUES - OUTTURN

The Portfolio has over spent by **£2.06M** at year-end, which represents a percentage variance against budget of **5.1%.** This position takes into account allocations that have been made from the Risk Fund, as shown below:

	£M	**%**
Portfolio Outturn pre Risk Fund	1.72 A	4.2
Allocation from Risk Fund	0.83 F	2.0

Grant Carry Forwards	1.17 A	2.9
Final Portfolio Outturn	**2.06 A**	**5.1**
Carry Forward Requests	-	

The SIGNIFICANT issues for the Portfolio are:

<u>CS1 – Looked After Children and Resources (adverse variance £2.98M)</u>
This budget funds the cost of children that have to be taken into care. The number of children in care increased during the year. In particular, there was an increase in the number of fostering and residential placements with external providers, and a reduction in fostering placements with SCC foster carers from budgeted levels.

The increasing number of children requiring specialist support packages led to an over spend of £0.56M on residential placements. These placements can cost up to £785 per day, and, therefore, a small increase in the number of children requiring such intensive support can have a significant impact on the financial position. Placements are only used therefore, as a last resort measure, and as such are difficult to predict with any certainty.

The overspend of £1.75M on fostering has arisen as a result of using more placements from Independent Fostering Agencies (IFA's), and less from SCC foster carers than originally anticipated. IFA placements tend to cost between 2 and 3 times as much as an SCC foster placement. The need to use additional IFA placements is as a result of a need to ensure SCC foster carers meet regulations and the complex needs of individual children.

During February and March, 14 children were placed for adoption through a specialist agency placement. This contributed to an over spend on adoption of £0.45M. As a result, the children's former foster placements have ceased. However, this has not led to a significant net reduction in the overall number of fostering placements as shown in the table below.

An increase in the number and average cost of staying put placements for young people over 18 contributed to an overspend of £0.50M on permanent care and care leaving services. This overspend is after the Staying Put Implementation Grant income has been applied.

An under spend of £0.27M on the Integrated Family Assessment and Intervention Service was due to staff vacancies across the service including the Behaviour Resource Service and a reduction in the number of purchased assessments.

The over spend identified above is offset in part by £0.30M of Dedicated Schools Grant that has been held all year to fund the additional cost of education in respect of residential placements. This £0.30M is included within the favourable variance shown below with Education and Early Years.

The table outlines the changes in activity levels for 2014/15:

Service	Daily Rate Range	Children Numbers			
		Budget	Jan	Feb	Mar
		Plus Risk			
		Fund Provision			
Fostering up to 18	£22 - £90	321	300	299	303
Independent Fostering Agencies (IFA)	£85 - £275	98	154	151	152
IFA Parent and Baby Placements	£176 - £324	3	11	8	4
Inter Agency Fostering Placements	£58 - £126	3	0	0	0
Supported Placements or Rent	£9 - £54	1	6	6	6
Residential - Independent Sector	£257 - £785	9	10	11	12
Civil Secure Accommodation	£720 - £820	1	0	0	0
Sub-total: Children in Care		**436**	**481**	**475**	**477**
Residential (Not Looked After)	£108 - £333	3	3	3	3
Supported Placements or Rent (Not Looked After)	£9 - £54	5	1	1	1
Over 18's	£11 - £236	21	42	42	42
Adoption Allowances	£3 - £38	102	87	87	87
Special Guardianship Allowances	£2 - £44	115	100	100	100
Residence Order Allowances	£7 - £22	13	15	15	15
Total		**695**	**729**	**723**	**725**
Figures for ClC exclude disability placements, UASC's and children placed at nil cost (e.g., with parents)					

The outturn position now reflects a budget allocation of £0.43M from the Risk Fund which has reduced the over spend on Looked after Children and Resources.

CS2 – Education and Early Years (favourable variance £1.53M)

The under spend on this service area was mainly due to an increase in grant income (Dedicated Schools Grant and Pupil Premium) together with reductions in expenditure on payments to early years providers and an increase in the underspend on City Catering, partially due to the impact of universal free infant school meals.

