

Date: Wednesday, 11 February 2015

Time: 12.30 pm

Venue: SY2 6ND
Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire,

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CABINET

TO FOLLOW REPORT (S)

8 Revenue Monitor 2014/15 Period 9 (Pages 1 - 26)

Lead Member – Mr Mike Owen, Portfolio Holder for Finance, Resources and Support.

Report of the Head of Finance, Governance and Assurance (Section 151 Officer) is attached marked 8.

Contact – James Walton (01743 255011)

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Committee and date

Cabinet
11 February 2015
12.30 pm

Item

8

Public

REVENUE MONITORING REPORT – QUARTER 3 2014/15

Responsible Officer James Walton

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1. Summary

The report sets out the Revenue forecast for 2014/15 as at Quarter 3 and identifies the current projections on delivery of savings included within the forecast.

To aid reporting of savings delivery the Council uses a RAG (Red, Amber, Green) rating to identify a rating for the delivery of savings proposals (more details provided in the report below). As at Quarter 3, evidence currently suggests that of the £39.9m of proposals to be delivered in 2014/15, £39.2m are rated as Green – with a high degree of certainty of being delivered.

The Quarter 3 position indicates that £0.5m of the £39.9m savings planned are categorised as red, and further work is required within service areas to ensure that the total value of savings proposals are fully deliverable within the financial year. Furthermore a number of additional service pressures of £10.9m are already being highlighted, which services will need to address alongside delivering their savings targets. These pressures have been offset by the identification of a number of one off sources of funding that have not been committed and will instead be held to partially address the service pressures identified in year, however service areas will need to identify ongoing solutions to these pressures.

The key issues highlighted by this report are that:

- The projected outturn is an overspend of £0.371m which has decreased by £1.232m since Quarter 2.
- The projected General Fund Balance as at 31 March 2015 is £14.535m.

2. Recommendations

It is recommended that Members:

- A. Note that at the end of Quarter Three (2 January 2015), the full year forecast is a potential overspend of £0.371m;
- B. Consider the impact of this on the Council's General Fund Balance.
- C. Approve that Shropshire Council act as accountable body for the new LEADER programme.
- D. Approve the extension of ERDF funded projects including Marches and Staffordshire Business Enterprise Fund, Eureka! Moment, Growing Talent and Optimising Business Broadband to December 2015.
- E. Approve that Shropshire Council act as the host authority of the pooled budget arrangement for the Better Care Funding.

REPORT

3. Background

- 3.1 Revenue budget monitors are produced to report on the period from June (Period 2) to February (Period 11) of each financial year and show the anticipated year end projection.
- 3.2 The reports track progress against the agreed budget decisions, forecast any significant variances to the budget, and enables corrective action to be taken to ensure a balanced budget at year end.
- 3.3 Variances are reported on an exceptions basis depending on the total variance from budget, and the percentage change in projection in any one period.

Green	Variance +/- 1% (or £0.05m if budget less than £5m)
Amber	Overspend between 1%-2% (or £0.05m-£0.1m if budget less than £5m)
Red	Variance over 2% (or £0.1m if budget less than £5m)
Yellow	Underspend more than 1% (or £0.05m if budget less than £5m)

4. Monitoring 2014/15 Budget - Overall Position

- 4.1 The projected revenue forecast for the year, at Quarter 3, shows a potential overspend of £0.371m (0.06%) on a gross budget of £577.5m (net £223.4m) for the full year. The forecast year end position for the whole council will be revised each month and reported using the graph below. The area of the graph banded green shows the extent of variance from the budget that would be seen as reasonable given the size and complexity of the Council's budget. At Quarter 3 the projected year end overspend of £0.371m is falling within the green banding, and the level of overspend has decreased since Quarter 2. The change in projection is the net effect of an increase in budgetary pressures within Adult Services (£2.9m increase in overspend since Q2), and a further underspend within Corporate Budgets (additional £3.6m since Q2) as a result of releasing uncommitted non-apportionable costs and income such as council-wide grants.

4.2 Adult Services

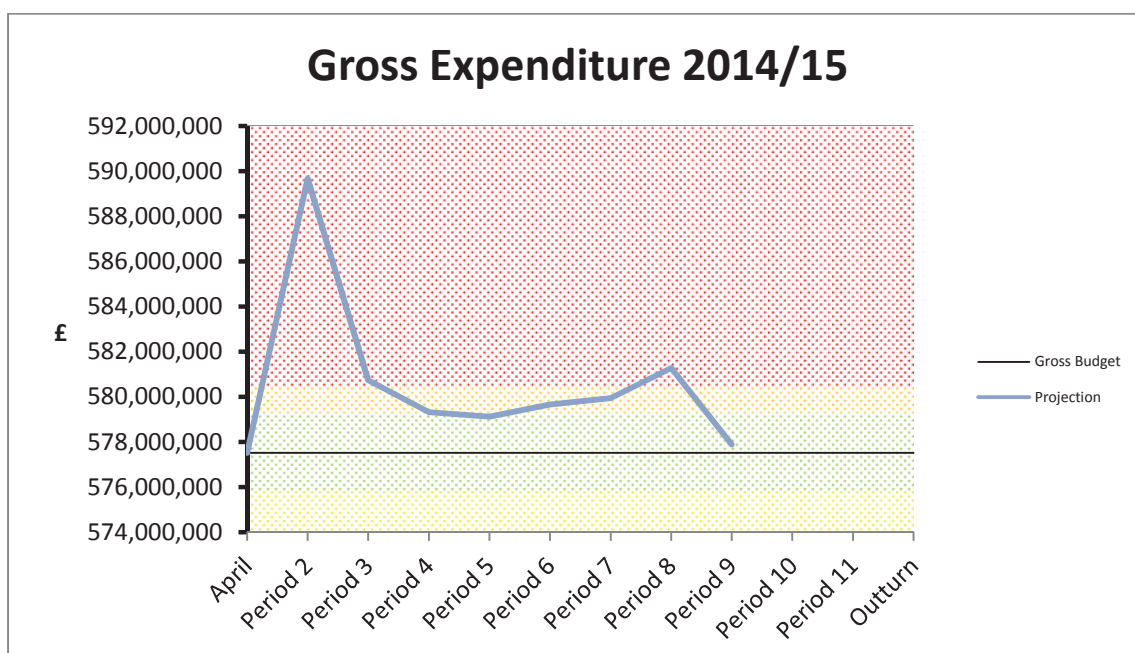
- 4.2.1 Purchasing projections within Adult Services have increased by £3.7million between the periods. £1.4million of this increase is explained by new clients entering the system and a net increase to the existing client base between periods of £1million. The remaining element of the increase in purchasing relates to changes in assumptions and pressure created by unachieved savings of £1.3m.
- 4.2.2 The service has carried out a detailed analysis of the £1.4million pressure created by new clients entering the system and has found that the primary reasons for new entrants are from sources which cannot be impacted effectively by the New Operating Model.
- 4.2.3 Since the last monitoring period 29% (in current year financial impact terms) of

new client pressure has been created by clients coming into the system as a result of Capital Reduction (Indeed 49% came from this source in Period 9 alone), 24% from Change in Need, 21 % from Hospital Discharge, 5% from Carer Breakdown, 5% from Transition and the remainder from other sources.

- 4.2.4 Adult Services is continuing to monitor the sources of new clients at this level in order to ensure that strategies are in place, or can be developed, to mitigate the pressures arising where it is possible to do so. Work is also underway to carry this analysis back to previous monitoring periods in order to establish trends and a review of the change to client base is also going to be undertaken.

