



Committee and date

Cabinet
10 February 2016

REVENUE MONITORING REPORT – QUARTER 3 2015/16

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1. Summary

The report sets out the Revenue forecast for 2015/16 as at Quarter 3 and identifies the current projections on delivery of savings included within the forecast.

2015/16 represents the second year of the Council's latest three year Medium Term Financial Plan running from 2014/15 to 2016/17. Over this period the Council has identified a funding gap of £80m, with £28.4m of this due to be found in the 2015/16 Financial Year. Cabinet receive an update on a quarterly basis to monitor the Council's overall finances reviewing delivery against the proposals put forward, and also monitoring of the whole Council budget to identify any other pressures or concerns not contained within savings proposals.

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 £28.4m of proposals to be delivered in 2015/16, £15m are rated as Green – with a high degree of certainty of being delivered.

The Quarter 3 position indicates that £9.9m of the £28.4m savings planned are categorised as red, and this is generally being managed through the one off savings identified during 2015/16. Furthermore a number of additional service pressures of £7.9m 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.

The key issues highlighted by this report are that:

- The projected outturn is an overspend of £0.403m which includes savings pressures of £9.963m.
- The projected General Fund Balance as at 31 March 2016 is £15.212m.

2. Recommendations

It is recommended that Members:

- A. Note that at the end of Quarter 3 (1 January 2016), the full year forecast is a potential overspend of £0.403m;
- B. Consider the impact of this on the Council's General Fund Balance.

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. Reports are presented quarterly to Cabinet and monthly to Directors.
- 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) |
- 3.4 In addition, given the level of savings proposals identified for delivery in 2015/16, this report also includes a second RAG rating, specifically relating to the delivery of savings. The ratings are as follows:
Green – Saving identified, quantified and confirmed
Amber – Saving identified but not yet confirmed
Red – Saving not achieved or unachievable

4. Monitoring 2015/16 Budget - Overall Position

- 4.1 The projected revenue forecast for the year, at Quarter 3, shows a potential overspend of £0.403m (0.07%) on a gross budget of £593.5m (net £215.8m) 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 £0.403m 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 care purchasing pressures within Adult Services (£1.9m increase in overspend since Q2), a further underspend within Resources & Support (underspend increased by £1.7m since Q2) across several areas in the Directorate and Corporate Budgets (additional £2.3m since Q2) as a result of MRP savings relating to the cost of borrowing within the capital programme.
- 4.2 Adult Services
- 4.2.1 Purchasing projections within Adult Services have increased by £1.9million between the periods. £1.4million of this increase is explained by new clients that have already entered the system and a further £0.525m has been included

within the projections based on the average cost of growth that enters the system each month. This growth has been partially offset by the £1.382m virement approved by Council in 2015/16 to assist with managing this pressure. This level of overspend is concerning as the pressure identified earlier in the year has continued to grow as a steady trend over the later months of the year.

4.2.2 The following are some of the reasons identified for this increase in growth projections

- New people requiring funded support are coming into the system at a greater rate and at greater cost than last year.
- The base cost is not reducing sufficiently to accommodate the new growth
- The population in Shropshire is ageing at a greater rate than nationally, people are living longer
- There are more people with increasingly complex needs requiring support
- Pressures in the health sector are impacting on the social care sector (CHC funding and hospital discharge behaviour)
- The provider market is experiencing issues with cost inflation and capacity which is driving up the cost of individual packages.