The Dedicated Schools Grant was £0.33M higher than anticipated due to the impact of an increase in the number of children identified in the Early Years censuses. This impact was compounded by the fact that payments to Early Years providers were £0.28M lower than anticipated due to a reduction in the numbers of funded hours paid for pre-school age children.

The Government introduced Universal Infant Free School Meals from 1st September 2014. Schools received additional funding to meet the cost of providing these meals. The Catering Service under spent by £0.29M against its budget, due in part to surplus income resulting from the provision of these additional meals.

Looked after children within Southampton benefitted from a pupil premium of £1,900 per child. This resulted in £0.24M of this funding being allocated against expenditure within the Education and Early Years division for the benefit of our looked after children's population.

Additional income generation together with the impact of staff vacancies led to underspends in Standards and School Improvement, Data IT and Business Support and Educational Psychology of £0.31M.

An overspend of £0.52M on High Needs 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 2013/14.

Home to school transport for children attending Special schools and for looked after children overspent by £0.19M. This was mainly due to an increase in the numbers of children in care together with the impact of additional places at Special Schools. The number of places at Great Oaks and Springwell Special Schools increased in September 2014, contributing to this over spend. The outturn position now includes the impact of a budget adjustment of £0.20M taken from the Council's Risk Fund for this purpose.

CS3 – Specialist Core Services (adverse variance £0.32M)

The over spend on this budget was due to the cost of agency workers who have been required to support this function.

This adverse variance has arisen as a result of the need to cover social work vacancies with agency staff. On average, agency workers cost twice as much as a social worker.

CS4 – Divisional Management & Legal (adverse variance £0.15M)

The over spend on this budget was due to the cost of interim and agency workers who have been required to support the safeguarding and management functions.

This additional costs of agency and interim workers were incurred for temporary placements during the Children Services restructure and for posts identified to address the Ofsted action plan.

The over spend was partially offset by a forecast under spend on legal of £0.06M which resulted from a reduction in court fees. A draw of £0.20M was made from the Risk Fund reducing the over spend on Divisional Management and Legal Services.

CS5 – MASH and Early Help (favourable variance £0.30M)

Children's Centres have been funded in year from an external grant.

This favourable variance is due to additional Public Health funding in year to reflect the closer alignment of the services provided at the Children's Centres with the outcomes and aims of the Public Health grant.

Summary of Risk Fund Items allocated to the Portfolio budget

Service Activity	£M
Looked after Children and Resources	0.43
Divisional Management and Legal Services	0.20
Infrastructure – Transport	0.20
Risk Fund Items	**0.83**

COMMUNITIES PORTFOLIO

The Portfolio has under spent by **£0.29M** at year-end, which represents a percentage variance against budget of **11.5%.** This position takes into account allocations that have been made from the Risk Fund and assumed revenue grant carry forwards, as shown below:

	£M	%
Portfolio Outturn Pre Risk Fund	0.21 F	8.3
Allocation from Risk Fund	0.08 F	3.2
Grant Carry Forwards	-	
Final Portfolio Outturn	**0.29 F**	**11.5**
Carry Forward Requests	0.16	

The SIGNIFICANT issues for the Portfolio are:

COMM 1 – Prevention & Inclusion Service (adverse variance £0.02M)

The cost of the Council's responsibility for young offenders in remand is volatile

Due to the volatile nature of the need for remand and the range of costs at specific facilities (ranging from £158 to £555 per night), the cost of this service is difficult to forecast with any certainty. Therefore, provision was made in the Risk Fund for this service area. A sum of £0.08M was transferred from the Risk Fund during the year based on the overall Portfolio monitoring position at month 10.

COMM 2 – Social Fund & Property (favourable variance £0.13M)

Funding has yet to be spent on this project.

A sum of £0.13M was allocated by Cabinet from the General Fund revenue budget contingency in response to the Overview and Scrutiny Management Welfare Reforms Inquiry concerning the planned transition of the Social Fund to local welfare Provision. This sum was carried forward from 2013/14 with the expectation that work would commence in 2014/15 and run over a two year transition period.