4.3 Corporate Budgets

- 4.3.1 At Quarter 2, it was identified that a number of corporate budgets in relation to Council Tax Freeze Grant, Section 31 grants (relating to, for example small business rate relief) and Business Rate appeals provision were uncommitted and at that stage, £2.470m was released as an underspend to offset budgetary pressures across the Council. Further work has been undertaken on these specific budgets to determine whether budgets are uncommitted and can be used as a one off injection of funds into the monitoring position for 2014/15. A spending freeze has also been implemented across the Council. Current estimates of the overall impact on Council budgets suggest £7.916m across a variety of budget areas can be uncommitted within 2014/15 with a reasonable degree of certainty.
- 4.3.2 Where uncommitted funds have been identified which are not a result of delayed but committed spending, these have been utilised to offset overspending areas of the Council's budget. In other areas of the budget a £5.5m commitment is held which has been delayed to 2015/16. Delays may be as a result of a decision to defer spend or more often to enable the development of strategic priorities and direction in relation to the hosting of IT infrastructure, mobile and flexible working, the delivery of the University Centre Shrewsbury and development of the Council's Asset Management Policy. Given the importance of these key strategic priorities, a decision has been taken at quarter 3 to move these funds into ringfenced reserves and control wider Council spending, rather than utilise them to reduce the Council's projected overspend.



- 4.4 The projected overspend of £0.371m for 2014/15 is presented below and analysed in more detail at Appendix 1.

Table 1: 2014/15 Projected Budget Variations Analysed by Service Area

Service Area	Revised Budget £'000	Forecast Outturn £'000	(Under) / Overspend £'000	RAGY Classification
Adult Services	71,283	76,222	4,940	R
Children's Services	55,545	56,300	755	A
Commissioning	83,974	83,360	(615)	Y
Public Health	1,754	1,754	0	G
Resources & Support	9,325	9,882	557	R
Corporate	1,564	(3,702)	(5,266)	Y
TOTAL	223,445	223,816	371	G

5. Update on Savings Delivery

- 5.1 The savings projections for 2014/15 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2014/15 financial year. The RAG ratings are updated monthly to determine progress on delivery. Since the Quarter 2 position a further assessment has been undertaken by the Finance Team to determine the ongoing delivery of the savings within the budget and also the in-year delivery of the savings in line with delivery milestones by Directors and Portfolio Holders to be built into the Quarter 3 projections. For transparency, each of these assessments are detailed for each service area in Table 2.

Table 2: Update on Delivery of 2014/15 Savings Proposals

Service Area	Quarter 2 Projection of 2014/15 Delivery of Savings £'000	Assessment of Ongoing Delivery of Savings as at Quarter 3 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 3 £'000
Red Savings			
Adult Services	0	2,160	0
Children's Services	1,227	1,644	246
Commissioning	131	1,266	107
Public Health	0	0	0
Resources & Support	212	1,217	109
Corporate	0	0	0
	1,570	6,287	462
Amber Savings			
Adult Services	0	4,542	0
Children's Services	0	0	0
Commissioning	18	0	0
Public Health	0	0	0
Resources & Support	228	384	195
Corporate	0	0	0
	246	4,926	195
Green Savings			
Adult Services	11,563	4,861	11,563
Children's Services	5,985	5,568	6,966
Commissioning	6,726	5,527	6,686
Public Health	55	227	227
Resources & Support	6,947	5,696	6,993
Corporate	6,800	6,800	6,800
	38,076	28,679	39,235
TOTAL SAVINGS	39,892	39,892	39,892

- 5.2 The figures presented above demonstrate a healthy analysis of the Council's current financial position, with 98% of the 2014/15 savings target flagged as green. It should be recognized that the delivery of these savings targets has been delivered through the identification of a number of one off savings in 2014/15. The ongoing delivery as shown in the middle column suggests that 72% of the Council's £39.9m savings target can be demonstrated as green rated. Those areas not delivered within 2014/15 have been assessed as part of the Financial Strategy to identify those areas deliverable but subject to a delay in delivery, and those areas identified as undeliverable.
- 5.3 Further tracking of the movement in savings each quarter is shown in Appendix 2, which details any significant movements in RAG ratings that have occurred during the last quarter. Appendix 2 also includes a number of charts which maps the delivery of the red, amber and green savings over each period. As demonstrated within the Adults, Children's, Commissioning and Resources & Support graphs, the level of red and amber savings is higher when considering the ongoing delivery compared to the in-year delivery projection, and this clearly demonstrates the use of one off savings in 2014/15. Over the year, as service areas have identified plans for ongoing delivery of these or alternative savings

proposals, these two lines converge and the level of green savings moves towards the target savings for each service area.

6. Analysis of Outturn Projections including Delivery of Savings

6.1 The monitoring position detailed in Table 1 includes the current position on delivery of savings proposals for 2014/15 in addition to new monitoring pressures identified and one off solutions to reduce the projected overspend. Table 3 provides further analysis of the projected overspends for each service area.

Table 3: Reconciliation of Monitoring Projections to Savings Delivery

	Quarter 3 Projection £'000	Red Savings detailed in Projection £'000	Amber Savings detailed in Projection £'000	One Off Savings Delivered to offset Reds and Ambers £'000	Ongoing Savings Delivered to offset Reds and Ambers £'000	Director Commitment to Address Reds and Ambers £000	One Off Monitoring Pressures Identified £'000	Ongoing Monitoring Pressures Identified £'000	One Off Monitoring Savings Identified £'000	Ongoing Monitoring Savings Identified £'000
Adult Business Support & Development	(272)	0	0	(126)	0	0	153	0	(298)	0
Contracts & Provider	223	412	0	(139)	0	0	0	70	(119)	0
Social Care Operations	5,448	1,748	0	(2,002)	0	0	23	6,514	(836)	0
Adult Services Management	(460)	0	0	(294)	0	0	71	0	(237)	0
Housing Health & Wellbeing	0	0	0	0	0	0	0	0	0	0
Adult Services	4,940	2,060	0	(2,561)	0	0	247	6,584	(1,491)	0
Learning & Skills	(21)	246	0	0	0	0	0	0	(143)	(105)
Children's Safeguarding	757	1,141	0	(250)	(891)	0	0	1,600	(207)	(636)
Children's Services	736	1,387	0	(250)	(891)	0	0	1,600	(350)	(741)
Director of Commissioning	(2)	0	0	0	0	0	0	0	(2)	0
Local Commissioning	(61)	0	0	0	0	0	0	0	(61)	0
Area Commissioning North	820	1,256	0	(1,159)	(53)	0	845	30	(99)	0
Area Commissioning South	230	63	0	0	0	0	432	1,100	(1,364)	0
Public Protection & Enforcement	(198)	0	0	0	0	0	0	0	(198)	0
Business Growth & Prosperity	(1,404)	27	18	0	(46)	0	98	41	(1,543)	0
Commissioning	(615)	1,346	18	(1,159)	(98)	0	1,375	1,171	(3,267)	0
Public Health	0	0	0	0	0	0	0	0	0	0
Public Health	0	0	0	0	0	0	0	0	0	0
Commercial Services	161	469	31	(230)	(137)	0	538	428	(509)	(428)
Customer Involvement	631	139	328	(215)	(105)	0	740	563	(746)	(74)
Finance, Governance & Assurance	113	0	26	0	0	0	73	370	(400)	44
Human Resources	16	0	0	0	0	0	152	61	(197)	0
Legal, Democratic & Strategy	(288)	0	0	0	0	0	0	169	(372)	(86)
SMB	(75)	0	0	0	0	0	7	0	(82)	0