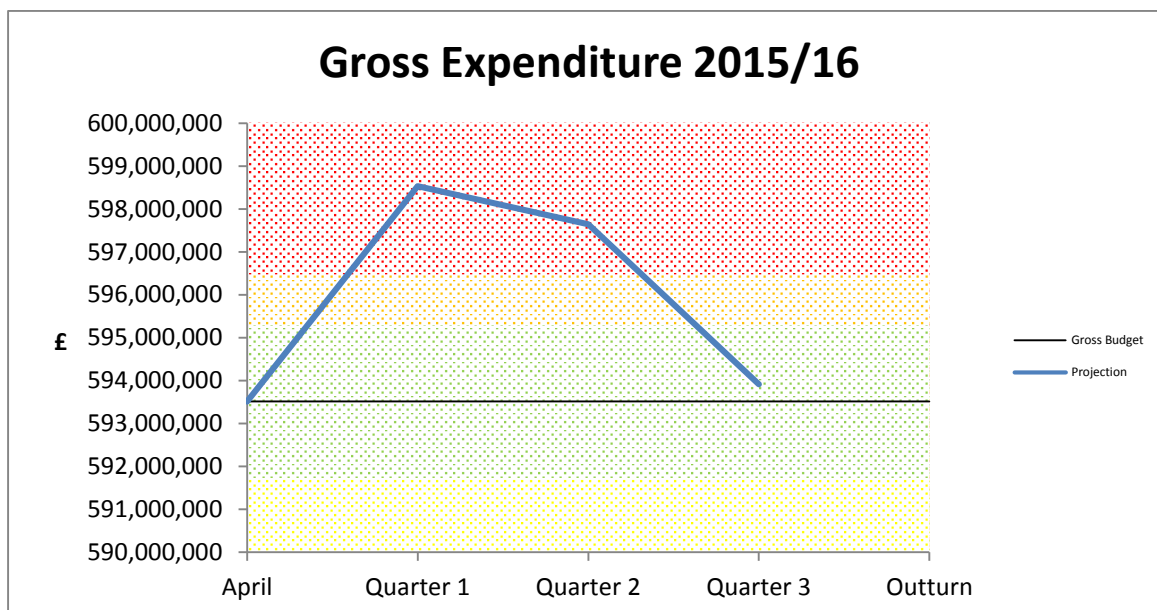
4.2.3 The total net new added pressure in 2015/16 is likely to be £5.5m compared to £3.7m in 2014/15. It is still unclear as to whether the pressure identified in late 2015/16 financial year is a pressure or and longer term trend, and more time and analysis will be necessary to reach a robust conclusion. There is a risk that the pressure seen in 2015/16 could be under or over stated in future years projections given the relatively limited data available, the short period over which the assessment has been made, the large size of the existing budget and the inherent volatility within the service. If current rates of growth continue next year, new demand could cost a further £5.5m whilst the full year cost of supporting people that have been added in 2015/16 could cost £9.4m. Growth of £7m had previously been allowed for within the 2016/17 financial strategy, however this increase in growth projections indicates that additional £7.9m worth of growth is required. The growth calculation and resulting budget allocation has now been revised in the financial strategy for 2016/17, however further verification is required to consider their robustness and meanwhile work will be focussed on identifying ways of reducing the level of new demand for adult social care in the future.

4.3 Resources & Support Budgets

4.3.1 Underspends have arisen across the Resources & Support Directorate since Quarter 2 however the most significant changes are savings generated from no longer requiring Carbon credits due to changes in the Council's registration under the Carbon Reduction Commitment scheme; and vacant posts being held across Customer Involvement and Legal & Democratic Service to deliver in year savings and assist with delivery of savings proposals for the 2016/17 budget strategy.

4.4 Corporate Budgets

4.4.1 Savings have been identified within the MRP budgets due to the effect of changes in the capital programme which have reduced the revenue costs of providing for borrowing in the revenue budget. These changes include slippage in the programme and delivery of capital receipts in hand that have been set aside during the year to generate a one off saving in year. This has released £2.2m during 2015/16.



4.5 The projected overspend of £0.403m for 2015/16 is presented below and analysed in more detail at Appendix 1.

Table 1: 2015/16 Projected Budget Variations Analysed by Service Area

Service Area	Revised Budget £'000	Forecast Outturn £'000	(Under) / Overspend £'000	RAGY Classification
Adult Services	72,435	77,887	5,452	R
Children's Services	53,850	54,265	414	G
Commissioning	82,919	82,576	(343)	Y
Public Health	2,013	1,998	(15)	Y
Resources & Support	7,175	5,175	(1,999)	Y
Corporate	(2,550)	(5,656)	(3,106)	Y
TOTAL	215,843	216,246	403	G

5. Update on Savings Delivery

5.1 The savings projections for 2015/16 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2015/16 financial year. The RAG ratings have been categorised as follows:

Red – Savings are not solved on an ongoing basis, nor have they been achieved in the current financial year

- Amber – Savings have been identified on an ongoing basis in the current financial year, however there is no clear evidence to support the delivery as yet
- Green – Savings have been identified on an ongoing basis in the current financial year, with evidence of delivery.

The RAG ratings are updated monthly to determine progress on delivery. Details of the current assessment of savings delivery for each service area are shown in Table 2.