Detailed work has continued to develop and implement the recommendations made and this work is being overseen by the Welfare Reforms Monitoring Group. However, the funding has yet to be spent and implementation is now expected to commence during 2015/16. A further carry forward of the full budget is therefore requested.

COMM 3 – Leisure Events (favourable variance £0.08M)

There was additional income and an under spend on People's Panel activity

A £0.05M favourable variance on income reflects the level of event activity undertaken during the year, the majority of which had been forecast during the year.

In addition, an under spend of £0.03M has arisen against the specific budget provision made for The People's Panel. The panel was established in 2014 as part of the Council's pledges for the 50th anniversary celebrations and is a joint project with the CCG supported by the University of Southampton. It has not been possible to spend the full amount of funding allocated to the Panel in-year, due to delays in securing support from the university to develop the required software and support. This has now been resolved and a carry forward request is therefore submitted to enable the panel activity to be completed during 2015/16.

COMM 4 – Emergency Planning (favourable variance £0.08M

There were staff savings during the year

Staff savings of £0.07M occurred, due to posts being left vacant in preparation for a restructure of the service areas. In addition, supplies and services costs were less than anticipated.

Summary of Risk Fund Items

Service Activity	**£M**
Youth Remand	0.08
Risk Fund Items	**0.08**

ENVIRONMENT & TRANSPORT PORTFOLIO

The Portfolio has under spent by **£0.39M** at year-end, which represents a percentage variance against budget of **1.5%.** This position takes into account allocations that have been made from the Risk Fund and assumed revenue grant carry forwards, as shown below:

	£M	**%**
Portfolio Outturn Pre Risk Fund	0.42 F	1.6
Allocation from Risk Fund	-	

Grant Carry Forwards	0.03 A	0.1
Final Portfolio Outturn	**0.39 F**	**1.5**
Carry Forward Requests	-	

The SIGNIFICANT issues for the Portfolio are:

<u>E&T 1 – Waste Disposal (adverse variance £0.89M)</u>

There were various overspends with an adverse overall variance.

The Waste Disposal Contract had increased rates from January 2014, which increased overall costs by £0.09M in the financial year. A provision of £0.09M for this was made in the Risk Fund but underspends elsewhere in the portfolio meant it was not required.

In addition, there were additional disposal costs of £0.27M for the Civic Amenity Waste Centres and £0.31M for general collected household waste, due to increased volumes of waste collected. Both of these variances were in line with neighbouring authorities within the County.

There was a shortfall of £0.12M in recycling income and the savings proposal to charge for school waste disposal could not be implemented, due to legislative reasons, at a cost of £0.10M.

<u>E&T 2 – Domestic Waste Collection (adverse variance £0.42M)</u>

There was an adverse variance on employee costs.

The Domestic Waste Collection service was £0.33M adverse, due to additional agency costs required to cover front line staff absences mainly due to sickness, being above the budgeted base level. In addition, there was an adverse variance on income from the sale of Dry Mixed Recyclables of £0.04M, due to the fall in demand and price. Also vehicle running costs were adverse by £0.07M.

<u>E&T 3 – Off Street Car Parking (favourable variance £0.57M)</u>

There was a favourable variance on parking income of £0.52M and on business rates expenditure of £0.05M.

There was a favourable variance for off street car parking, due to higher parking income of £0.52M and rates expenditure was lower than originally anticipated by £0.05M. The favourable income variance could, in part, be attributed to the introduction of evening charges. Thus, it was not necessary to draw on the Risk Fund in respect of any shortfall in Off Street Car Parking income across the whole of the city.

<u>E&T 4 – Regulatory Services - Commercial (favourable variance £0.17M)</u>

There was a variance on external income of £0.14M.

In Port Health there were additional Border Inspection Post (BIP) Fees of £0.02M and other specialist income relating to imports from China/Japan of £0.11M. There were other net savings across the service of £0.03M.

E&T 5 – Travel (favourable variance £0.41M

There were savings on the Concessionary Fares scheme and on maintenance budgets, as well as an unbudgeted profit share from bus shelter advertising.