	Quarter 3 Projection £'000	Red Savings detailed in Projection £'000	Amber Savings detailed in Projection £'000	One Off Savings Delivered to offset Reds and Ambers £'000	Ongoing Savings Delivered to offset Reds and Ambers £'000	Director Commitment to Address Reds and Ambers £000	One Off Monitoring Pressures Identified £'000	Ongoing Monitoring Pressures Identified £'000	One Off Monitoring Savings Identified £'000	Ongoing Monitoring Savings Identified £'000
Resources & Support	557	608	384	(446)	(241)	0	1,510	1,591	(2,306)	(544)
Corporate	(5,266)	0	0	0	0	0	0	0	(5,266)	0
Corporate	(6,266)	0	0	0	0	0	0	0	(5,266)	0
TOTAL	371	5,501	403	(4,415)	(1,231)	0	3,132	10,947	(12,680)	(1,285)

6.2 Adult Services – The savings categorised as red include transport savings (£0.285m), voluntary community sector savings (£0.231m); QICS PFI contract savings (£0.250m); day services transformation (£0.046m); outsourcing of Community Living and Shared Lives (£0.74m), commissioning Mental Health Services under the new Partnership Arrangement (£0.150m), tender and contract savings (£0.530m); children's transition to Adult Services (£0.111m) and direct payments base cost adjustment (£0.483m). There has been an increase in the ongoing monitoring pressures identified relating to the purchasing budgets within Adult Services. Further analysis and details of the pressure on purchasing budgets is being provided to management so that appropriate action can be taken to manage the situation.

Children's Services – Savings proposals rated red include the transfer of Education Support Services to an external provider (£1.000m) and transport savings (£0.644m). One off grant monies and earmarked reserves have been released to partially offset the red and amber savings, and further work will be undertaken within Children's Services to find additional compensatory one-off and ongoing savings to reduce the projected overspend.

Commissioning – Red rated savings proposals include contract savings to be delivered against the Veolia and Shropshire Community Leisure Trust contracts of £1.221m, and £0.044m for Libraries. Commissioning have identified a number of alternative ongoing savings proposals which will help to mitigate the delivery of red rated savings in 2014/15 and future years. The most significant ongoing budgetary pressure identified relates to Environmental Maintenance budgets required to correctly align revenue and capital costs for highways improvements and street scene works. In 2014/15 this pressure has been offset by contributions from reserves, and the budgets have been capped to contain any budgetary pressure. A one off pressure of £0.738m has been included within Waste to reflect the likely costs of the appeal relating to the energy from waste facility. This is being offset by increased planning income being received during 2014/15.

Resources & Support – The savings proposals rated red include £0.435m for the Customer Service Centre; £0.193m for savings in IT Services and £0.469m relating to Property Savings linked to the asset management strategy implementation. This saving will be difficult to deliver in 2014/15 and hence will continue to cause a budgetary pressure until final decisions are made on which corporate accommodation and assets will be in use in the future.

- 6.3 Table 3 above shows the headline figures of the monitoring projections. Further analysis of the service areas feeding into these headline projections demonstrate that some service areas have relatively consistent monitoring projections, whereas other services appear to be more changeable between periods. Appendix 3 provides charts for all service areas showing the movement in projections over the year to date.

7. General Fund Balance

- 7.1. The effect on the Council's Reserves of the forecast is detailed below. The Council's policy on balances is to have a general fund balance (excluding schools balances) of between 0.5% and 2% of the gross revenue budget. For 2014/15 the minimum balance required is £2.861m. The Financial Strategy, agreed by Council on 27 February 2014, anticipated a level of reserves by year end of £11.3m. Based on the current monitoring position, the General Fund Balance will be above this target and the Council's policy on balances, as shown in Table 3 below:

Table 3: Projected General Fund Balance As At 31 March 2015

	(£'000)
General Fund Balances as at 31 March 2014	14,497
Budgeted contribution to General Fund Balance	409
This report – projected outturn (overspend)	(371)
Projected Balance at 31 March 2015	14,535

- 7.2 The projected balance of £14.535 falls above the Council's policy level on balances, however is significantly below the risk based target for 2014/15 which was calculated at £18.513m. The projected balance is considered appropriate, however, given the significant level of savings required in the Council's Medium Term Financial Plan and the potentially destabilising impact of attempting to meet this target in the short term.

8. External Funding

8.1 LEADER

- 8.1.1 Shropshire Council supported a bid in September 2014 to Defra by the Shropshire Hills AONB Partnership bid to be a LEADER Local Action Group for the 2015-20 round of LEADER funding, with the Council as accountable body. The bid was in the form of a LEADER Local Development Strategy for the southern Shropshire area, titled 'Natural Growth', and worked up with extensive and broad consultation during 2013 and 2014. The southern Shropshire area extends up to a line drawn by the M54/A5/A458, and includes part of Telford & Wrekin. In November Defra indicated approval of this bid subject to contract, with a budget (to be confirmed) of between £1.9 million and £2.13 million over 2015-20.

8.1.2 A formal contract for the programme is expected from Defra for the Council to sign by the end of March 2015. The AONB Partnership has reviewed its Terms of Reference in relation to delivery of the new programme, and formal Council approval of these will be sought at the appropriate level. These include changes to representation on the Partnership, recognising the wider geographic area covered by the new LEADER programme and the wider economic remit that this new round of funding is focussed on. Further Defra guidance on LEADER is likely to recommend a Memorandum of Agreement between the Local Action Group and the accountable body, with the Council delegating the authority to approve grants (subject to contracting) to the Local Action Group. This guidance is yet to be received. At this stage, the Cabinet is requested to approve the Council's role to act as accountable body for the programme, totalling between £1.9m and £2.13m. As accountable body Shropshire Council will provide staff time to undertake Financial and Monitoring support to the programme. The costs of this have been included within the management costs of the programme and will be funded by the grant.

8.2 ERDF Programme

8.2.1 In December 2014 the West Midlands ERDF Operational Programme invited current projects to submit a request for additional funding and/or an extension to their project contract up to December 2015.

8.2.2 Shropshire Council is the Accountable Body for a number of business projects, involving a wide range of partners, within and outside of the Marches LEP. In summer 2014 two of the projects were approved to be extended to December 2015, these being the ERDF Technical Assistance Programme (providing specialist ERDF expertise across the LEP and Worcestershire) and Metnet (providing support to Environmental technology businesses across the Marches LEP and Worcestershire).

8.2.3 The remaining ERDF funded projects are currently funded up to June 2015, these include:

- Marches and Staffordshire Business Enterprise Fund (providing grants to businesses to help them to start up and grow);
- Eureka! Moment (supporting businesses to innovate);
- Growing Talent (helping businesses to develop by employing graduates); and
- Optimising Business Broadband (enabling businesses to benefit from superfast broadband).

The requests to extend the projects were submitted to DCLG on 16 January 2015 and are subject to Shropshire Council Cabinet approval. The requests include funding for Council departments in providing the Financial and Monitoring Support for the projects. Further details on the specific slippage requests are detailed below.

Business Enterprise Fund (Shropshire, Herefordshire, Telford & Wrekin, Staffordshire)

- 8.2.4 The current contract with DCLG totals £2,830,422, this includes grant funding for businesses and administration and project management costs. To date the Programme has supported 207 businesses with 178 businesses awarded grants within Shropshire. The request includes additional funding to enable 3 additional calls for grant funding to businesses in March, April and May and administration and project management costs. The total contract value would increase to £3,334,713.

Eureka! Moment (Shropshire, Herefordshire, Worcestershire, Staffordshire)

- 8.2.5 The current contract with DCLG totals £666,288, this includes grant funding to businesses and administration and project management costs. To date the project has funded 90 business audits and provided (13 businesses) £188,310 grant funding to enable the businesses to innovate (30 audits, and (8 businesses) £99,360 has been allocated to businesses within Shropshire). The request includes an additional £95,493 ERDF (£190,987 total) in 2015 to enable 18 more business audits, 2 additional rounds of grant funding and administration and project management costs up to the end of the year.