Table 2: Update on Delivery of 2015/16 Savings Proposals

Service Area	Red £'000	Amber £'000	Green £'000	Total Savings £'000
Adult Services	6,019	2,612	5,338	13,970
Children's Services	609	309	2,120	3,038
Commissioning	1,216	343	3,947	5,507
Public Health	27	0	73	100
Resources & Support	662	200	762	1,624
Corporate	1,430	0	2,775	4,205
TOTAL SAVINGS	9,963	3,464	15,015	28,444

- 5.2 The figures presented above show that 53% of the 2015/16 savings target have been flagged as green with a further 12% with plans in place to be delivered. Those areas not delivered within 2015/16 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 Management have provided assurance that plans are in place to deliver the savings that have been categorised as amber, however as evidence of the delivery has not yet been identified at Quarter 3, there is a risk that these could still cause a pressure on the outturn position for 2015/16. If the amber rated savings are not delivered as planned, the effect on the outturn position is shown in Table 3 below:

Table 3: Effect of Non-Delivery of Amber Savings in 2015/16

Service Area	Quarter 3 Projected Outturn £'000	Amber Savings £'000	Potential Outturn if Amber Savings not Achieved £'000
Adult Services	5,452	2,612	8,064
Children's Services	414	309	723
Commissioning	(343)	343	0
Public Health	(15)	0	(15)
Resources & Support	(1,999)	200	(1,799)
Corporate	(3,106)	0	(3,106)
TOTAL	403	3,464	3,867

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 2015/16 in addition to new monitoring pressures identified and one off solutions to reduce the projected overspend. Table 4 provides further analysis of the projected overspends for each service area.

Table 4: Reconciliation of Monitoring Projections to Savings Delivery

	Quarter 3 Projection £'000	Savings Pressure in 2015/16 £'000	Ongoing Monitoring Pressures Identified £'000	Ongoing Monitoring Savings Identified £'000	One Off Monitoring Pressures Identified £'000	One Off Monitoring Savings Identified £'000
Adult Business Support & Development	(381)	20	19	0	(6)	(415)
Contracts & Provider	(724)	187	(759)	0	0	(152)
Social Care Operations	6,579	4,979	5,275	0	66	(3,741)
Adult Services Management	(22)	0	0	0	0	(22)
Housing Health & Wellbeing	0	833	0	0	0	(833)
Adult Services	4,927	6,019	4,535	0	60	(5,162)
Learning & Skills	282	52	1,057	0	374	(1,200)
Children's Safeguarding	131	558	843	(312)	226	(1,184)
Children's Services Management	1	0	0	0	1	0
Children's Services	414	609	1,900	(312)	601	(2,384)
Director of Commissioning	1	75	0	0	1	(75)
Local Commissioning	(204)	0	0	0	0	(204)
Area Commissioning North	(67)	980	0	0	43	(1,090)
Area Commissioning South	283	161	500	0	480	(858)
Business Growth & Prosperity	(356)	0	0	0	67	(423)
Commissioning	(343)	1,216	500	0	591	(2,650)
Public Health	(15)	27	0	0	0	(42)
Public Health	(15)	27	0	0	0	(42)
Commercial Services	(784)	0	14	(372)	189	(615)
Customer Involvement	(563)	512	800	0	1,281	(3,156)
Finance, Governance & Assurance	(145)	0	81	0	6	(232)
Human Resources	(11)	49	0	0	126	(186)
Legal, Democratic & Strategy	(366)	26	0	0	104	(496)
SMB	(131)	75	0	(52)	10	(164)
Resources & Support	(1,999)	662	895	(424)	1,716	(4,849)
Corporate	(3,106)	1,430	130	(80)	0	(4,585)
Corporate	(3,106)	1,430	130	(80)	0	(4,585)
TOTAL	403	9,963	7,960	(816)	2,967	(19,672)

6.2 **Adult Services** – The red savings identified within Adult Services relate mainly to contract savings particularly within nursing care placements, QICS PFI contract savings and the Bethpage contract as well as other minor contract savings within the service. Savings relating to the P2P Model of service delivery

have also been categorised as red and redesign of the social care offer has been re-categorised as red from amber. The delivery of savings relating to the redesign of Housing Services is also likely to slip until 2016/17. Ongoing pressures have been identified of £5.275m within Adult Services which relates to the purchasing pressure as a result of new additional clients entering the care system in the first 9 months of the financial year.

Children's Services – Savings not delivered in Children's Services relate to the amalgamation of troubled families work with early help and administrative savings across the service. These will be offset in the current year with the use of one off resources from grant monies and the use of Public Health monies. The reduction in Education Services Grant has been identified as an ongoing monitoring pressure. This is being funded in 2015/16 through the proposed use of other grant monies and staffing savings within Education Improvement.

Commissioning – The savings pressures in Commissioning relate to the review and redesign of the waste function including the Veolia contract (£0.934m), redesign of the Environmental Maintenance function (£0.161m), reductions in the positive activities special needs clubs budget (£0.046m) and administrative savings across the Directorate (£0.075m). Also ongoing monitoring pressures of £0.5m have been identified within the service relating to increasing costs of concessionary fares. This pressure has been offset within the 2015/16 projected outturn by a contribution from the Severe Weather Reserve. A one off contract saving within waste (£0.434m) and other underspends across service areas are helping to fund the non-achievement of savings on a one off basis for 2015/16.