The total number of Concessionary Fare journeys and the average fare have been monitored closely throughout the year. At year-end, based upon the actual passenger journeys, there was a favourable variance on the scheme of £0.28M. Also there was income of £0.09M from the bus shelter contract profit share. This relates to advertising revenue for the period from the start of the contract in May 2011. There was also a Real Time Information maintenance contract saving of £0.05M as the costs were grant funded through the Local Sustainable Transport Fund.

E&T 6 – E&T Contracts Management (favourable variance £0.23M)

There were savings on street lighting costs.

A level of savings on the PFI Street Lighting contract sum was planned and factored in corporately. These savings were £0.07M more than the originally planned profile. Also the street lighting energy costs were £0.14M favourable. This was due to lower power consumption (£0.21M favourable), partly offset by higher energy prices (£0.06M adverse). A provision for this unbudgeted price inflation had been made in the Risk Fund but underspends elsewhere in the portfolio meant it was not required. Also, there was a small saving of £0.01M on the City Watch contract.

E&T 7 – Development Control (favourable variance £0.19M)

There were staff savings and additional income which more than offset a lower level of income from CIL administration.

Employee costs were £0.08M favourable, due to staff vacancies, and there were increases in income of £0.16M, mainly from planning applications. There was also an under spend of £0.03M relating to grant funded work to facilitate the delivery of the Bassett and East Street/Queensway neighbourhood plans.
These favourable variances more than offset an adverse variance on Community Infrastructure Levy (CIL) administration fees. An income target of £0.13M was included in Environment and Transport Portfolio's base revenue budget for CIL administration. However, there have been changes by Central Government to the CIL regulations which mean that schemes that previously would have been liable to pay the Levy no longer will be. The actual CIL administration income was £0.03M for the year, an adverse variance of £0.10M.

HOUSING & SUSTAINABILITY PORTFOLIO

The Portfolio has under spent by **£0.10M** at year-end, which represents a percentage variance against budget of **5.3%.** This position takes into account allocations that have been made from the Risk Fund and assumed revenue grant carry forwards, as shown below:

	£M	%
Portfolio Outturn Pre Risk Fund	0.05 A	2.7
Allocation from Risk Fund	0.18 F	9.2
Grant Carry Forwards	0.02 A	1.2
Final Portfolio Outturn	**0.10 F**	**5.3**

Carry Forward Requests	-	

There SIGNIFICANT issues for the Portfolio are:

HOUS1 – Sustainability (favourable variance £0.02M)

The budget for purchasing Carbon Reduction Certificates was in the Risk Fund

The cost of the Carbon Reduction Certificates (CRCs) needed to cover the authority's consumption in 2014/15 was covered by a draw of £0.18M from the Risk Fund.
In addition, there was an under spend of £0.02M on a DEFRA grant for sustainable drainage.

HOUS2 – Housing Renewal (favourable variance £0.05M)

There were vacant posts and an under spend on supplies and services budgets

There has been an under spend on salaries of £0.02M due to two vacant posts within the team. In addition, there has been an under spend on general office expenditure of £0.01M and a budget for Capita fees of £0.01M was not required.

Summary of Risk Fund Items

Service Activity	**£M**
Sustainability – CRC purchases	0.18
Risk Fund Items	**0.18**

LEADERS PORTFOLIO

The Portfolio has under spent by **£0.70M** at year-end, which represents a percentage variance against budget of 14.5**%.** This position takes into account allocations that have been made from the risk fund and assumed revenue grant carry forwards as shown below:

	£M	**%**
Portfolio Outturn Pre Risk Fund	0.75 F	15.5
Allocation from Risk Fund	-	
Grant Carry Forwards	0.05 A	1.0
Final Portfolio Outturn	**0.70 F**	**14.5**
Carry Forward Requests	-	

The SIGNIFICANT issues for the portfolio are:

LPOR 1 – Land Charges (favourable variance £0.19M)

Additional income / reduced spend on Supplies & Services

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. The £0.13M favourable variance has been forecast during the year based on in-year projections of income received. In addition a one-off under spend on supplies & services budgets of £0.05M has arisen.