Growing Talent (Shropshire, Herefordshire, Telford and Wrekin)

- 8.2.6 The current contract with DCLG totals £955,000, this includes grant funding towards graduate and project management costs. To date the project has supported 40 businesses to employ a graduate (27 of these businesses being within Shropshire). The request includes an additional £75,701 ERDF in 2015 (£151,403 in total) to enable 21 current graduate appointments to be extended (which will in turn create 10 additional permanent graduate jobs) and administration and project management costs up to the end of the year.

Optimising Business Broadband (Shropshire)

- 8.2.7 The current contract with DCLG totals £216,467 and includes Staffordshire. The project provides different types of advice and support to businesses to enable them to develop and grow by taking advantage of fibre broadband networks that are being built in the respective counties. The project will deliver support to 34 businesses. Unfortunately Staffordshire has been unable to raise resources to enable them to be part of the extension, however a request has been submitted, totalling £23,280, to enable the continuation of activities in Shropshire including the delivery of the agreed outputs, additional business support, development of a downloadable-book and digital case studies.

9. Pooled Budget Arrangements

- 9.1 In order to prepare for the implementation of the Better Care Funding (£21m in 2015/16), the Council will be working in partnership with the Shropshire Clinical Commissioning Group (CCG). As part of the preparations for the new requirements of this funding, it has been agreed that funding will be managed in a pooled budget between the two parties. The CCG have agreed in principle to the Council hosting this pooled budget and therefore Cabinet approval is requested for the Council to act as the host organisation. A partnership agreement between the parties is being developed which outlines the responsibilities of each organisation and the risk sharing principles and this will be formally approved by the Health & Wellbeing Board.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Revenue & Capital Budget 2014/15
Financial Rules

Appendices

- 1 - Service Area Pressures and Actions 2014/15
- 2 - Tracking of Delivery of 2014/15 Savings Proposals
- 3 – Amendments to Original Budget 2014/15

Appendix 1

Service Area Pressures and Actions 2014/15**Summary**

	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Adult Services	71,283,110	76,222,619	4,939,509	R
Children Services	55,545,290	56,300,315	755,025	A
Commissioning	83,974,260	83,359,622	(614,638)	Y
Public Health	1,753,500	1,753,500	0	G
Resources & Support	9,325,160	9,882,321	557,161	R
Corporate	1,563,630	(3,702,272)	(5,265,902)	Y
Total	223,444,950	223,816,105	371,155	G

Detail

ADULT SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	71,283,110	76,222,619	4,939,509	R

Adult Business Support & Development	Portfolio Holder Adult Services and Local Commissioning (South)	1,494,460	1,222,870	(271,590)	Y
£0.200m expected from Public Health as they are commissioning ASC Services in return for delivery of Public Health required outcomes. Funding currently held on a project code until plans finalised. Plus additional one off savings to help contribute to the projected overspend.					
Contracts & Provider	Portfolio Holder Adult Services and Local Commissioning (South)	6,962,560	7,185,786	223,226	R
Current income projections on Continuing Healthcare and Residents contributions causing a pressure.					
Social Care Operations	Portfolio Holder Adult Services and Local Commissioning (South)	54,367,600	59,815,707	5,448,107	R
There remains a significant pressure within purchasing budgets which accounts for the overall overspend in this area. This overspend reflects the assumption that at present £2.100m of red RAG rated savings will not be achieved. Since Quarter 2 purchasing projections have increased £3.700m. £1.400m is as a result of new clients entering the system and £1.000m as a result of changes to the existing client base. In terms of new client pressure, detailed analysis shows that 29% of current year cost has come through as a result of Capital Reduction (indeed 49% of new cost has come from this source in Period 9 alone), 25% from change in need, 21% from Hospital Discharge. These primary sources of pressure are outside the scope of the New Operating Model. The service will continue to carry out this detailed analysis of the pressure to ensure that strategies are in place, or developed, as far as they possibly can be to tackle the issues.					
Adult Services Management	Portfolio Holder Adult Services and Local Commissioning (South)	2,564,950	2,104,916	(460,034)	Y
The majority of the underspend is due to early delivery of 2015-16 savings. No ongoing pressures within this area.					

ADULT SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Housing Health & Wellbeing	Portfolio Holder Adult Services and Local Commissioning (South)	5,893,540	5,893,340	(200)	Y
Current pressure against the delivery of savings is being covered in year by the use of reserves and external funding.					

CHILDRENS SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		55,545,290	56,300,315	755,025	A

Learning & Skills	Deputy Leader of the Council; Portfolio Holder Children's Services, Transformation and Safeguarding	27,441,210	27,438,979	(2,231)	Y
Minor variation from budget projected as at Quarter 3. This position includes unachieved savings in 14/15 of £1.644m have been offset by a one off contributions from reserves of £1.398m, one off revenue savings of £0.157m and other savings made by the re-structuring of teams and spending freeze.					
Children's Safeguarding	Deputy Leader of the Council; Portfolio Holder Children's Services, Transformation and Safeguarding	28,104,080	28,861,336	757,256	R
Due to growth in 'Looked After Children' numbers we have a pressure of £1.6m, however this has been partly offset by savings achieved through restructures, vacancies, spending freeze of £0.6m and one off allocations of £0.2m					

COMMISSIONING	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	83,974,260	83,359,622	(614,638)	Y

Director of Commissioning	Portfolio Holder Leisure, Libraries and Culture	653,350	651,489	(1,861)	Y
Minor variation from budget projected as at Quarter 3.					
Director of Commissioner Total		653,350	651,489	(1,861)	Y

Local Commissioning	Portfolio Holder Business Growth, ip&e and Commissioning (North)	430,130	427,388	(2,742)	Y
Minor variation from budget projected as at Quarter 3.					
Community Action	Portfolio Holder Business Growth, ip&e and Commissioning (North)	805,090	746,929	(58,161)	Y
Vacancy management and efficiency savings, plus specific budget for redundancies not required.					
Local Commissioning Total		1,235,220	1,174,317	(60,903)	Y

Area Commissioner North – Positive Activities	Portfolio Holder Leisure, Libraries and Culture	1,081,270	1,072,728	(8,542)	Y
Minor variation from budget projected as at Quarter 3.					
Area Commissioner North - Libraries	Portfolio Holder Leisure, Libraries and Culture	3,815,720	3,866,116	50,396	A
A review of the planned consultation on Libraries and community hubs means that some proposed savings, such as reduction in opening hours, have not taken place this year. However, freezing IT and other supplies and services budgets has reduced the projected outturn position.					
Area Commissioner North - Markets	Portfolio Holder Business Growth, ip&e and Commissioning (North)	67,470	97,242	29,772	G
Very little budget for buildings costs, however significant expenditure has been incurred on repairs and maintenance and fixtures and fittings.					
Area Commissioner North - Waste	Portfolio Holder Business Growth, ip&e and Commissioning (North)	26,726,550	27,484,522	757,972	R
All savings RAG rated red have now been achieved this year on a one-off basis, however this projection takes into account one-off costs projected to be incurred during the year relating to Bereavement Services and repayment of energy recovery facility planning appeal costs to Veolia.					
Area Commissioner North – Shrewsbury BID		0	(10,300)	(10,300)	Y
Repayment of 2013/14 year-end grant, not budgeted for.					
Area Commissioner North	Portfolio Holder Business Growth, ip&e and Commissioning (North)	239,550	240,505	955	G
Minor variation from budget projected as at Quarter 3.					
Area Commissioner North Total		31,930,560	32,750,813	820,253	R