Public Health – Public Health holds a significant balance in a ringfenced Earmarked Reserve of £2.7m. It is currently projected that £1.19m will be released specifically into the service during 2015/16 to fund Public Health projects. A further £0.830m is also intended to be used across other service areas in the Council where the activity is specifically related to Public Health initiatives. These service areas to benefit from this funding have not yet been determined and so these additional resources have not been reflected in the projected outturn position yet, therefore the overall underspend should increase further by this sum.

Resources & Support – Savings have been categorised as red in relation to the delivery of savings in IT Services for the Lync telephony rollout, the Equitrack implementation and the WAN contract savings. There is also a one off pressure relating to additional costs for the WAN contract. The corporate WAN contract dual running period was initially anticipated to run until the end of June 2015, however this has now had to be extended and potentially needs to run until the end of December. The reasons for this extended dual running period are problems and delays in getting the BT WAN installed at all Council sites. These costs that have been identified within IT Services are being funded by a one off contribution from the Resources Efficiency Reserve (£1.5m) which contains earmarked money for IT Services development. This delay reduces the amount of redevelopment funding for IT.

Corporate – Efficiency savings of 7.5% were anticipated across corporate budgets in 2015/16 as a result of a redesign of Council services and a reduction in the support needed for frontline services. Without significant change to, or reduction in, many frontline services, proposals to deliver these savings have not yet identified. This is being funded on a one off basis within 2015/16 by the use of a one off MRP saving through the use of capital receipts set aside at the end of 2014/15. Further one off savings in MRP have been identified during Quarter 3, alongside other corporate budgets that have been held but can be uncommitted whilst redesign is completed.

The Council currently holds a number of corporate budgets in relation to funding changes received in the Final Budget Settlement for 2015/16, Council Tax Freeze Grant, Section 31 grants (relating to, for example small business rate relief) and Business Rate appeals provision that are currently uncommitted. Whilst included in the budget build up, no commitments were made against these funds at budget setting. This approach ensures ongoing reliance in the budget is not placed on funding sources which cannot be guaranteed on an ongoing basis. It also provides the opportunity to use this resource on a year on year basis to aid any transition to new delivery methods and manage any delays in the achievement of savings. As highlighted in the Financial Strategy Report to Cabinet on 9th December 2015, these resources have been ringfenced to assist with balancing the 2016/17 budget strategy and therefore will be contributed to a new Earmarked Reserve during 2015/16 (£9.8m).

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 2015/16 the minimum balance required is £2.896m. The Financial Strategy, agreed by Council on 26 February 2015, anticipated a level of reserves by year end of £14.9m. Based on the current monitoring position, the General Fund Balance will be above this target, however this is still below the risk based target for the General Fund for 2015/16, as shown in Table 5 below:

Table 5: Projected General Fund Balance As At 31 March 2016

	(£'000)
General Fund Balances as at 1 April 2015	15,206
Budgeted contribution to General Fund Balance	409
This report – projected outturn (overspend)	(403)
Projected Balance at 31 March 2016	15,212

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

Revenue & Capital Budget 2015/16

Financial Rules

Revenue Monitor – Quarter 1 2015/16

Revenue Monitor – Quarter 2 2015/16

Appendices

1 - Service Area Pressures and Actions 2015/16

2 - Amendments to Original Budget 2015/16

Service Area Pressures and Actions 2015/16**Summary**

	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Adult Services	72,434,870	77,886,948	5,452,078	R
Children Services	53,850,450	54,264,591	414,141	G
Commissioning	82,919,410	82,576,526	(342,884)	Y
Public Health	2,013,000	1,997,954	(15,046)	Y
Resources & Support	7,174,740	5,175,431	(1,999,309)	Y
Corporate	(2,549,910)	(5,655,742)	(3,105,832)	Y
Total	215,842,560	216,245,708	403,148	G

Detail

ADULT SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	72,434,870	77,886,948	5,452,078	R