The remaining favourable variance of £0.02M relates to the carry forward of grant income from the DCLG relating to personal search fees

LPOR 2 – Democratic Representation and Management / Licensing (favourable variance £0.19M

Under spends on Salaries / Supplies and Services / Cameras

A favourable variance of £0.14M has arisen primarily due to:

- Staff vacancies, for which recruitment is ongoing,
- A one-off under spend on supplies and services,
- Reduced spend on members allowances following a reduction in the number of Cabinet members, an on-going saving for which was approved by Council in July.

In addition a one-off under spend of £0.05M has arisen within Licensing due to reduced spend on taxi cameras following the decision by Licensing Committee on 8th April 2014 to suspend the subsidy for the installation of cameras with effect from 1st June 2014.

LPOR 3 – Registration of Electors & Elections Costs (favourable variance £0.10M)

Under spends on Salaries / Canvassing costs

The favourable outturn position reflects the difficulties encountered in recruiting to the posts created to deal with the new Individual Electoral Registration (IER) element of the overall service. In order to deliver the essential requirement to maximise registration in the run up to the Parliamentary General Election it was necessary to divert staff resources from the core registration process. In addition to the permanent team, historically around 100 canvassers are brought in annually for a specific canvass period. IER canvassing will be required throughout the year on an ongoing basis and as a result canvassing duties were migrated to the temp pool so that work could be allocated on an ad hoc basis as and when required. Only a limited number of experienced canvassers were prepared to take on the new role, supplemented by additional student specific canvassers. As a result canvassing activity was restricted to key areas to meet performance and legislative targets.

The majority of the transition arrangements have now been implemented and it is anticipated that directions for 2015/16 will see a return to a more standardised canvassing approach primarily during the usual August to November peak and then continued at a lower level throughout the year. In addition recruitment to the core office based team is progressing so that the traditional registration activities will also pick up together with their associated costs.

LPOR 4 – Corporate Communications (favourable variance £0.09M)

Under spends on Salaries / Surplus on Design

The favourable position reflect savings of £0.02M from staff vacancies that have arisen due to ongoing recruitment, together with a £0.03M surplus position within the Design service which is difficult to forecast in-year due to the demand led nature of the service.

The remaining favourable variance of £0.03M relates to the carry forward of grant received in 2014/15 relating to 2015/16 to cover statutory notices for the 21st Century.

LPOR 5 – Skills, Regeneration & Partnership (favourable variance - £0.09M)

Increase in external income for Regeneration Projects / underspend on salaries

Council funding of £0.21M was available for Regeneration & City Limits projects for 2014/15. However, due to an increase in external funding into the Regeneration Team, only £0.15M of Council funding was required, creating a favourable variance of £0.06M.

In addition to this, there has been an under spend on staffing of £0.03M as a Project Officer post has been vacant for nine months.

RESOURCES & LEISURE PORTFOLIO

The Portfolio has under spent by **£3.62M** at year-end, which represents a percentage variance against budget of 7.1**%.** This position takes into account allocations that have been made from the risk fund and assumed revenue grant carry forwards as shown below:

	£M	**%**
Portfolio Outturn Pre Risk Fund	3.62 F	7.1
Allocation from Risk Fund	-	
Grant Carry Forwards	-	
Final Portfolio Outturn	**3.62 F**	**7.1**
Carry Forward Requests	0.13	

The SIGNIFICANT issues for the Portfolio are:

<u>RES 1 – Gallery and Museums (adverse variance £0.22M)</u>

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

Visitor numbers to SeaCity and Tudor House were lower than anticipated for the year resulting in a shortfall in income of £0.07M for Tudor House and £0.37M for SeaCity. A provision of £0.12M for this had been made in the Risk Fund but underspends elsewhere in the Resources and Leisure Portfolio mean it was not required.