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Area Commissioner South – Environmental Maintenance	Portfolio Holder Highways & Transport	26,410,220	26,567,143	156,923	G
The overspend pressure within Environmental Maintenance has been contained within the service by capping revenue budgets across all areas of the service and commitments made by management that they will contain spend to these revised budgets. An additional pressure has been identified from a number of 'final accounts' costs for professional fees for 'non-current' capital projects and expenditure on assets awaiting disposal.					
Area Commissioner South – Highways & Transport	Portfolio Holder Highways & Transport	5,168,020	5,207,932	39,912	G
Additional costs of a condition survey at 'Raven Meadows Carpark' (£0.060m) and a Revenue Contribution to Capital (£0.100m) has been partially offset by additional "Traffic and Street Works" income.					
Area Commissioner South – Passenger Transport	Portfolio Holder Highways & Transport	788,200	788,200	0	G
No projected variation as at Quarter 3. This area is subject to a major service review. Current and future year savings will be realised and will essentially result in lower recharges to front line services, hence savings will be reflected in these areas.					
Area Commissioner South – Leisure	Portfolio Holder Leisure, Libraries and Culture	4,066,180	4,099,768	33,588	G
Reflects Shropshire Community Leisure Trust saving that has not been achieved, plus part of a one-off payment to transfer a facility to an educational establishment during the year, the rest of which is offset by increasing efficiency savings across the portfolio.					
Area Commissioner South	Portfolio Holder Adult Services and Commissioning (South)	316,550	316,230	(320)	Y
Minor variation from budget projected as at Quarter 3.					
Area Commissioner South Total		36,749,170	36,979,272	230,102	G

Public Protection & Enforcement – Healthier People & Communities	Portfolio Holder Business Growth, ip&e and Commissioning (North)	1,483,650	1,411,579	(72,071)	Y
Underspend has been generated within salaries budgets. The service has two vacant posts and has reduced hours of two other posts. Some of the salary underspend has been offset by the reduction in income for course fees and an increase in expenditure for vet fees.					
Public Protection & Enforcement – Healthier & Sustainable Environment	Portfolio Holder Business Growth, ip&e and Commissioning (North)	1,335,110	1,305,336	(29,774)	Y
Salary underspend due to a reduction in hours and maternity leave. Contributing towards the underspend is reduced expenditure on baits and poisons and equipment budgets. Offsetting some of this underspend is a reduction in income for Private Water Supplies, Pest Control and Petroleum Licensing.					
Public Protection & Enforcement – Safer & Stronger Communities	Portfolio Holder Business Growth, ip&e and Commissioning (North)	(137,730)	(176,905)	(39,175)	Y
Salary underspend due to Maternity leave and delays in appointments to posts. Plus additional income is projected for licensing. This has been partially offset by addition consultancy costs and a reduction in the Premises income.					

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Public Protection & Enforcement – Public Protection Management	Portfolio Holder Business Growth, ip&e and Commissioning (North)	1,333,070	1,275,814	(57,256)	Y
£0.075m one off funding from reserves being used to offset additional software costs and the remaining car park collection costs. Further savings throughout the year have been achieved through the spending freeze, restructure, management of vacancies and an increase in the projections for taxi licensing and PCN's, all of which have contributed to the underspend.					
Public Protection & Enforcement Total		4,014,100	3,815,824	(198,276)	Y

Business Growth & Prosperity – Arts	Portfolio Holder Leisure, Libraries and Culture	219,040	205,475	(13,565)	Y
Minor variation from budget projected as at Quarter 3.					
Business Growth & Prosperity - Enterprise & Business	Portfolio Holder Business Growth, ip&e and Commissioning (North)	970,890	914,258	(56,632)	Y
Deliberate savings in this area (essentially staffing and reduced expenditure on development items), to offset additional costs in 'Infrastructure and Growth' (as below).					
Business Growth & Prosperity - Visitor Economy	Portfolio Holder Business Growth, ip&e and Commissioning (North)	1,863,300	1,899,850	36,550	G
There is significant transformation of 'Visitor Economy' in 2014/15, in line with the 'Black Radley' review, that includes consolidation and commercialisation of the service. A number of costs to achieve this transformation have been identified, the more significant include:- costs to achieve the 'Community Asset Transfer' of the Discovery Centre, the move of the library to the community centre and actual Business rates at the Music Hall have been evaluated at a much higher level than anticipated. Any additional costs will be mitigated wherever possible, however, 2014/15 will continue to be a 'learning' and unpredictable year.					
Business Growth & Prosperity - Outdoor Recreation	Portfolio Holder Leisure, Libraries and Culture	2,473,770	2,437,644	(36,126)	Y
There are a number of variations within this this service (essentially staffing, vacant posts).					
Business Growth & Prosperity - Theatre Severn	Portfolio Holder Leisure, Libraries and Culture	556,650	484,785	(71,865)	Y
The Theatre continues to grow and develop, and reduce overall net costs from that success.					
Business Growth & Prosperity - Infrastructure & Growth	Portfolio Holder Business Growth, ip&e and Commissioning (North)	103,830	101,937	205,767	R
Income from lettings remains challenging, with some additional development expenditure. This is offset by staffing savings and savings in 'Enterprise and Business', as above.					
Business Growth & Prosperity - Development Management	Portfolio Holder Planning, Housing and Commissioning (Central)	2,490,180	1,125,642	(1,364,538)	Y
This service has significant income from 'Fees and Charges' and 'Applications'. Recent history indicates that levels of income are extremely difficult to predict, 2013/14 was an exceptional year, this has continued (so far) into 2014/15. However, additional resources must be allocated to the service to ensure that applications can be processed within Government timescales. If this fails to happen, 'Special Measures' could apply and the authority would be required to repay any 'Application Fee' that hasn't been processed within 26 weeks. Consequently, the forecast has been revised to include an assessment of the potential risk of repayment of Application fees.					

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Business Growth & Prosperity – Management	Portfolio Holder Planning, Housing and Commissioning (Central)	714,200	714,486	286	G
Minor variation from budget projected as at Quarter 3.					
Business Growth & Prosperity Total		9,391,860	7,987,907	(1,403,953)	Y

PUBLIC HEALTH		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		1,753,500	1,753,500	0	G

Public Health	Portfolio Holder Health	1,753,500	1,753,500	0	G
The service continues to project a balanced budget. Within this Public Health are commissioning £1m of Council Services for 2014-15 in return for delivery of Public Health Outcomes. The balanced budget position includes a contribution being made to the Public Health Earmarked Reserve of £352,156.					

RESOURCES & SUPPORT		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		9,325,160	9,882,321	557,161	R