Adult Business Support & Development	Portfolio Holder Adult Services	2,641,910	2,260,673	(381,237)	Y
Current underspend within training and grant income held here to offset pressures in the purchasing budgets.					
Contracts & Provider	Portfolio Holder Adult Services	7,249,010	6,525,336	(723,674)	Y
The underspends in internally provided services are kept under continual review and used flexibly as in house services are redesigned and recommissioned to meet the changing needs of service users. At Quarter 3 a significant element of the underspend is attributed to the reallocation of forecast spend of £0.284m to Social Care Operations with respect to Kempfields purchasing. The corresponding budget associated with the new block contract will be transferred from Contracts & Provider to Social Care Operations in the remainder of the year.					
Social Care Operations	Portfolio Holder Adult Services	55,936,260	62,515,679	6,579,419	R
Following a budget adjustment this period the purchasing element of this budget is overspending by £7.236m. Period 9 has seen £0.533m of new pressure added by 125 new clients. A total of 433 clients have been added since Quarter 2 adding £2.442m to the in-year projection and further growth of £0.525m is included for the remainder of this financial year. The full year impact of this new demand is potentially significantly greater creating pressures for next year.					
New pressures include clients who were previously funded by CHC, self-funders who have now become a cost and transition of clients between both Children Services and from out of county. Additional pressures continue as the hospitals continue to declare significant levels of escalation. Management of this additional pressure continues to be paramount which includes the implementation of a hospital spot purchase policy between health and social care, further development of the brokerage function to manage cost and capacity within the market with the extension of the framework to residential and nursing provision, continuing CHC challenge, and ensuring that income is maximised and outstanding debt is minimised. Future costs that need to be considered are living wage, compulsory pension enrolment, and changes in sleeping night payments. We continue to reassess clients in residential care and those with high cost packages and seek alternatives such as equipment, assisted technologies, supported living and looking at innovative housing solutions.					
In addition, in this budget area, there continues to be pressures arising as a result of legislative changes around					

ADULT SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		72,434,870	77,886,948	5,452,078	R
<p>Deprivation of Liberty Safeguards (DOLs) and the impact of the transfer of the Independent Living Fund to local administration.</p> <p>An £0.800m contribution from ASC reserves has been notionally applied at this point in the year to assist with managing this pressure. The Authority is currently exposed to a bad debt risk as discussions continue around the payment of CHC debt in the region of £2m for 2014/15. Non recovery of any amount will have a direct impact on the current overspend position. This will be reviewed as the year progresses. Care Act implementation funding is also being applied.</p> <p>In order to manage the pressures, Adult Services continues to closely manage which includes in depth monthly scrutiny on every funding decision in order to evaluate strategies to minimise the pressure.</p>					
Adult Services Management	Portfolio Holder Adult Services	2,293,860	2,271,430	(22,430)	Y
Minor variation from budget projected as at Quarter 3.					
Housing Health & Wellbeing	Portfolio Holder Planning, Housing, Regulatory Services and Environment	4,313,830	4,313,830	0	G
No projected variation as at Quarter 3.					

CHILDRENS SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		53,850,450	54,264,591	414,141	G

Learning & Skills	Portfolio Holder Children and Young People	24,053,710	24,335,717	282,007	A
<p>The projected overspend in Learning & Skills is due to a projected deficit in County Training. County Training has faced extremely difficult trading conditions this year with reduced Apprenticeship recruitment and significantly reduced numbers of clients on Welfare to Work programmes. Measures to combat these funding reductions have included 2 staffing restructures and a review of the occupation of premises. Although substantial savings have been achieved, the projected deficit has not been entirely mitigated. Income reductions currently account for £0.180m, unachieved savings in premises costs account for a further £0.116m, these are offset by additional savings achieved through the staff restructures of £0.029m.</p>					
Children's Safeguarding	Portfolio Holder Children and Young People	28,902,300	29,033,658	131,358	G
<p>Unachieved savings within Early Help have been fully offset by one-off monitoring Savings within that area. There is however, an ongoing monitoring pressure within Case Management caused by Agency Staffing overspends and a further ongoing pressure in relating to Leaving Care Allowances within Looked After Children Placements.</p>					
Children's Services Management	Portfolio Holder Children and Young People	894,440	895,216	776	G
Minor variation from budget projected as at Quarter 3.					

COMMISSIONING	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	82,919,410	82,576,526	(342,884)	Y

Director of Commissioning	Portfolio Holder Leisure and Culture	686,100	686,773	673	G
Minor variation from budget projected as at Quarter 3.					
Director of Commissioner Total		686,100	686,773	673	

Local Commissioning	Portfolio Holder Rural Services and Communities	307,430	302,169	(5,261)	Y
Minor variation from budget projected as at Quarter 3.					
Community Working	Portfolio Holder Rural Services and Communities	864,570	842,435	(22,135)	
Minor variation from budget projected as at Quarter 3.					
LJC Locality Commissioning	Portfolio Holder Rural Services and Communities	158,550	154,895	(3,655)	Y
Minor variation from budget projected as at Quarter 3.					
Commissioning Support	Portfolio Holder Corporate Support	306,720	134,084	(172,636)	
Creation of the Commissioning Support Unit, by bringing together roles from across directorates into a re-designed function, deleting several posts as appropriate, has resulted in an ongoing base budget saving of approximately £0.200m.					
Local Commissioning Total		1,637,270	1,433,583	(203,687)	