The adverse variance in income was partially offset by a favourable variance on staffing across the two venues of £0.05M, due to staff turnover. In addition, there were savings of £0.05M on the cost of utilities at SeaCity and £0.06M on the Exhibitions expenditure budget. Also, the income levels across the Art Gallery, Westgate Hall and the Learning team were £0.05M favourable.

<u>RES 2 – Corporate Management (favourable variance £0.22M)</u>

Income from Strike Deductions/External Audit rebate/Duplicate Payments/Bank Charges

The main favourable variances have arisen for the following reasons:

- £0.04M strike deductions received during the year. These deductions have been captured centrally and have not been applied to offset any costs incurred by those Council services affected by strike action.
- £0.03M rebate from the external auditors relating to prior years accounts
- £0.02M in-year saving from the introduction of the new bank contract; a detailed review of banking costs will be undertaken during 2015/16 to assess the estimated annual budget required.
- £0.09M from the write-off of the historic surplus balance from reimbursement of duplicate payments made by SCC.

<u>RES 3 – Central Repairs & Maintenance (favourable variance £0.63M)</u>

One-off reduction in Planned Programme, in-year under spends

A one-off saving has been achieved against the planned programme based on an agreed list of schemes now deferred to 2015/16, the budget for which was moved to Property Services in-year to be declared as a saving (see Property Services below). Risks were considered due to potential impact on reactive maintenance budgets if works had become essential prior to the commencement of the 2015/16 programme.

The remaining under spend of £0.63M is due primarily to a lower than anticipated call on the reactive budgets of £0.41M, together with careful and active management of the budget. In addition there is slippage of £0.22M against the planned works programme, the remaining works for which will now be completed as part of the planned works programme/budget for 2015/16.

<u>RES 4 – Portfolio General (favourable variance £0.15M)</u>

Salaries and supplies and services spend reduced

A detailed review of all budgets has been undertaken across the Portfolio resulting in the identification of salary under spends from vacant posts, together with under spends within supplies and services as a result of the in-year moratorium on spend. Where possible any ongoing savings identified form part of approved budget savings for 2015/16 or new savings proposals currently under consideration for 2016/17 and future years.

RES 5 – Property Portfolio Management (favourable variance £1.05M)

Additional Investment Property income offset by additional one-off costs

A favourable income variance of £0.80M has arisen within the Investment Property account primarily as a result of delayed property disposals pending a review of the wider Property Strategy and future disposal/investment plans. This is offset by £0.20M one-off additional expenditure relating to the property management costs for current Investment properties to address essential maintenance / potential health & safety issues.

In addition a £0.45M under spend against the Property Portfolio Management budgets of which £0.32M has arisen pending the outcome of the Property Strategy and Service Property reviews and the need to defer decisions/spend. Current activity, the majority of which is undertaken by Capita Property, is less than originally anticipated but is expected to ramp up once the impact of a revised disposal strategy is known (see note above re Investment Property income). The remaining variance relates to:

- £0.05M one-off reduction in contribution to the bad debt provision following a review of provisions required
- £0.08M one-off reimbursement of specific disposal costs previously incurred

RES 6 – Leisure Client (adverse variance £0.06M)

There was contractual utility inflation on the Active Nation contract.

Under the contract with Active Nation to run the Council's sports provision, the Council bears the risk of cost inflation on utilities over and above the Consumer Price Index. This was approximately £0.05M and provision has been made in the Risk Fund but underspends elsewhere in the Resources and Leisure Portfolio mean it was not required.

RES 7 – Major Projects (favourable variance £0.11M)

An under spend on Council funding for the new arts complex was partially offset by additional business rates for Oaklands Pool.

Southampton New Arts Complex (SNAC) - 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 project has been delayed substantially and subsequently the process for appointing an operating company has taken longer than anticipated. This has led to a net underspend of £0.13M for the Council.

There remain considerable challenges for the revenue budget of the arts complex and it is proposed that funding of £0.13M should be carried forward into 2015/16 for the purpose of establishing a sound basis for its business operation, programme and marketing, ensuring the best possible preparation for future financial viability. If this funding is not carried forward, it is highly likely that ACE will reduce its grant funding in line with the Council's.