Commercial Services	Portfolio Holder Resources, Finance, and Support	4,057,530	4,218,575	161,045	R
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RESOURCES & SUPPORT		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		9,325,160	9,882,321	557,161	R
<p>Commercial Services (excluding Shire Services) is projected to be £0.161m overspent by year end. Income generation by the Design Team has been flagged previously as a financial pressure which has partially been addressed by voluntary redundancy within the team. This and other measures have now reduced the shortfall to a minimum level (£0.428m) but no further reductions are achievable and this has been resolved by a virement from corporate resources. The costs of dilapidations across premises that are due to reach the end of their lease in this financial year were estimated to result in a one-off cost of £0.250m, these are currently being negotiated with an aim to reduce them to £0.100m. A total overspend of £0.500m is forecast in relation to property savings. These are identified as Red and Amber flagged savings targets in the current financial year, and can only be realised on disposal of assets, which is beyond our control and necessarily subject to market forces. Additional efficiencies have been identified of £0.230m to offset these savings pressures, and a temporary freeze has been placed on non-essential repair and maintenance of building in order to deliver additional in year saving if possible.</p>					
Customer Involvement	Portfolio Holder Resources, Finance, and Support	1,329,260	1,959,771	630,511	R
<p>The Wide Area Network contract has been retendered to deliver a saving of £1.9m over the next three years. In the short term, an element of dual running of the contracts is required in 2014/15 to ensure operational resilience over the transition period, and this one-off cost is now quantified and reflected in current projections, with work on-going to identify alternative one-off savings to mitigate this necessary cost. The cost of £0.490m will be spread over the three years of the new WAN contract and is covered in 2014/15 only by a temporary virement from corporate resources, to be repaid in 2015/16 and 2016/17. Additionally, during this period, IT will continue to support the schools broadband charge at a maximum cost of £0.250m for 2014/15 only. Additional budget pressures have been identified in relation to the costs for software, and delays in the rollout of Lync, There are unachievable savings targets of £0.139m for the Customer Service Centre and Face to Face proposals in 2014/15 which have been flagged as Red and relate to the current delays in implementation which are due to be resolved imminently. The Print unit also continues to experience a budget pressure on income generation, and the structure of the service is being reviewed. Savings from staffing in other areas are currently off setting some of the identified budget pressures.</p>					
Finance, Governance & Assurance	Portfolio Holder Resources, Finance, and Support	1,576,550	1,689,178	112,628	R
<p>The current overspend in Finance of £0.042m is in relation to the Schools Finance Team and is the result of a combination of factors to include reducing the staffing in the team to an unsustainable level and this has resulted in the need to recruit to an additional post at a cost of £0.030m. There has also been reduced buy back from schools resulting in an incomes shortfall. Work is being undertaken to review how the team operates and to increase income opportunities in the future. Additional budget pressures have been identified in relation to staffing with Revenues and Benefits and the team structure is being reviewed in order to reduce this down for future years.</p>					
Human Resources & Development	Portfolio Holder Resources, Finance, and Support	209,150	225,108	15,958	G
<p>A one-off budget pressure totalling £0.035m has occurred resulting from two invoices paid to Teacher Pensions Association for Employer Pensions Contributions arrears with compound interest. The Payroll Team are seeking to mitigate the risk of future invoices by going through systems to ensure all teachers that should have been opted in have been dealt with correctly. Additional pressures have also been identified including reduced income from Schools and Academies for buyback of Schools HR Advice and Employment Services, and also underachievement of income from first aid training courses. These pressures have more than been offset by in-year vacancy management savings.</p>					

Legal, Democratic & Strategy	Portfolio Holder Resources, Finance, and Support	1,152,670	864,820	(287,850)	Y
Savings across Committee Services and Members allowances/support services have been identified of £0.246m. Savings of £0.008m in relation to election services postage and printing costs. Additional income generation and savings on staffing have been identified with in Legal services to the value of £0.104m, and this is offsetting other budget pressures of £0.170m within Child Care legal costs. The large spend on legal fees in relation to child care costs continues to be high and this needs to be closely monitored as current spend remains high, the overspend may increase later in the year. Additional savings have been identified across Strategic planning of £0.100m from reduced staffing and reducing general spend.					
Strategic Management Board	Portfolio Holder Resources, Finance, and Support	1,000,000	924,869	(75,131)	Y
Savings of £0.055m in relation to PA vacancies not being filled, with a number of additional savings within subscription, printing and travel budgets amounting to £0.020m. Additional funding of £1.000m has been allocated to this budget to fund a number of activities relating to the development of a new university in Shropshire, as approved by Council.					

CORPORATE	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	1,563,630	(4,702,272)	(6,265,902)	Y

Corporate Budgets	Portfolio Holder Resources, Finance, and Support	1,563,630	(3,702,272)	(5,265,902)	Y
<p>Non-distributable costs and added years pensions costs are forecast at £0.026m over budget. However, other savings have been identified from various budgets to offset additional costs in 2014/15, and the WME profit share has now been confirmed and is higher than anticipated leading to an increase in the underspend of £0.083m. A virement of £1.000m has been made from the transformation fund towards the costs of the university, and a virement of £0.416m has been made from additional grant funding received to offset the loss of grant in ESG within Children's Services. A further virement to resolve an underlying budget shortfall in Commercial Services of £0.428m has been undertaken. Furthermore, a one-off virement has been made to spread the £0.490m one-off cost relating to dual running of the WAN contract, which will be repaid in future years.</p> <p>At Quarter 2, it was identified that a number of corporate budgets in relation to Council Tax Freeze Grant, Section 31 grants (relating to, for example small business rate relief) and Business Rate appeals provision were uncommitted and at that stage, £2.470m was released as an underspend to offset budgetary pressures across the Council. Further work has been undertaken and current estimates suggest £7.916m across a variety of budget areas can be uncommitted within 2014/15 with a reasonable degree of certainty. Where uncommitted funds have been identified which are not a result of delayed but committed spending, these have been utilised to offset overspending areas of the Council's budget. In other areas of the budget a £5.5m commitment is held which has been delayed to 2015/16. Delays may be as a result of a decision to defer spend or more often to enable the development of strategic priorities and direction in relation to the hosting of IT infrastructure, mobile and flexible working, the delivery of the University Centre Shrewsbury and development of the Council's Asset Management Policy. Given the importance of these key strategic priorities, a decision has been taken at quarter 3 to move these funds into ringfenced reserves and control wider Council spending, rather than utilise them to reduce the Council's projected overspend.</p>					

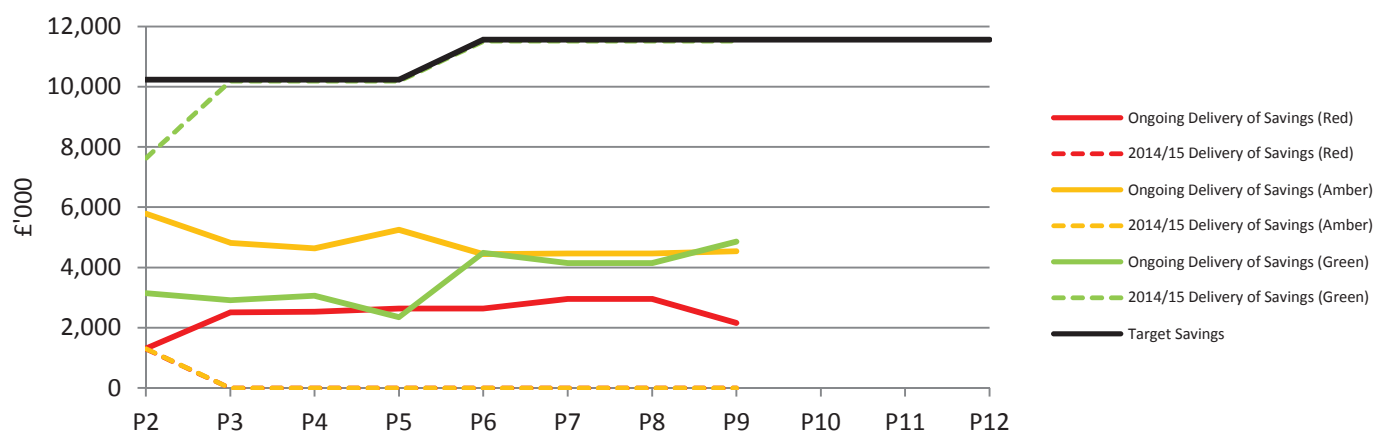
Appendix 2**Tracking of Delivery of 2014/15 Savings Proposals**