Area Commissioner North – Positive Activities	Portfolio Holder Children and Young People	404,930	415,622	10,692	G
Minor variation from budget projected as at Quarter 3.					
Area Commissioner North - Libraries	Portfolio Holder Leisure and Culture	4,121,270	4,153,571	32,301	
Local discussions and negotiations around transfer of smaller libraries to community organisations have been underway for some time now and several different models have developed, which will result in savings from April 2016. 2015/16 savings have been achieved through efficiencies, however this projection takes account of one-off legal costs, estimated at £0.050m.					
Area Commissioner North - Markets	Portfolio Holder Corporate Support	56,790	41,790	(15,000)	Y
Minor variation from budget projected as at Quarter 3.					
Area Commissioner North - Waste	Portfolio Holder Planning, Housing, Regulatory Services and Environment	26,829,270	26,825,828	(3,442)	
Minor variation from budget projected as at Quarter 3.					
Area Commissioner North	Portfolio Holder Planning, Housing, Regulatory Services and Environment	235,520	144,153	(91,367)	Y
Variance on employee costs due to the postholder's secondment.					
Area Commissioner North Total		31,647,780	31,580,964	(66,816)	

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		82,919,410	82,576,526	(342,884)	Y
Area Commissioner South – Environmental Maintenance	Portfolio Holder Highways and Transportation	27,259,360	27,259,360	0	G
There are areas of budget pressure surrounding the Ringway contract which may result in additional expenditure. Further updates will be provided should these arise.					
Area Commissioner South – Highways & Transport	Portfolio Holder Highways and Transportation	5,131,290	5,462,289	330,999	R
There is a net overspend within this service, mainly attributable to Concessionary Fares.					
Area Commissioner South – Passenger Transport	Portfolio Holder Highways and Transportation	841,520	841,522	2	G
Minor variation from budget projected as at Quarter 3.					
Area Commissioner South – Leisure	Portfolio Holder Leisure and Culture	3,419,510	3,372,562	(46,948)	Y
Operating efficiencies at in-house leisure facilities, contributions from partner service areas and underspends on central budgets are forecast to more than offset one-off pressures at commissioned facilities.					
Area Commissioner South	Portfolio Holder Highways and Transportation	316,520	315,258	(1,262)	Y
Minor variation from budget projected as at Quarter 3.					
Area Commissioner South Total		36,968,200	37,250,991	282,791	

Business Growth & Prosperity – Arts	Portfolio Holder Leisure and Culture	204,330	201,078	(3,252)	Y
Minor variation from budget projected as at Quarter 3.					
Business Growth & Prosperity – Economic Growth	Portfolio Holder Business and Economy	977,330	973,612	(3,718)	Y
Minor variation from budget projected as at Quarter 3.					
Business Growth & Prosperity - Visitor Economy	Portfolio Holder Leisure and Culture	1,850,180	1,909,878	59,698	A
There are a number of variations resulting from delays in implementing savings plans and income generation at desired levels.					
Business Growth & Prosperity - Outdoor Recreation	Portfolio Holder Leisure and Culture	1,676,360	1,674,549	(1,811)	Y
Minor variation from budget projected as at Quarter 3.					
Business Growth & Prosperity - Theatre Severn	Portfolio Holder Leisure and Culture	599,780	348,200	(251,580)	Y
The Theatre continues to grow and develop, with the aim of reducing overall net costs. As at period 9 (whilst there is still uncertainty for the remainder of the year) income for 2015/16 looks very promising.					
Business Growth & Prosperity - Infrastructure & Growth	Portfolio Holder Business and Economy	165,950	173,462	7,512	G
Minor variation from budget projected as at Quarter 3.					