Oaklands Pool community transfer - There was an adverse variance of £0.05M, due to unbudgeted set-up costs and business rates totalling £0.03M until November when the building was handed to the community group.

This expenditure was not previously anticipated as the building had been unoccupied. However, as refurbishment work has been carried out on the building over the past year, it was not eligible for S44a relief for business rates.

Major Projects team – There were additional savings of £0.04M on operational costs.

<u>RES 8 – Audit and Risk Management (favourable variance £0.17M)</u>

Under spend on Insurance Premiums / Audit Fees / Surplus provision in Insurance reserves

The favourable variance has arisen for the following reasons:

- £0.12M under spend on insurances, of which £0.08M represents a specific under spend against the insurance premiums budget, the contract for which has just been tendered.
- £0.06M under spend against the HCC Audit Partnership based on SCC's share of the Partnership costs for the current financial year.

<u>RES 9 - Property Services (favourable variance £1.70M)</u>

Under spend on utilities & maintenance / OGS / sinking funds / other

The main favourable variances has arisen for the following reasons:

- £0.41M under spend on Admin Buildings budgets primarily across the utilities and health & safety / maintenance budgets due to the Civic being only part occupied whilst the refurbishment works have taken place under the ASAP programme; over the last 3 years the under spends against these budgets have been consistently declared in-year as part of the financial monitoring reports. Full occupation has only recently been completed with the Civic being further utilised to accommodate the vacation of OGS and Castle Way, so budgets are now be reassessed to determine whether there are any ongoing savings that can be declared. Reduced spend on health & safety/maintenance budgets also reflects the requirements to undertake essential works only.
- £0.15M separate under spend within Admin Buildings relating to Council occupation of OGS following the vacation of the building in December, the ongoing saving from which was approved by Full Council on 11th February 2015.
- £0.34M agreed under spend relating to the suspension of sinking fund contributions for OGS and the Civic for 2 years from 2014/15. The 2015/16 impact of this was also approved by Full Council in February.
- £0.09M surplus income contribution generated from Capita fees. The volume/value of Property variable work has been higher than anticipated during the year. This has resulted in a surplus of income from SCC clients to cover Capita/SCC costs and overheads. This has not been previously forecast due to the inherent difficulties in predicting demand due to the volatile nature of variable work.

- £0.09M under spend on Corporate Health & safety as corporate activity requirements are reviewed, it is anticipated that health and safety activity will be incorporated within the wider property review
- £0.54M agreed saving against the planned R&M programme based on an agreed list of schemes now deferred to 2015/16.

<u>RES 10 – Contract Management (favourable variance £0.42M)</u>

In-year Contract Changes/Service credits

A favourable variance of £0.10M reflects the in-year benefit of reduced Capita costs arising from changes to the contract, the majority of which have already been reflected in the budgets for 2015/16 and ongoing. In addition one-off service credits totalling £0.33M have been received as part of the contract performance measurements, the bulk of which relate to annual performance for which in-year forecasting is not possible.

<u>RES 11 – IT Services (favourable variance £0.09M)</u>

Rationalisation of PCs

The main favourable variance has arisen from the managed rationalisation of PCs and laptops across the authority resulting in a saving to SCC of £0.05M.

<u>RES 12 – Local Taxation & Benefits (favourable variance £0.18M)</u>

In-year contract savings/review of bad debt contribution

The main variances has arisen due to an in-year favourable variance of £0.10M against the Capita contract primarily relating to caseload volumes and postage costs together with a £0.06M reduced contribution to the bad debt provision following a review of the level of provision required.

<u>RES 13 – Libraries (favourable variance £0.08M)</u>

There were savings on IT costs, book and other materials stock costs and business rates budgets.

There were savings of £0.03M on IT costs, due to delays in commissioned ITS works at Cobbett Road and Burgess Road Libraries. The delay in opening the new Woolston Library resulted in savings of £0.03M on business rates. A further saving of £0.03M on the purchase of book and other materials stock was due to delays in procurement.