Service Area	Position as at 11 th June 2014 £'000	Finance Team Assessment of Ongoing Delivery of Savings as at Quarter 1 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 1 £'000	Finance Team Assessment of Ongoing Delivery of Savings as at Quarter 2 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 2 £'000	Finance Team Assessment of Ongoing Delivery of Savings as at Quarter 3 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 3 £'000	Significant Changes to Last Quarter's Projections
Red Savings								
Adult Services	1,304	2,511	0	2,639	0	2,160	0	Delivery of corporate transport savings and partial achievement of children's transition savings Delivery of savings within children's safeguarding identified in 2014/15. Savings achieved in relation to the Ringway contract. IT savings of £0.193m now considered not achievable and some service redesign savings have not materialised as planned.
Children's Services	2,922	1,908	1,908	1,897	1,249	1,644	246	
Commissioning	1,287	1,287	1,287	1,734	575	1,266	107	
Public Health	0	0	0	0	0	0	0	
Resources & Support	684	684	684	566	245	1,217	109	
Corporate	0	0	0	0	0	0	0	
	6,197	6,390	3,879	6,836	2,069	6,827	462	
Amber Savings								
Adult Services	5,781	4,812	0	5,248	0	4,542	0	
Children's Services	999	569	0	300	275	0	0	
Commissioning	774	774	774	283	12	0	0	
Public Health	0	0	0	0	0	0	0	
Resources & Support	352	352	123	372	317	384	195	
Corporate	0	0	0	0	0	0	0	
	7,906	6,507	897	6,203	604	4,926	195	

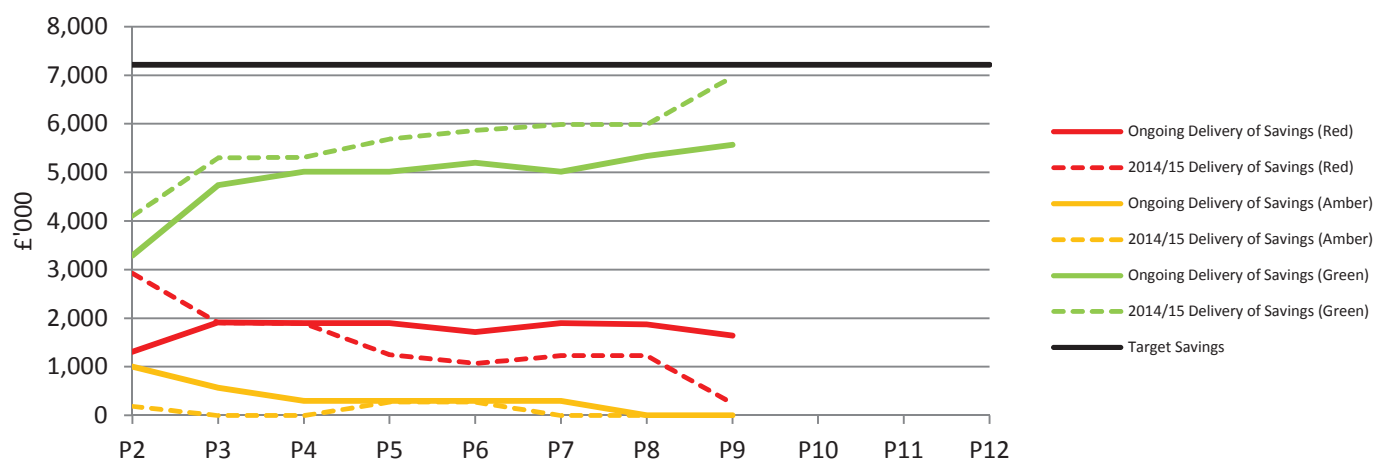
Service Area	Position as at 11 th June 2014 £'000	Finance Team Assessment of Ongoing Delivery of Savings as at Quarter 1 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 1 £'000	Finance Team Assessment of Ongoing Delivery of Savings as at Quarter 2 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 2 £'000	Finance Team Assessment of Ongoing Delivery of Savings as at Quarter 3 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 3 £'000	Significant Changes to Last Quarter's Projections
Green Savings								
Adult Services	3,148	2,910	10,233	2,347	10,233	4,861	11,563	Increase represent restructure of Housing Services to Adult Services
Children's Services	3,291	4,735	5,304	5,015	5,688	5,568	6,966	
Commissioning	6,144	6,144	6,144	6,188	7,618	5,527	6,686	Increase represent reallocation of savings relating to Coroners, Registrars and CCTV.
Public Health	55	55	55	55	55	227	227	
Resources & Support	6,351	6,351	6,580	6,448	6,825	5,696	6,993	
Corporate	6,800	6,800	6,800	6,800	6,800	6,800	6,800	
	25,789	26,995	35,116	26,853	37,219	28,679	39,235	
TOTAL SAVINGS	39,892	39,892	39,892	39,892	39,892	39,892	39,892	

Tracking of 2014/15 RAG Ratings by Service Area

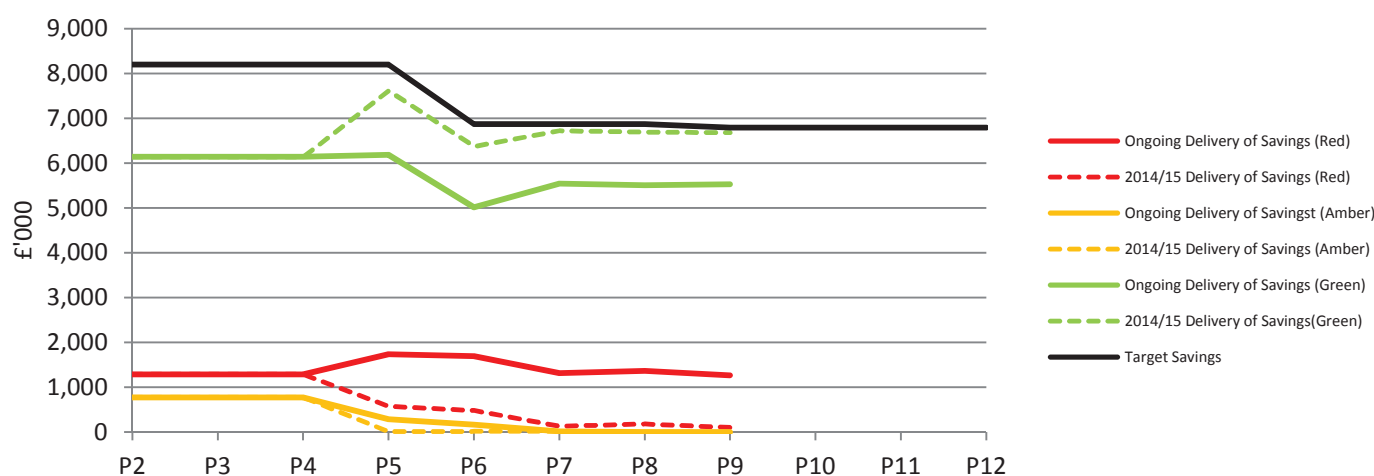
Adults RAG Projections Tracking 2014/15



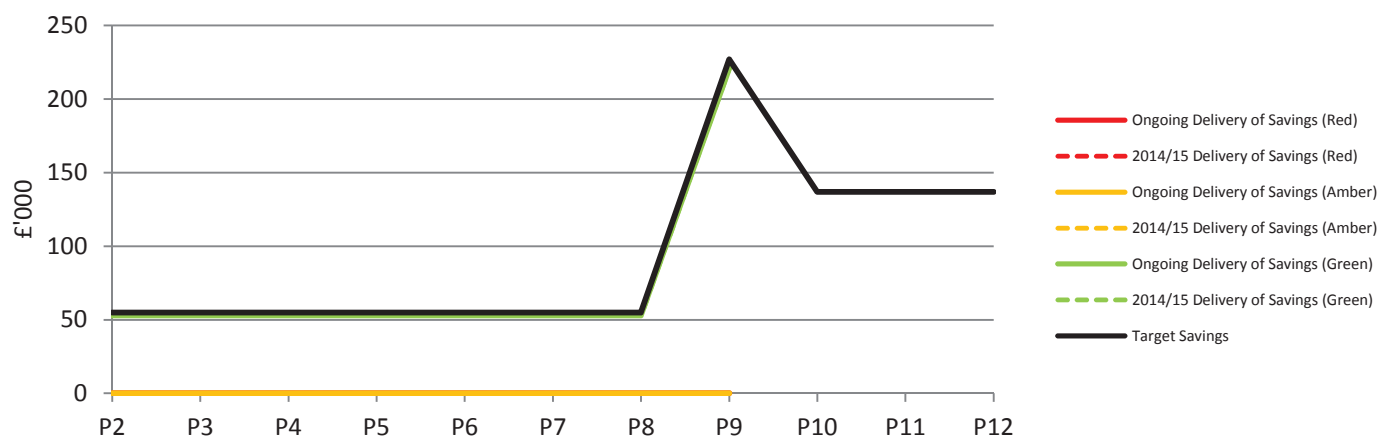
Children's RAG Projections Tracking 2014/15