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		82,919,410	82,576,526	(342,884)	Y
Business Growth & Prosperity – Strategic Planning	Portfolio Holder Planning, Housing, Regulatory Services and Environment	789,760	707,621	(82,139)	Y
The underspend in this service is due to addition CIL (admin element) receipts.					
Business Growth & Prosperity – Regulatory Services	Portfolio Holder Planning, Housing, Regulatory Services and Environment	5,213,080	5,136,138	(76,942)	Y
Vacancy management savings have been achieved within the commissioning team, plus there is a forecast over-achievement of penalty charge notice income, which is retained within the council rather than transferred to ip&e.					
Business Growth & Prosperity – Management	Portfolio Holder Leisure and Culture	503,290	499,677	(3,613)	Y
Minor variation from budget projected as at Quarter 3.					
Business Growth & Prosperity Total		11,980,060	11,624,215	(355,845)	

PUBLIC HEALTH		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		2,013,000	1,997,954	(15,046)	Y

Public Health	Portfolio Holder Health & Wellbeing	2,013,000	1,997,954	(15,046)	Y
Minor variation from budget projected as at Quarter 3.					
Public Health also holds a significant balance in a ringfenced Earmarked Reserve of £2.7m. It is anticipated that £1.19m will be released specifically into Public Health during 2015/16 to fund Public Health projects. A further £0.830m is also intended to be used across other service areas in the Council where the activity is specifically related to Public Health initiatives. These service areas to benefit from this funding have not yet been determined and so these additional resources have not been reflected in the projected outturn position.					

RESOURCES & SUPPORT		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		7,174,740	(5,655,742)	(3,105,832)	Y
Commercial Services	Portfolio Holder Corporate Support	4,140,550	3,356,991	(783,559)	Y
<p>A total underspend of £0.784m has been identified in Commercial Services excluding Shire Services. A new income stream has been identified in the Sustainability budget which has resulted in £0.099m additional income from Solar Panels Installed on School Buildings. Budgets set aside in relation to Carbon Credits have now been confirmed as not being committed in year and have been released as a one off saving of £0.372m. Savings of £0.129m in relation to commissioning budgets have now been realised. Other savings have been realised on the disposal or vacation of surplus assets in the region of £0.203m. Following the setting up of the Corporate Landlord Model provisional savings of £0.011m have been identified. However, a full reconciliation of all budgets and spends needs to take place so this position could change once reviewed and will be confirmed for period 10 monitoring. There is also a £0.012m pressure on Gypsy Site Income.</p>					
Customer Involvement	Portfolio Holder Corporate Support	506,270	(56,343)	(562,613)	Y
<p>It has been identified early in the year that there is a reduction in external income earned by the Customer Service Centre relating to the contract for services provided to ST&RH, this has generated an overspend of £0.106m. Savings targets of £0.074m have been identified as unachievable in full and solutions are being investigated. Additionally IT Services have delayed savings of £0.372m in relation to the rollout of Lync and telecoms, and the implementation of Equitrak. The corporate WAN contract dual running period initially anticipated to run until the end of June 2015, has had to be extended until December and has resulted in an unbudgeted cost of £1m. Additional budget pressures have also been identified in relation to the council's licensing requirement in 15/16 resulting in a projected overspend of £0.5m as a result of a broadening of the Microsoft agreement in place and transition costs as the Council moves to new software systems. These additional costs relating to the WAN contract and the software licensing costs are being funded in 2015/16 with a contribution from the Resources Efficiency Reserve (£1.5m) which includes specific money set aside for IT development. This delay reduces the amount of redevelopment funding for IT.</p> <p>The historic overspend in Print and Mail services is being addressed in 2015/16 by a service redesign and the projected overspend in year is forecast to be £0.017m, this will be resolved fully by 2016/17. Savings have been identified of £0.566m from staffing reductions across customer involvement which is due to vacancies not being filled as originally anticipated in Quarter 3. Posts that are now being held as vacant have been projected as a saving for the remainder of the year however if further delays occur in recruitment in customer involvement, further savings may be achieved between now and the year end.</p>					
Finance, Governance & Assurance	Portfolio Holder Strategy, Financial Strategy, Budget and Business Plan	1,435,550	1,290,284	(145,266)	Y

RESOURCES & SUPPORT		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		7,174,740	(5,655,742)	(3,105,832)	Y
<p>An overspend has been identified within the Revenues and Benefits teams, a staffing restructure has recently taken place in order to address this issue in the future and the current overspend is being reviewed with the aim to reduce this in year. The forecast overspend resulting partly from grant reductions has been resolved in year by the reallocation of base budget of £0.170m no longer considered to be required. The overspend has been further reduced as the benefits of the re-structure are now starting to take effect. Savings of £0.140m have been identified across various teams within FG&A and these have come from vacancy management, reduced planned spending on software and supplies and services, and additional one off income. An income shortfall has been confirmed within Finance of £0.023m which has been offset by in year savings outlined above. Further efficiencies have been identified from budgets not required in 15/16, and these have been removed in 16/17.</p>					
Human Resources & Development	Portfolio Holder Corporate Support	83,600	72,884	(10,716)	Y
<p>Additional costs have been projected in relation to the Northgate Resource Link contract extension. There is also a shortfall in income projected in First Aid and HR Advice. These unfavourable variances are partly offset by minor in-year vacancy management savings. Furthermore, there is an unachieved saving in 15/16 of £0.049m identified, however additional External Income of 0.061m has now been identified. Additional funding has now been secured to undertake some short term system improvements which have resulted in additional funding within 15/16 only.</p>					
Legal, Democratic & Strategy	Portfolio Holder Corporate Support	515,520	149,125	(366,394)	Y
<p>A total underspend of £0.366m has been identified within Legal and Democratic Services. Underspends within Members Services £0.052m (mainly from savings achieved on Telephone Rentals £0.025m, with further savings on Printing Services and Advertising totalling £0.020m). Total underspend identified within Committee Services of £0.103m partly from additional income £0.030m and the remainder from in-year vacancy management savings. Section 106 agreement work has generated some additional income within Legal Services and an underspend on Childcare Court Costs of £0.120m.</p>					
Strategic Management Board	Portfolio Holder Strategy, Financial Strategy, Budget and Business Plan	493,250	362,489	(130,761)	Y
<p>The forecast underspend relates to an additional income stream of £0.041m that has been identified following the budget setting process. The remaining underspends relate to in-year vacancy management savings.</p>					

CORPORATE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		(2,549,910)	(5,655,742)	(3,105,832)	Y

CORPORATE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Corporate Budgets	Portfolio Holder Strategy, Financial Strategy, Budget and Business Plan	(2,549,910)	(5,655,742)	(3,105,832)	Y
<p>There are currently £1.160m of unachieved savings in 2015/16, these are planned to be achieved by 2016/17 and have been temporarily funded by identifying alternative corporate budgets that have been held but can be uncommitted in the current financial year. The other overspend in corporate budgets is in relation to the QICS PFI contract costing more than budget resulting in an overspend of £0.116m, additional overspends are due to ongoing non-distributable costs and added years pensions costs. Savings of £2.264m have been identified on a one-off basis in 15/16 from MRP (The Minimum Revenue Provision calculation) in relation to an underspend on the capital programme. Savings of £0.586m have been identified on a one-off basis in 15/16 from interest receivable within Treasury Management due to increased interest from external lending and interest on other deposits. Total savings in Treasury Management are £1.253m from the areas identified above. Further savings of £0.131m have been identified in increased income from central purchasing and a £0.100m saving identified on graduate costs.</p> <p>The Council currently holds a number of corporate budgets in relation to funding changes received in the Final Budget Settlement for 2015/16, Council Tax Freeze Grant, Section 31 grants (relating to, for example small business rate relief) and Business Rate appeals provision that are currently uncommitted. It is planned for these balances to be used for two major purposes: carry forward to 2016/17 as set out within the Financial Strategy approved by Cabinet on 9 December 2015, and ICT developments in the current financial year. Funds not committed within 2015/16 will be placed in earmarked reserves which would temporarily increase the value of reserves held by the Council, but this is necessary to ensure a balanced budget can be set for 2016/17. It is recognised that some reserves balance may be required to reduce any overall Council overspend should management action not bring the budget in balance. Budget virements will be actioned within approved levels and if any further approval is required, this will be reported through to the appropriate Committee.</p>					

Appendix 2**Amendments to Original Budget 2015/16**

	Total £'000	Adult Services £'000	Children's Services £'000	Commissi oning £'000	Public Health £'000	Resources & Support £'000	Corporate £'000
Original Budget as agreed by Council	215,843	70,410	54,893	82,190	1,934	7,766	(1,350)
<u>Quarter 1</u>							
Youth Centre Facility budgets	0	0	0	(267)	0	267	0
Other minor structure changes	0	0	29	0	39	(68)	0
IT post to Regulatory Services	0	0	0	40	0	(40)	0
Shrewsbury Town Council Contract Budget	0	0	0	29	0	0	(29)
<u>Quarter 2</u>							
Internal market reallocation	0	458	(1,053)	376	69	(381)	531
Other minor structure changes	0	0	93	(95)	0	2	0
<u>Quarter 3</u>							
Complaints	0	0	0	474	0	(474)	0
Commissioning Support	0	0	(87)	109	0	(22)	0
Financial Assessments	0	384	0	0	0	(384)	0
Women's Refuge	0	(199)	0	0	199	0	0
Adult Services Growth	0	1,382	0	0			(1,382)
Bereavement Services	0	0	0	217	(217)	0	0
PAYP	0	0	0	(266)	0	266	0
Other minor structure changes	0	0	(24)	112	(11)	243	(320)
Revised Budget	215,843	72,435	53,851	82,919	2,013	7,175	(2,550)