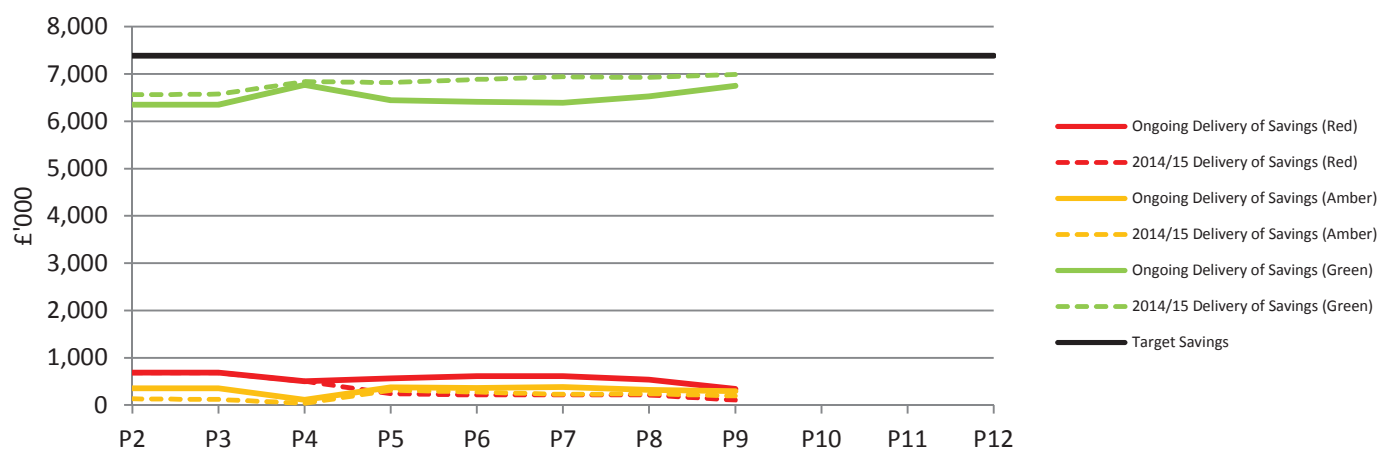
Commissioning RAG Projections Tracking 2014/15



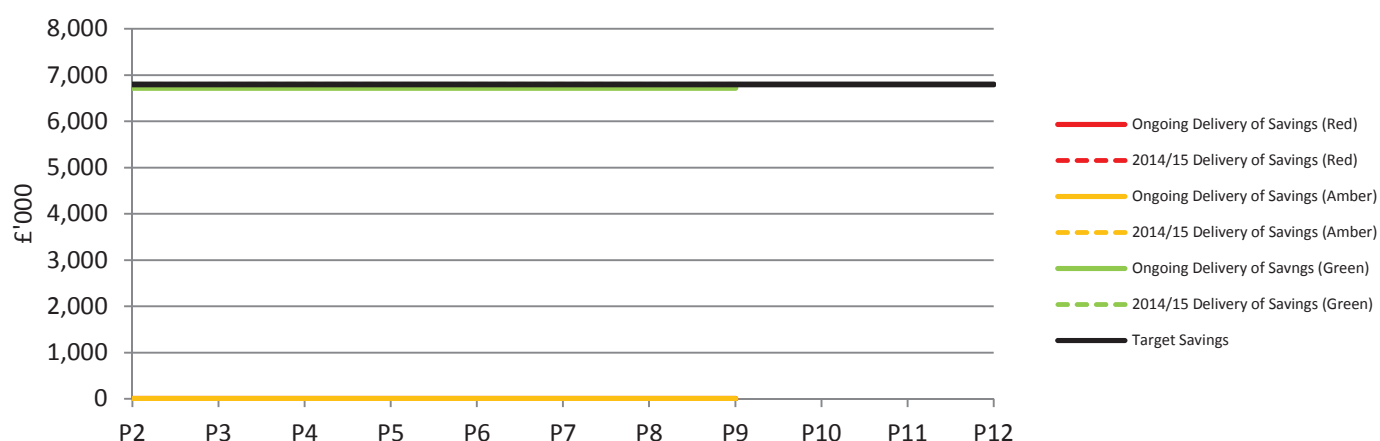
Public Health RAG Projections Tracking 2014/15



Resources & Support RAG Projections Tracking 2014/15



Corporate RAG Projections Tracking 2014/15



The changes in savings targets for Adult Services and Commissioning reflects the transfer of Housing Health & Wellbeing during Period 6 and the accompanying savings targets attached to this service. There have also been reallocations of savings to Public Health from Commissioning and Resources & Support which reflect the structure of services within Public Health.

Amendments to Original Budget 2014/15

	Total £'000	Adult Services £'000	Children's Services £'000	Commis sioning £'000	Public Health £'000	Resources & Support £'000	Corporate £'000
Original Budget as agreed by Council	223,445	64,555	55,902	90,356	1,470	5,127	6,035
<u>Quarter 1</u>							
Professional Development Unit transferred from Children's Services to Adult Services	0	130	(130)	0	0	0	0
Grant funding re shortfall in ESG	0	0	416	0	0	0	(416)
Funding to Develop University Plans	0	0	0	0	0	1,000	(1,000)
Cost of dual running of the WAN contract	0	0	0	0	0	490	(490)
Financial pressures within the Property Services Design Team	0	0	0	0	0	428	(428)
<u>Quarter 2</u>							
Minor budget variations	0	0	(3)	(1)		4	
Structure change	0	0		(22)		22	
Sustainability transfer	0	0		(163)		163	
Restructure of IT budgets held corporately	0	0				337	(337)
Transfer of corporate funding for redesign projects in Resources & Support:							
- Mail room	0	0	0	0	0	300	(300)
- Printing	0	0	0	0	0	200	(200)
- EDRMS	0	0	0	0	0	412	(412)
- CSC	0	0	0	0	0	250	(250)
- Mobile working	0	0	0	0	0	280	(280)
- Revs & Bens	0	0	0	0	0	238	(238)
- Business Design	0	0	0	0	0	120	(120)
<u>Quarter 3</u>							
Structure change – Housing Health	0	5,746	0	(5,746)	0	0	0
Teme Neighbourhood Life	0	0	0	5	(5)	0	0
Structure change – Community Safety	0	0	0	(288)	288	0	0
Housing staff transfer	0	148	0	(148)	0	0	0
Benefits fraud transfer	0	0	0	(133)	0	133	0
Blue Badge transfer	0	(114)	0	114	0	0	0
Structure change – Lifelong Learn	0	818	(818)	0	0	0	0
Structure change – CIS SSA	0	0	178	0	0	(178)	0
Revised Budget	223,445	71,283	55,545	83,974	1,754	9,325	1,564

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